

# **State of Alaska FY2018 Governor's Operating Budget**

## **Department of Natural Resources North Slope Gas Commercialization Component Budget Summary**

<b>Component: North Slope Gas Commercialization</b>
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**Contribution to Department's Mission**

The Department of Natural Resources (DNR), North Slope Gas Commercialization Office (NSG), in collaboration with the Department of Revenue (DOR) and the Alaska Gasline Development Corporation (AGDC), is responsible for negotiating and executing commercial agreements for the advancement of an Alaska liquefied natural gas project to bring Alaska's natural gas resources to market for maximum use and benefit consistent with the public interest. The Department of Law, along with specialized outside counsel retained by the department, represents DNR and DOR in negotiating and drafting commercial agreements and in regulatory matters.

**Major Component Accomplishments in 2016**

No major accomplishments.

**Key Component Challenges**

After SLA 2016, the Alaska Liquefied Natural Gas project began operating under Alaska Gasline Development Corporation (AGDC).

**Significant Changes in Results to be Delivered in FY2018**

Through further definition of timelines and deliverables, and development of project plans, the NSG continues to push towards a fully-staffed organization capable of providing the necessary support to the Commissioners of the DNR and DOR to negotiate and execute contracts and agreements with the Department of Law's assistance, and to continue work into the FEED phase with more emphasis on marketing.

**Statutory and Regulatory Authority**

AS 38.05.020, AS 38.05.180

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North Slope Gas Commercialization Personal Services Information				
Authorized Positions			Personal Services Costs	
	<u>FY2017</u> <u>Management</u> <u>Plan</u>	<u>FY2018</u> <u>Governor</u>		
			Annual Salaries	0
Full-time	5	0	Premium Pay	0
Part-time	0	0	Annual Benefits	0
Nonpermanent	0	0	<i>Less 0.00% Vacancy Factor</i>	(0)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>5</b>	<b>0</b>	<b>Total Personal Services</b>	<b>0</b>

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
No personal services.					
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Component Detail All Funds**  
**Department of Natural Resources**

**Component:** North Slope Gas Commercialization (3082)  
**RDU:** Administration and Support (600)

Non-Formula Component

	FY2016 Actuals	FY2017 Conference Committee	FY2017 Authorized	FY2017 Management Plan	FY2018 Governor	FY2017 Management Plan vs FY2018 Governor	
71000 Personal Services	1,145.4	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	23.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	8,680.4	0.0	0.0	0.0	0.0	0.0	0.0%
74000 Commodities	7.8	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%
<b>Totals</b>	<b>9,856.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Fund Sources:</b>							
1007I/A Rcpts (Other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
1241GF/LNG (UGF)	9,856.6	0.0	0.0	0.0	0.0	0.0	0.0%
<b>Unrestricted General (UGF)</b>	<b>9,856.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Designated General (DGF)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Other Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Federal Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Positions:</b>							
Permanent Full Time	7	11	11	5	0	-5	-100.0%
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 Natural Resources**

**Component:** North Slope Gas Commercialization (3082)  
**RDU:** Administration and Support (600)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2017 Conference Committee To FY2017 Authorized *****												
<b>FY2017 Conference Committee</b>												
ConfCom		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11	0	0
<b>Subtotal</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>11</b>	<b>0</b>	<b>0</b>
***** Changes From FY2017 Authorized To FY2017 Management Plan *****												
<b>Delete Positions for Alaska Liquefied Natural Gas Project</b>												
PosAdj		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-4	0	0
<p>The Alaska Liquefied Natural Gas (AKLNG) project was significantly reduced during the 2016 Legislative session. Four marketing positions were deleted, and all funding in the Department of Natural Resources budget was eliminated. The remaining positions are the existing FY2016 positions only, and are funded via Interagency Receipts from the Alaska Gasline Development Corporation.</p> <p>Delete (10-?128) Market Analyst, range 25, Anchorage, Full-Time  Delete (10-?130) AKLNG Sr Marketing Negotiator, range 27, Anchorage, Full-Time  Delete (10-?133) Market Analyst, range 25, Anchorage, Full-Time  Delete (10-?134) AKLNG Marketing Negotiator, range 27, Anchorage, Full-Time</p>												
<b>Delete Vacant Gasline Project Marketing (10-X019)</b>												
PosAdj		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1	0	0
<p>Delete position that has been vacant over 12 months.</p> <p>Delete (10-X019) Gasline Project Marketing, range 27, Anchorage, Full-Time</p>												
<b>Transfer Gasline Project Midstream Manager (10-X018) from Department of Natural Resources</b>												
Atroat		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1	0	0
<p>The Alaska Gasline Development Corporation's (ADGC) assumption of full leadership of the Alaska Liquefied Natural Gas (AKLNG) project necessitates an increase in corporation staffing. One DNR position currently working on AKLNG issues will be transferred to AGDC. The salary of this position will be absorbed in the current AGDC operating budget. A careful review of current operating costs with a focus on operating budget efficiencies will make this fiscally possible.</p> <p>Gasline Project Midstream Manager (10-X018) with experience in construction and permitting of natural gas pipelines and associated facilities will augment the current team of subject matter experts at AGDC.</p>												
<b>Subtotal</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>5</b>	<b>0</b>	<b>0</b>
***** Changes From FY2017 Management Plan To FY2018 Governor *****												
<b>FY2018 Salary and Health Insurance Increases</b>												
SalAdj		1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1007 I/A Rcpts		1.0										

