

State of Alaska FY2011 Governor's Operating Budget

Department of Law Oil, Gas and Mining Component Budget Summary

Component: Oil, Gas and Mining

Contribution to Department's Mission

The Oil, Gas and Mining Section provides legal advice and representation to state departments, boards, and commissions to insure that the state receives the maximum benefit from development of its oil, gas, and mining resources.

Core Services

- The Oil, Gas, and Mining Section provides legal advice and assistance to the state on oil, gas, and mining-related disputes. The section also advises state agencies on oil and gas royalty and tax programs and on development of state oil, gas, and mining resources. The section monitors and protests tariffs charged for transportation of oil and gas production through pipelines, and legal advice to state agencies concerning the development of state oil, gas, and mineral resources.
- The section funds legal services to ensure the integrity of the state's fiscal system, including issues related to Alaska North Slope crude oil destination values, allowable transportation costs, and corporate income because most of the state's operating revenues are derived from oil and gas corporate and production taxes and royalties on Alaska North Slope crude oil.
- The section funds legal services related to other oil and gas development issues including tariff monitoring and disputes with the owners of TransAlaska Pipeline System (TAPS) and other oil pipelines in Alaska, and assessment and collection of unpaid royalties and taxes from oil and gas producers.
- The section funds contracts with outside counsel and expert consultants on large or complex oil and gas cases as well as legal services related to lease sales, drafting and interpreting oil and gas statutes and regulations, pipeline right-of-way issues, and oil and gas conservation.

Key Component Challenges

- **TransAlaska Pipeline System (TAPS).** The Oil, Gas, and Mining Section expends substantial efforts to monitor the TAPS tariffs and to monitor and participate where appropriate in state and federal regulatory oversight of the tariffs of all common carrier oil and gas pipelines operating in the state. This vigilance can earn the state millions of dollars in royalties and production taxes each year. Further, as production of oil and gas from current developments declines in Alaska, the state's participation in tariff regulation is becoming more important in encouraging additional producers to invest in exploration of new areas in the state, by ensuring fair transportation rates and access to existing pipeline infrastructure for production from new fields.

During FY 2011 the section will continue the litigation process in protest of the superseding TAPS tariffs filed at both the Federal Energy Regulatory Commission (FERC) and the Regulatory Commission of Alaska (RCA) in 2008 and 2009. The State's protest of imprudent expenditures by the TAPS' carriers on the Strategic Reconfiguration project will proceed through discovery and hearing processes before FERC in FY 2011.

The section will proceed with litigation over tariff terms and conditions of the Kuparuk Pipeline's intrastate tariff at the RCA in FY 2011. The section will also continue to monitor the tariffs of other North Slope feeder pipelines that transport oil from remote fields to TAPS and of Cook Inlet area oil and gas pipelines.

The section will continue working on cases involving disputes between TAPS shippers, TAPS carriers, and the state over the valuation of crude oil under the TAPS Quality Bank, which is a system for adjusting crude oil values to account for the different qualities of crude oil and refinery return streams that are commingled in the TAPS common stream. These cases, in the US Court of Appeals for the DC Circuit and the Alaska Superior Court, concern decisions of the FERC and RCA.

The section provides support and represents the Pipeline System Integrity Office (PSIO), which oversees the maintenance of facilities, equipment, and infrastructure for the sustained production and transportation of oil and natural gas resources in Alaska, in cooperation with other state and federal agencies.

- **North Slope Gas Pipeline-Related Issues.** The section will continue to assist in arrangements to construct a gas line to transport Alaska North Slope gas to market. The known gas resource on Alaska's North Slope is huge. The

potential gas resource on unexplored lands on the North Slope is much larger. Developing this resource is one of the most promising opportunities to strengthen and support Alaska's economic future. The section will continue to work closely with the Governor's Office and the Departments of Natural Resources and Revenue to provide legal assistance in implementation of the Alaska Gasline Inducement Act (AGIA) license, including providing analysis on relevant constitutional and other state law issues.

- Tax Cases. This section is pursuing millions of dollars in past-due taxes, interest, and penalties that are owed by oil and gas producers and other corporate taxpayers to the state. At this time, the section is representing the Department of Revenue in an appeal to superior court by Tesoro Corporation of an Office of Administrative Hearings decision resulting in additional tax liabilities, interest, and penalties of about \$13 million. A major production tax case, which is before the Office of Administrative Hearings, is an appeal of the Department of Revenue's decision to aggregate properties within the Prudhoe Bay Unit for purposes of determining the Economic Limit Factor (ELF). The ELF appeal stems from a January 2005 decision by the Department of Revenue to aggregate six satellite producing areas with the Prudhoe Bay producing areas for purposes of calculating the ELF. The effect of this decision was to increase North Slope production taxes significantly. The impact of this decision was limited to a total of 14 months because the ELF was repealed by the amendments made to the state's production tax laws in 2006.

