

State of Alaska FY2011 Governor's Operating Budget

Department of Revenue Natural Gas Commercialization Component Budget Summary

Component: Natural Gas Commercialization**Contribution to Department's Mission**

Provide analytical support for the commercialization of North Slope natural gas.

Key Component Challenges

- Provide fiscal systems analysis in support of the Alaska Gasline Inducement Act (AGIA) and other efforts to commercialize natural gas resources.
- Provide stakeholders including the Administration, the State Legislature, Congress, potential customers and producers with information on how Alaska's fiscal systems support the economic viability of a natural gas pipeline from Alaska's North Slope to the lower 48 states.
- Provide analysis of the effects of in-state gas pipeline initiatives on the commercialization of North Slope natural gas.

Significant Changes in Results to be Delivered in FY2011

AGIA provides that the fiscal system in place at the first open season will be frozen for the first 10 years of gasline operations. With the awarding of a license under the AGIA process in 2009 it is expected that the open season will be in 2010. It is essential that a complete and timely analysis is done before that fiscal system is frozen in place.

Major Component Accomplishments in 2009

- Provided support for the natural gas team in its efforts to award a license under the AGIA process.

Statutory and Regulatory Authority

AS 43.90 et. seq. Alaska Gasline Inducement Act

Contact Information

Contact: Ginger Blaisdell, Director, Administrative Services
Phone: (907) 465-2312
Fax: (907) 465-1685
E-mail: ginger.blaisdell@alaska.gov

**Natural Gas Commercialization
Component Financial Summary**

All dollars shown in thousands

	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	1,771.0	0.0	1,550.0
74000 Commodities	0.0	0.0	0.0
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	1,771.0	0.0	1,550.0
Funding Sources:			
1004 General Fund Receipts	1,771.0	0.0	0.0
1213 Alaska Housing Capital Corporation Receipts	0.0	0.0	1,550.0
Funding Totals	1,771.0	0.0	1,550.0

**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	0.0	0.0	0.0	0.0
Proposed budget increases:				
-Audit of Alaska Gasline Inducement Act Reimbursement Fund	0.0	0.0	50.0	50.0
-Fiscal Systems Analysis to Support Negotiations of Gasline Fiscal Terms	0.0	0.0	1,500.0	1,500.0
FY2011 Governor	0.0	0.0	1,550.0	1,550.0

Component Detail All Funds
Department of Revenue

Component: Natural Gas Commercialization (2859)
RDU: Administration and Support (50)

	FY2009 Actuals	FY2010 Conference Committee	FY2010 Authorized	FY2010 Management Plan	FY2011 Governor	FY2010 Management Plan vs FY2011 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	1,771.0	0.0	0.0	0.0	1,550.0	1,550.0	100.0%
74000 Commodities	0.0	0.0	0.0	0.0	0.0	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	1,771.0	0.0	0.0	0.0	1,550.0	1,550.0	100.0%
Fund Sources:							
1004 Gen Fund	1,771.0	0.0	0.0	0.0	0.0	0.0	0.0%
1213 AHCC Rcpts	0.0	0.0	0.0	0.0	1,550.0	1,550.0	100.0%
General Funds	1,771.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	0.0	0.0	0.0	0.0	1,550.0	1,550.0	100.0%
Positions:							
Permanent Full Time	0	0	0	0	0	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 Revenue

Component: Natural Gas Commercialization (2859)

RDU: Administration and Support (50)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
	Subtotal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
***** Changes From FY2010 Management Plan To FY2011 Governor *****												
Audit of Alaska Gasline Inducement Act Reimbursement Fund												
	IncOTI	50.0	0.0	0.0	50.0	0.0	0.0	0.0	0.0	0	0	0
1213 AHCC Rcpts		50.0										
In the Alaska Gasline Inducement Act (AGIA) statutes, the Department of Revenue is required to conduct periodic audits of disbursements from the AGIA reimbursement fund (AS 43.90.400). The department does not currently have the audit personnel or time resources to comply with this requirement. This request for funding will cover the cost of an outside audit firm to perform the statutorily required audits.												
Fiscal Systems Analysis to Support Negotiations of Gasline Fiscal Terms												
	IncOTI	1,500.0	0.0	0.0	1,500.0	0.0	0.0	0.0	0.0	0	0	0
1213 AHCC Rcpts		1,500.0										
This request will cover the cost of outside experts with global experience in the negotiation of fiscal terms with industry from government perspective. Any negotiation of fiscal terms relative to inducing participation in the AGIA gas line must be benchmarked against other global commercial opportunities and terms. This expertise is necessary to insure that Alaska makes the appropriate balance of benefits and risks in any revision to fiscal terms currently applicable to gas industry players in Alaska.												
	Totals	1,550.0	0.0	0.0	1,550.0	0.0	0.0	0.0	0.0	0	0	0

Line Item Detail
Department of Revenue
Services

Component: Natural Gas Commercialization (2859)
RDU: Administration and Support (50)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
73000	Services		1,771.0	0.0	1,550.0
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
73000 Services Detail Totals			1,771.0	0.0	1,550.0
73050	Financial Services	Accounting, auditing, management/consulting services including audit of AGIA reimbursement fund	990.0	0.0	50.0
73753	Program Mgmt/Consult	Management/consulting services for fiscal systems analysis to support negotiations of gasline fiscal terms	781.0	0.0	1,500.0