The section also provides support and represents the Department of Revenue in appeals from the annual oil and gas property tax assessments, including the valuation of TAPS for taxes due. The section is representing the Department of Revenue in the appeals before the Alaska superior court over the State Assessment Review Board's 2006, 2007, 2008, and 2009 property tax valuations of TAPS. The trial on the 2006 valuation began in August 2009 and is scheduled to last six weeks. The trial preparation on the 2007 and 2008 valuations begins immediately at the conclusion of the trial for 2006. Tens of millions of dollars are a stake in the litigation for each tax year. The section has contracted with experts in petroleum engineering and in appraisal and assessment practices to help prepare for trial and testify on behalf of the State.

The section will continue to provide substantial legal assistance to the Department of Revenue in its development and adoption of regulations stemming from enactment of the Alaska's Clear and Equitable Share (ACES) legislation. Significant issues representing millions of dollars of potential tax revenue include establishment of a reasonable transportation cost deduction, categories of allowable leave expenditures, and deductible exploration costs.

The section will also assist the Department of Revenue as it considers whether to propose modifications to the Mineral Licensing Tax and to the current mining license regulations.

- Royalty Cases. The section represents DNR in royalty disputes and works with DNR in royalty negotiations to ensure that the state receives its fair share of royalties and net profit share from production of Alaska oil and gas resources. Much of the work is transactional in nature and concerns negotiating modifications to existing Royalty Settlement Agreements, audits, and claims. But the section must litigate or arbitrate some claims in order to recover. The section also manages expert witnesses that analyze transportation costs, sales data, and royalty settlements. Legal advice is provided to DNR on a variety of related issues ranging from confidentiality to contract construction and whether royalty and net profit share payments and deductions meet legal requirements. The state has Royalty Settlement Agreements with all the major producers that cover most of the Alaska North Slope DL-1 leases in production as of the early 1990s. These Royalty Settlement Agreements all contain formulas for determining the state's royalty share. These formulas may be modified through an arbitration proceeding called a reopener. Typically there are several reopeners a year. Currently, the section is working on several reopeners that will be initiated this fiscal year.
- Unitization, Participating Areas and Lease Development. The section assists the Department of Natural Resources with bringing state leases into production. This involves a multitude of different issues associated with unitization, participating area formation, farm-out agreements, and lease and tract operations. These issues generate many negotiations and appeals every year. Although there are multiple proceedings in this category, including two pending proceedings in the Alaska Supreme Court regarding Cook Inlet development, the most high profile matter in this category involves the North Slope Point Thomson Unit (PTU) litigation. In 2005, the Department of Natural Resources defaulted the PTU for failure to commit to production notwithstanding massive hydrocarbon reserves that had been known for decades. The PTU matter involves the following current proceedings: Alaska Supreme Court Appeal, eight Appellate Rule 602 appeals to the superior court, and one administrative proceeding before the Department of Administration, all regarding unit termination. In addition, more than 30 administrative appeals are pending before the Department of Natural Resources' commissioner on the lease termination. There are also proceedings in the superior court and before the agency on permits.

- Leasing. The section assists the Department of Natural Resources in a variety of leasing issues every year from lease sales and protests to drafting and negotiating lease terms.
- Mining. The section assists the Department of Natural Resources in litigation regarding mineral royalties, mining rights, and rights regarding surface occupancy of mining claims. The section also assists the Department of Natural Resources in complying with federal statutes regulating surface mining, including legal review for the use of reclamation funds, and drafting agreement with operators to insure compliance with state and federal reclamation requirements. Additionally, the section advises and assists the Division of Mining in drafting bonding agreements, permits, leases, best interest findings, proposed legislation, and regulations.
- Alaska Oil and Gas Conservation Commission. The section advises and represents the Alaska Oil and Gas Conservation Commission (AOGCC) with respect to all aspects of the agencies oversight of oil and gas drilling, development, production, and metering and reservoir depletion. The oversight is intended to prevent waste, maximize ultimate recovery, protect correlative rights, and protect underground freshwater. The section will continue to work with AOGCC on matters involving proposed statutory and regulatory amendments, the issuance of orders and decisions, and the conduct of hearings and enforcement actions. The section will also continue to represent AOGCC in judicial challenges to AOGCC actions.
- Miscellaneous. The section represents the State regarding the March and August 2006 oil spills and subsequent shutdown of the Prudhoe Bay operating area. The State filed a lawsuit in 2009 and is pursuing substantial claims against the responsible party.

Section resources were also committed to completion of the negotiations with the U.S. Regional Solicitor over an administrative lease line agreement for the coastal boundary of the National Petroleum Reserve Alaska (NPR). The NPR coastal boundary is ambulatory and the administrative lease line will allow the state and federal governments to issue oil and gas leases without fear that the line will move in a way that will impair title to issued leases.

The section is researching what statutory or regulatory changes may be needed to protect the state's interests in bankruptcy proceedings involving state oil and gas units and leases, including issues related to royalty interests and future abandonment costs.

Significant Changes in Results to be Delivered in FY2011

No changes are anticipated.

Major Component Accomplishments in 2009

- Alaska Gasline Inducement Act (AGIA). The Department of Law has been assisting in the State's implementation of the AGIA. According to the State's findings supporting TCA's AGIA application, the gas pipeline would result in an estimated cash flow to the State of \$261.5 billion, with an estimated NPV of \$66.1 billion (with a 5% discount rate). With respect to jobs, the project is estimated at its construction peak to directly create 15,000, with an average over 10 years of 3,800 jobs (this is the same for both the AGIA and Denali pipelines).
- Point Thomson. The section represented the Department of Natural Resources in a large number of proceedings involving issues related to DNR's decision to terminate the Point Thomson Unit due to lessees' failure to commit to production, notwithstanding massive hydrocarbon reserves that had been known for decades. Although the lessees appealed DNR's decision, they have recently committed to \$1.5 billion in development and initial cycling production in the Unit by 2014.

In an attempt to circumvent the Department of Natural Resources' decision to terminate the Point Thomson Unit, ExxonMobil filed an application for compulsory unitization before the Alaska Oil and Gas Conservation Commission (AOGCC). The section succeeded in persuading the AOGCC to grant the State's motion to dismiss the application for compulsory unitization.

- Transalaska Pipeline System (TAPS). The Department of Law was involved in litigation over TAPS interstate tariffs before the Federal Energy Regulatory Commission (FERC). This resulted in a FERC order that the TAPS owners refund excessive tariffs to shippers, which in turn resulted in an additional \$400 million in production taxes and

royalties to the State for 2007 and 2008 production.

- Royalty Cases. The section assisted the Department of Natural Resources in resolving issues related to a royalty reopener involving ConocoPhillips. The solution resulted not only in ConocoPhillips's payment of \$3 million to the State but also established destination and transportation formulas for calculating royalties going forward.

The section assisted the Department of Natural Resources in negotiations to resolve royalty disputes arising from DNR's audit of BP Alaska North Slope royalties for the period January 2000 through June 2004. The State recovered \$48 million as a result of the settlement.

The section settled a dispute with Williams Corporation over the amount due to the State from Williams's purchase of the State's royalty oil, which was taken in kind, as a result of the ExxonMobil reopener. Williams agreed to pay the State \$15,700,000 in full settlement of the State's claims.

The section participated in and assisted the Department of Natural Resources in analysis and negotiations of various royalty audits.

- Pacific Energy Resources Ltd (PERL). The section assisted the Department of Natural Resources in proceedings related to the bankruptcy of PERL, which has working interests in state oil and gas leases in Cook Inlet and is an operator for several units.
- Production Taxes. The section assisted the Department of Revenue at informal conference and before the Office of Administrative Hearings in complex litigation against major oil and gas producers regarding the department's decision to aggregate properties for calculating the taxpayers' production tax.
- Income Taxes. The section represented the Department of Revenue in an administrative hearing on Tesoro's corporate income tax liabilities for 1994-1998, which resulted in a decision by the Office of Administrative Hearings finding that Tesoro owed over \$13 million in additional taxes, interest, and penalties. The Department also represented the Department of Revenue in a number of corporate income taxes settlement negotiations, which resulted in a total of \$1.5 million in additional revenue to the State in FY 2009.

The section assisted the Department of Revenue in negotiating settlement of a number of corporate income tax disputes, which resulted in a total of about \$1.5 million in additional taxes and interest.

- Property Taxes. The section represented the Department of Revenue, Tax Division, in three tax appeals brought by the City of Valdez protesting annual oil and gas property tax assessments. In one appeal, the Office of Administrative Hearings affirmed the Tax Division's assessment. Valdez has appealed to superior court, where the section is representing the Department of Revenue. In superior court and later in a petition to the Alaska Supreme Court, Valdez argued that it is entitled to a de novo hearing on their tax appeal. The section successfully argued that Valdez is not entitled to a de novo hearing. The matter is now in the briefing stage before the superior court. The two remaining tax appeals are pending before the Office of Administrative Hearings.
- Outer Continental Shelf (OCS). Oil development on the outer continental shelf is another instance where we play an increasing significant role. Attorneys from Law intervened in the case of Native Village of Point Hope et. al v. MMS et. al., in which plaintiffs sought to enjoin offshore seismic surveys. The State supported the federal government's decisions authorizing the surveys. U.S. District Court Judge Beistline denied the plaintiffs' motion for injunction relieve. Plaintiffs immediately moved for emergency relief in the 9th Circuit Court of Appeals, resulting in another round of expedited briefing. The Ninth Circuit denied plaintiffs' emergency motion for an injunction to stop seismic surveys in the Chukchi and Beaufort Seas from proceeding during the summer of 2008.

Success in allowing such activities in the OCS impacts the state by creating potentially hundreds of jobs for staging activities and increased property tax revenues for the State and local communities. In addition, oil discovered in the OCS off Alaska's North Slope in the Beaufort Sea, and possibly in the Chukchi Sea, will go to market through the TransAlaska Pipeline System ("TAPS"). An increase in throughput in TAPS—or in any other pipeline built to ship OCS oil—will lower the unit cost for all Alaskan oil, which results in more state royalties and production taxes from oil developed on state lands. The monetary impact for the State, while very speculative at this stage, is nonetheless likely to be in the tens, if not hundreds of millions of dollars during production.

- Regulations. The section completed its review of the first of four major in-progress regulation projects finalized and adopted by the Department of Revenue to implement changes to the State's oil and gas production tax regime

stemming from enactment of Alaska's Clear and Equitable Share (ACES) legislation.

- TAPS Methodology. The Department of Law successfully defended the Department of Revenue's 2009 TAPS property tax valuation methodology before the State Assessment Review Board. This resulted in total tax revenue of \$180,917,900, of which the State receives 44.42%, or \$80,363,331, and affected municipalities (the North Slope Borough, Fairbanks, and Valdez) receive \$100,554,569. The Department is also defending the State Assessment Review Board's 2006 - 2008 TAPS property tax valuations, which are on appeal in superior court and which are each worth tens of millions of dollars to the State and municipalities, if upheld.

Statutory and Regulatory Authority

AS 44.23.020

Contact Information
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**Oil, Gas and Mining
Component Financial Summary**

All dollars shown in thousands

	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	3,275.5	2,814.4	2,982.4
72000 Travel	88.2	79.2	79.2
73000 Services	6,036.3	8,082.2	7,973.0
74000 Commodities	76.2	54.2	54.2
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	9,476.2	11,030.0	11,088.8
Funding Sources:			
1004 General Fund Receipts	7,869.3	9,552.4	7,111.2
1007 Inter-Agency Receipts	129.9	0.0	0.0
1105 Alaska Permanent Fund Corporation Receipts	1,477.0	1,477.6	1,477.6
1213 Alaska Housing Capital Corporation Receipts	0.0	0.0	2,500.0
Funding Totals	9,476.2	11,030.0	11,088.8

Estimated Revenue Collections

Description	Master Revenue Account	FY2009 Actuals	FY2010 Conference Committee	FY2010 Authorized	FY2010 Authorized	FY2011 Governor
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						
Interagency Receipts	51015	129.9	0.0	0.0	0.0	0.0
Permanent Fund Earnings Reserve Account	51373	1,477.0	0.0	0.0	1,477.6	1,477.6
Restricted Total		1,606.9	0.0	0.0	1,477.6	1,477.6
Total Estimated Revenues		1,606.9	0.0	0.0	1,477.6	1,477.6

**Summary of Component Budget Changes
From FY2010 Management Plan to FY2011 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2010 Management Plan	9,552.4	0.0	1,477.6	11,030.0
Adjustments which will continue current level of service:				
-Reverse One Time Item, Trans Alaskan Pipeline System (TAPS) Strategic Reconfiguration	-1,000.0	0.0	0.0	-1,000.0
-Transfer PCN 03-0263 from Commercial & Fair Business	135.0	0.0	0.0	135.0
-FY2011 Health Insurance Cost Increase Non-Covered Employees	33.0	0.0	0.0	33.0
-Reverse One Time Item, Oil and Gas Matters Including Pt. Thomson Litigation and TAPS Tariffs	-5,109.2	0.0	0.0	-5,109.2
Proposed budget increases:				
-Oil and Gas Outside Counsel and Experts	3,500.0	0.0	0.0	3,500.0
-Gas Pipeline Outside Counsel & Experts	0.0	0.0	2,500.0	2,500.0
FY2011 Governor	7,111.2	0.0	3,977.6	11,088.8

**Oil, Gas and Mining
Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2010 Management Plan	FY2011 Governor		
Full-time	27	27	Annual Salaries	2,181,369
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	1,040,235
			<i>Less 7.42% Vacancy Factor</i>	(239,204)
			Lump Sum Premium Pay	0
Totals	27	27	Total Personal Services	2,982,400

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Clerk	0	0	1	0	1
Analyst/Programmer V	1	0	0	0	1
Assoc Attorney I	1	0	1	0	2
Assoc Attorney II	1	0	0	0	1
Attorney III	0	0	1	0	1
Attorney IV	3	0	2	0	5
Attorney V	7	0	1	0	8
Attorney VI	0	0	1	0	1
Data Processing Mgr II	0	0	1	0	1
Law Office Assistant I	2	0	0	0	2
Paralegal II	3	0	0	0	3
Procurement Spec III	0	0	1	0	1
Totals	18	0	9	0	27

Component Detail All Funds
Department of Law

Component: Oil, Gas and Mining (2091)
RDU: Civil Division (35)

	FY2009 Actuals	FY2010 Conference Committee	FY2010 Authorized	FY2010 Management Plan	FY2011 Governor	FY2010 Management Plan vs FY2011 Governor	
71000 Personal Services	3,275.5	2,814.4	2,814.4	2,814.4	2,982.4	168.0	6.0%
72000 Travel	88.2	79.2	79.2	79.2	79.2	0.0	0.0%
73000 Services	6,036.3	8,081.6	8,082.2	8,082.2	7,973.0	-109.2	-1.4%
74000 Commodities	76.2	54.2	54.2	54.2	54.2	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	9,476.2	11,029.4	11,030.0	11,030.0	11,088.8	58.8	0.5%
Fund Sources:							
1004 Gen Fund	7,869.3	9,552.4	9,552.4	9,552.4	7,111.2	-2,441.2	-25.6%
1007 I/A Rcpts	129.9	0.0	0.0	0.0	0.0	0.0	0.0%
1105 PFund Rcpt	1,477.0	1,477.0	1,477.6	1,477.6	1,477.6	0.0	0.0%
1213 AHCC Rcpts	0.0	0.0	0.0	0.0	2,500.0	2,500.0	100.0%
General Funds	7,869.3	9,552.4	9,552.4	9,552.4	7,111.2	-2,441.2	-25.6%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	1,606.9	1,477.0	1,477.6	1,477.6	3,977.6	2,500.0	169.2%
Positions:							
Permanent Full Time	29	29	29	27	27	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios With Descriptions
Department of Law

Component: Oil, Gas and Mining (2091)
RDU: Civil Division (35)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2010 Conference Committee To FY2010 Authorized *****												
FY2010 Conference Committee												
	ConfCom	11,029.4	2,814.4	79.2	8,081.6	54.2	0.0	0.0	0.0	29	0	0
1004 Gen Fund		9,552.4										
1105 PFund Rcpt		1,477.0										
ADN 0300019 DOA funding transfer for ETS increased costs in FY2010												
	Atrin	0.2	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0	0	0
1105 PFund Rcpt		0.2										
Pursuant to Section 1, Chapter 12, SLA 2009, page 4 - lines 6-12, \$97,200 is distributed to state agencies in order to pay service costs charged by the Department of Administration, Enterprise Technology Services for enterprise technology services.												
The amounts transferred to state agencies from ETS are as follows:												
DCED, \$8.0; Revenue, \$23.9; Law, \$3.6; Labor, \$26.4; DNR, \$2.9; H&SS, \$17.2; Administration, \$15.2.												
ADN 0300020 DOA funding transfer for Centralized Personnel Services increased costs in FY2010												
	Atrin	0.4	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0	0	0
1105 PFund Rcpt		0.4										
Pursuant to Section 1, Chapter 12, SLA 2009, page 2 - line 29-31, page 3 - line 3, \$66,400 is distributed to state agencies in order to pay service costs charged by the Department of Administration, Division of Personnel for centralized personnel services.												
The amounts transferred to state agencies from Division of Personnel is as follows:												
DCED, \$12.3; Revenue, \$7.3; Law, \$5.3; Labor, \$12.1; H&SS, \$21.9; Administration, \$7.5.												
Subtotal		11,030.0	2,814.4	79.2	8,082.2	54.2	0.0	0.0	0.0	29	0	0
***** Changes From FY2010 Authorized To FY2010 Management Plan *****												
ADN 03-0-0017 Transfer PCN 03-0077 to Human Services and Child Protection												
	Trout	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1	0	0
Transfer vacant PCN 03-0077, Law Office Assistant I, without funding, from Oil, Gas & Mining to Human Services and Child Protection to accommodate the workload and section demands in the Human Services Section.												
ADN 03-9-0138 Transfer PCN 03-0348 to Labor and State Affairs												
	Trout	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1	0	0
Transfer PCN 03-0348 Attorney IV without funding from Oil, Gas & Mining (Anchorage) to Labor and State Affairs (Juneau) for the required level of legal												

Change Record Detail - Multiple Scenarios With Descriptions
Department of Law

Component: Oil, Gas and Mining (2091)
RDU: Civil Division (35)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
expertise needed within this component.												
Department of Law's Attorney positions are Partial Exempt (PX) and flexibly-ranged postions, Attorney I - VI, and are moved in accordance with attorney salary placement and allowing positions to be subfilled at lower levels. Positions are also moved to accomodate promotions.												
	Subtotal	11,030.0	2,814.4	79.2	8,082.2	54.2	0.0	0.0	0.0	27	0	0
***** Changes From FY2010 Management Plan To FY2011 Governor *****												
Reverse One Time Item, Trans Alaskan Pipeline System (TAPS) Strategic Reconfiguration												
	OTI	-1,000.0	0.0	0.0	-1,000.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		-1,000.0										
Transfer PCN 03-0054 to Commercial & Fair Business												
	Trout	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1	0	0
Transfer vacant PCN 03-0054, Law Office Assistant I, without funding, from Oil, Gas & Mining to Commercial & Fair Business to accommodate the workload and section demands.												
Transfer PCN 03-0263 from Commercial & Fair Business												
	Trin	135.0	135.0	0.0	0.0	0.0	0.0	0.0	0.0	1	0	0
1004 Gen Fund		135.0										
Transfer PCN 03-0263 Attorney IV with funding from Commercial & Fair Business to Oil, Gas & Mining for the required level of legal expertise needed within this component.												
Department of Law's Attorney positions are Partially Exempt (PX) and flexibly-ranged postions, Attorney I - VI, and are moved in accordance with attorney salary placement and allowing positions to be subfilled at lower levels. Positions are also moved to accommodate promotions.												
Relocate PCN 03-0263 from Juneau to Anchorage												
	PosLoc	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Relocate vacant PCN 03-0263 Attorney IV, without funding, from Juneau to Anchorage.												
This position was transferred without funding from Commercial & Fair Business (Juneau) to Oil, Gas and Mining (Anchorage) for the required level of expertise needed within this component.												
Oil and Gas Outside Counsel and Experts												
	Inc	3,500.0	0.0	0.0	3,500.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		3,500.0										
In FY 2009, the Oil, Gas and Mining section continued to receive funding with one-time increments. In FY 2009, the increments were \$5,109.2 for Oil and Gas												

Change Record Detail - Multiple Scenarios With Descriptions
Department of Law

Component: Oil, Gas and Mining (2091)
RDU: Civil Division (35)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
<p>matters including Pt. Thomson litigation and TAPS tariffs, and \$1,000.0 for TAPS Strategic Reconfiguration. This increment request is continued funding of these efforts.</p>												
Gas Pipeline Outside Counsel & Experts												
1213 AHCC Rcpts	IncOTI	2,500.0	0.0	0.0	2,500.0	0.0	0.0	0.0	0.0	0	0	0
<p>The Department of Law is requesting \$2,500.0 for work related to the state gas pipeline and to bring North Slope gas to market.</p> <p>The Department of Law's Oil, Gas and Mining section continues to play a major role in the State's top priority project related to the construction of a gas pipeline and bringing natural gas to market. A number of contracts with outside counsel and experts are underway and will continue as needed. Funding will assist the department in the preparation of legislation and implementation of a comprehensive plan to commercialize North Slope gas.</p>												
FY2011 Health Insurance Cost Increase Non-Covered Employees												
1004 Gen Fund	SalAdj	33.0	33.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<p>Costs associated with Health Insurance Increases.: \$33.0</p>												
Reverse One Time Item, Oil and Gas Matters Including Pt. Thomson Litigation and TAPS Tariffs												
1004 Gen Fund	OTI	-5,109.2	0.0	0.0	-5,109.2	0.0	0.0	0.0	0.0	0	0	0
Totals		11,088.8	2,982.4	79.2	7,973.0	54.2	0.0	0.0	0.0	27	0	0

Personal Services Expenditure Detail
Department of Law

Scenario: FY2011 Governor (7749)
Component: Oil, Gas and Mining (2091)
RDU: Civil Division (35)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Step	Comp Month	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	GF Amount
03-0005	Attorney V	FT	A	XE	Juneau	AA	25M / N	12.0		120,405	0	0	51,823	172,228	172,228
03-0007	Attorney V	FT	A	XE	Anchorage	AA	25N	12.0		123,948	0	0	52,771	176,719	176,719
03-0015	Attorney IV	FT	A	XE	Juneau	AA	24F	12.0		95,940	0	0	44,611	140,551	140,551
03-0024	Attorney VI	FT	A	XE	Juneau	AA	26N	12.0		128,412	0	0	53,966	182,378	182,378
03-0025	Attorney IV	FT	A	XE	Juneau	AA	24B / C	12.0		85,182	0	0	41,072	126,254	126,254
03-0059	Attorney V	FT	A	XE	Anchorage	AA	25N	12.0		123,948	0	0	52,771	176,719	176,719
03-0092	Attorney V	FT	A	XE	Anchorage	AA	25O	12.0		128,592	0	0	54,014	182,606	182,606
03-0098	Paralegal II	FT	A	GP	Anchorage	2A	16A / B	12.0		46,640	0	0	26,733	73,373	73,373
03-0141	Attorney V	FT	A	XE	Anchorage	AA	25K	8.0		73,992	0	0	33,040	107,032	107,032
03-0144	Accounting Clerk	FT	A	GP	Juneau	2A	10B / C	12.0		32,072	0	0	21,942	54,014	54,014
03-0157	Assoc Attorney II	FT	A	XE	Anchorage	AA	19E	12.0		66,240	0	0	34,842	101,082	101,082
03-0162	Attorney III	FT	A	XE	Juneau	AA	20D / E	12.0		70,384	0	0	36,205	106,589	106,589
03-0164	Procurement Spec III	FT	A	SS	Juneau	2A	18A / B	12.0		55,608	0	0	29,329	84,937	84,937
03-0177	Data Processing Mgr II	FT	A	SS	Juneau	2A	23E / F	9.6	**	71,375	0	0	32,307	103,682	103,682
03-0185	Paralegal II	FT	A	GG	Anchorage	2A	16B / C	12.0		48,326	0	0	27,287	75,613	75,613
03-0199	Attorney V	FT	A	XE	Anchorage	AA	25F / J	12.0		106,014	0	0	47,924	153,938	153,938
03-0207	Attorney IV	FT	A	XE	Anchorage	AA	24J / K	12.0		100,473	0	0	46,102	146,575	146,575
03-0208	Law Office Assistant I	FT	A	GP	Anchorage	2A	11D / E	12.0		36,610	0	0	23,434	60,044	60,044
03-0229	Attorney V	FT	A	XE	Anchorage	AA	25F	12.0		103,116	0	0	46,971	150,087	150,087
03-0239	Assoc Attorney I	FT	A	XE	Anchorage	AA	17A	12.0		50,412	0	0	29,637	80,049	80,049
03-0263	Attorney IV	FT	A	XE	Anchorage	AA	24D / E	12.0		92,174	0	0	43,372	135,546	135,546
03-0316	Attorney IV	FT	A	XE	Anchorage	AA	24J	12.0		99,540	0	0	45,795	145,335	145,335
03-0318	Law Office Assistant I	FT	A	GP	Anchorage	2A	11D / E	12.0		36,610	0	0	23,434	60,044	60,044
03-0323	Analyst/Programmer V	FT	A	GP	Anchorage	2A	22A	10.0		56,880	0	0	28,202	85,082	85,082
03-0395	Attorney V	FT	A	XE	Anchorage	AA	25F / J	12.0		106,658	0	0	48,136	154,794	154,794
03-1121	Paralegal II	FT	A	GP	Anchorage	2A	16E / F	12.0		52,254	0	0	28,579	80,833	80,833
03-1246	Assoc Attorney I	FT	A	XE	Juneau	AA	17M	12.0		69,564	0	0	35,936	105,500	105,500

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column.
 [No valid job title] appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario.

Personal Services Expenditure Detail
Department of Law

Scenario: FY2011 Governor (7749)
Component: Oil, Gas and Mining (2091)
RDU: Civil Division (35)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Step	Comp Month	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	GF Amount
											Total Salary Costs:	2,181,369			
											Total COLA:	0			
											Total Premium Pay:	0			
											Total Benefits:	1,040,235			
		Total Positions	New	Deleted											
Full Time Positions:		27	0	0											
Part Time Positions:		0	0	0											
Non Permanent Positions:		0	0	0											
Positions in Component:		27	0	0											
Total Component Months:		315.6													
											Total Pre-Vacancy:	3,221,604			
											Minus Vacancy Adjustment of 7.42%:	(239,204)			
											Total Post-Vacancy:	2,982,400			
											Plus Lump Sum Premium Pay:	0			
											Personal Services Line 100:	2,982,400			

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1004 General Fund Receipts	3,221,604	2,982,400	100.00%
Total PCN Funding:	3,221,604	2,982,400	100.00%

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column. [No valid job title] appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario.

Line Item Detail
Department of Law
Travel

Component: Oil, Gas and Mining (2091)
RDU: Civil Division (35)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
72000	Travel		88.2	79.2	79.2
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
72000 Travel Detail Totals			88.2	79.2	79.2
72110	Employee Travel (Instate)	Staff travel to represent the state concerning oil & gas and other natural resources cases. Frequent trips out-of-state to represent the state in federal court and to gather evidence at owner company facilities.	46.5	74.2	74.2
72120	Nonemployee Travel (Instate Travel)	Transportation costs for witnesses.	0.0	5.0	5.0
72410	Employee Travel (Out of state)	Travel costs and expenses for professional staff to attend training, conferences and meetings.	41.7	0.0	0.0

Line Item Detail
Department of Law
Services

Component: Oil, Gas and Mining (2091)
RDU: Civil Division (35)

Line Number	Line Name			FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
73000	Services			6,036.3	8,082.2	7,973.0
Expenditure Account				FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
73000 Services Detail Totals				6,036.3	8,082.2	7,973.0
73025	Education Services		Conferences, training, memberships	3.2	3.0	3.0
73075	Legal & Judicial Svc		Depositions, research costs, expert witnesses and consultants. Increment: Gas Pipeline legal services & outside expert counsel.	5,540.0	7,390.2	7,109.4
73156	Telecommunication		Local Service, long distance toll charges and cellular phones paid to third party telephone utilities.	1.6	15.0	15.0
73225	Delivery Services		Freight and messenger services. Movement of materials, exhibits, legal documents and courier services.	5.0	8.5	8.5
73650	Struc/Instruct/Land		Rentals/Leases - records and evidence storage.	46.9	12.0	12.0
73675	Equipment/Machinery		Rentals/Leases and Repairs/Maintenance of office equipment - copiers and postage meters.	26.3	26.3	26.3
73756	Print/Copy/Graphics		Printing forms, briefs and legal notices.	56.4	6.0	6.0
73805	IT-Non-Telecommnctns	Administrative Services	RSA Law, Administration - Information Services & Procurement support.	61.5	97.2	94.8
73805	IT-Non-Telecommnctns	Enterprise Technology Services	RSA with Dept of Admin, ITG for Computer Services: Mainframe (MICS), Facilities Mgmt, EPR.	22.4	51.0	53.2
73806	IT-Telecommunication	Enterprise Technology Services	RSA with Dept of Admin, ITG for Telecommunication Services: WAN, Internet, Video, TSR, Email, ITG Overhead.	61.7	91.2	89.7
73809	Mail	Central Mail	RSA Administration, Central Mailroom	3.0	4.7	4.4
73811	Building Leases	Leases	RSA Administration, GS&S - Leased Office Space - AG's Offices in Anchorage and Juneau.	203.8	370.3	515.4
73812	Legal	Administrative Services	RSA Law, Administrative Services - Timekeeping Administration	0.0	0.0	28.7
73814	Insurance	Risk Management	RSA Administration, Risk Management	1.1	1.5	1.5

Line Item Detail
Department of Law
Services

Component: Oil, Gas and Mining (2091)

RDU: Civil Division (35)

Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor	
73000 Services Detail Totals			6,036.3	8,082.2	7,973.0	
73815	Financial	Finance	RSA Administration, Finance Chargeback (AKSAS / AKPAY)	2.8	4.4	4.2
73816	ADA Compliance	Americans With Disabilities	RSA Labor, Americans With Disabilities Act.	0.6	0.9	0.9

Line Item Detail
Department of Law
Commodities

Component: Oil, Gas and Mining (2091)
RDU: Civil Division (35)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
74000	Commodities		76.2	54.2	54.2
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
74000 Commodities Detail Totals			76.2	54.2	54.2
74200	Business	E&ED	76.2	54.2	54.2
		Library materials including Alaska Statutes, Alaska Code, Advanced Legislative Service and Court Rules; subscriptions, office supplies; software applications, printer cartridges, paper and misc. data processing supplies; computer supplies - desktop refresh, non-capital.			

Line Item Detail
Department of Law
Capital Outlay

Component: Oil, Gas and Mining (2091)
RDU: Civil Division (35)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
75000	Capital Outlay		0.0	0.0	0.0
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
75000 Capital Outlay Detail Totals			0.0	0.0	0.0
75830	Info Technology	Computer equipment, printers and modems.	0.0	0.0	0.0

Restricted Revenue Detail
Department of Law

Component: Oil, Gas and Mining (2091)
RDU: Civil Division (35)

Master Account	Revenue Description	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
51015	Interagency Receipts	129.9	0.0	0.0

Detail Information

Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
59040	Revenue Unbudgeted RSA, Administration, Oil & Gas Conservation Commission		03209630	11100	31.6	0.0	0.0
59040	Revenue Unbudgeted RSA, Revenue, Oil & Gas Production Tax Regulations		03209647	11100	98.3	0.0	0.0

Restricted Revenue Detail
Department of Law

Component: Oil, Gas and Mining (2091)
RDU: Civil Division (35)

Master Account	Revenue Description	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
51373	Permanent Fund Earnings Reserve Account	1,477.0	1,477.6	1,477.6

Detail Information

Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
51373	Permanent Fund Earnings	APFC Operations	03209001	11100	1,477.0	1,477.6	1,477.6
Oil & Gas litigation effort funded by receipts from the Alaska Permanent Fund Corporation.							

Inter-Agency Services
Department of Law

Component: Oil, Gas and Mining (2091)
RDU: Civil Division (35)

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2010			
				FY2009 Actuals	Management Plan	FY2011 Governor	
73805	IT-Non-Telecommnctns	RSA Law, Administration - Information Services & Procurement support.	Inter-dept	Administrative Services	61.5	97.2	94.8
73805	IT-Non-Telecommnctns	RSA with Dept of Admin, ITG for Computer Services: Mainframe (MICS), Facilities Mgmt, EPR.	Inter-dept	Enterprise Technology Services	22.4	51.0	53.2
73805 IT-Non-Telecommnctns subtotal:					83.9	148.2	148.0
73806	IT-Telecommunication	RSA with Dept of Admin, ITG for Telecommunication Services: WAN, Internet, Video, TSR, Email, ITG Overhead.	Inter-dept	Enterprise Technology Services	61.7	91.2	89.7
73806 IT-Telecommunication subtotal:					61.7	91.2	89.7
73809	Mail	RSA Administration, Central Mailroom	Inter-dept	Central Mail	3.0	4.7	4.4
73809 Mail subtotal:					3.0	4.7	4.4
73811	Building Leases	RSA Administration, GS&S - Leased Office Space - AG's Offices in Anchorage and Juneau.	Inter-dept	Leases	203.8	370.3	515.4
73811 Building Leases subtotal:					203.8	370.3	515.4
73812	Legal	RSA Law, Administrative Services - Timekeeping Administration	Intra-dept	Administrative Services	0.0	0.0	28.7
73812 Legal subtotal:					0.0	0.0	28.7
73814	Insurance	RSA Administration, Risk Management	Inter-dept	Risk Management	1.1	1.5	1.5
73814 Insurance subtotal:					1.1	1.5	1.5
73815	Financial	RSA Administration, Finance Chargeback (AKSAS / AKPAY)	Inter-dept	Finance	2.8	4.4	4.2
73815 Financial subtotal:					2.8	4.4	4.2
73816	ADA Compliance	RSA Labor, Americans With Disabilities Act.	Inter-dept	Americans With Disabilities	0.6	0.9	0.9
73816 ADA Compliance subtotal:					0.6	0.9	0.9
74200	Business	Library materials including Alaska Statutes, Alaska Code, Advanced Legislative Service and Court Rules; subscriptions, office supplies; software applications, printer cartridges, paper and misc. data processing supplies; computer supplies - desktop refresh, non-capital.	Inter-dept	E&ED	76.2	54.2	54.2
74200 Business subtotal:					76.2	54.2	54.2
Oil, Gas and Mining total:					433.1	675.4	847.0
Grand Total:					433.1	675.4	847.0