**Change Record Detail - Multiple Scenarios with Descriptions**  
**Department of Natural Resources**

**Component:** North Slope Gas Commercialization (3082)  
**RDU:** Administration and Support (600)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
Includes: ACOA COLA, 2.25% per contract ending 6/30/2018; GGU HI increase from \$1346 to \$1389; LTC HI increase from \$1363 to \$1432.: \$1.0												
FY2018 PS Health Ins.: \$1.0												
<b>Delete Remaining North Slope Gas Commercialization Positions</b>												
	PosAdj	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-5	0	0
After SLA 2016, the Alaska Liquefied Natural Gas project began operating under Alaska Gasline Development Corporation (AGDC). During FY2017 Management Plan was transferred to AGDC and the remaining position are being deleted in the FY2018 budget.												
Delete (10-?099) Gasline Upstream Project Lead, range 25, Anchorage, Full-Time												
Delete (10-0435) Administrative Officer II, range 19, Anchorage, Full-Time												
Delete (10-4253) Natural Resource Specialist V, range 23, Anchorage, Full-Time												
Delete (10-X020) AKLNG Project Coordinator, range 27, Anchorage, Full-Time												
Delete (10-X021) AKLNG Commercial Lead, range 27, Anchorage, Full-Time												
<b>Adjust FY2018 Salary and Health Insurance Increases for Deleted Positions</b>												
	Dec	-1.0	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1007 I/A Rcpts												
Includes: ACOA COLA, 2.25% per contract ending 6/30/2018; GGU HI increase from \$1346 to \$1389; LTC HI increase from \$1363 to \$1432.: \$1.0												
FY2018 PS Health Ins.: \$1.0												
<b>Totals</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Personal Services Expenditure Detail**  
**Department of Natural Resources**

**Scenario:** FY2018 Governor (13956)  
**Component:** North Slope Gas Commercialization (3082)  
**RDU:** Administration and Support (600)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Step	Comp Months	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	UGF Amount
10-?099	Gasline Upstream Project Lead	FT	A	XE	Anchorage	N00	25A	12.0		0	0	0	0	0	0
10-0435	Administrative Officer II	FT	A	GP	Anchorage	200	19C / D	12.0		0	0	0	0	0	0
10-4253	Natural Resource Spec V	FT	A	GP	Anchorage	99	23M / N	12.0		0	0	0	0	0	0
10-X020	AKIng Proj Coor	FT	A	XE	Anchorage	N00	27	12.0		0	0	0	0	0	0
10-X021	AKIng Comm Lead	FT	A	XE	Anchorage	N00	27	12.0		0	0	0	0	0	0
													<b>Total Salary Costs:</b>	0	
													<b>Total COLA:</b>	0	
													<b>Total Premium Pay:</b>	0	
													<b>Total Benefits:</b>	0	
													<b>Total Pre-Vacancy:</b>	0	
													<b>Minus Vacancy Adjustment of 0.00%:</b>	(0)	
													<b>Total Post-Vacancy:</b>	0	
													<b>Plus Lump Sum Premium Pay:</b>	0	
													<b>Personal Services Line 100:</b>	0	

	Total Positions	New	Deleted
<b>Full Time Positions:</b>	0	0	5
<b>Part Time Positions:</b>	0	0	0
<b>Non Permanent Positions:</b>	0	0	0
<b>Positions in Component:</b>	0	0	5

**Total Component Months:** 0.0

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
<b>Total PCN Funding:</b>			

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 (1676)**  
**Department of Natural Resources**  
**Travel**

**Component:** North Slope Gas Commercialization (3082)

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
2000	Travel		23.0	0.0	0.0
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>2000 Travel Detail Totals</b>			<b>23.0</b>	<b>0.0</b>	<b>0.0</b>
2006	Other Travel Costs	In-State, Out-of-State, and Out-of-Country travel expenses for the State Gas Team in support of the negotiations and marketing activities related to the Alaska LNG Project. At the end of the 2016 legislative session, the legislature reappropriate the North Slope Gas office funding from the In-State Gas Pipeline fund (1229) to the AKLNG-GF fund (1241). All the travel expenses are shown as one transaction as a result from the reappropriation.	23.0	0.0	0.0



**Line Item Detail (1676)**  
**Department of Natural Resources**  
**Services**

**Component:** North Slope Gas Commercialization (3082)

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3000	Services		8,680.4	0.0	0.0
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>3000 Services Detail Totals</b>			<b>8,680.4</b>	<b>0.0</b>	<b>0.0</b>
3001	Financial Services	Contract encumbrances for professional services in support of the Alaska LNG Project. Contractors include Steve Wright for upstream support, Black & Veatch for analysis and support in many project areas, and Greg M. Snodgrass for commercial support.	236.9	0.0	0.0
3004	Telecommunications	Cell phone bill, long distance bill, and conference call bill for operational support for the State Gas Team on the Alaska LNG Project.	0.7	0.0	0.0
3006	Delivery Services	Move of North Slope Gas office from the 18th floor to the 7th floor of the Atwood building	1.4	0.0	0.0
3008	Utilities	Contract expense for Greengate in support of the financial modeling and fiscal negotiations for the State Gas Team on the Alaska LNG Project	30.0	0.0	0.0
3009	Structure/Infrastructure/Land	Construction work related to the North Slope Gas office move to the 7th floor, included installing conference room equipment and an additional office wall build out	5.0	0.0	0.0
3011	Other Services	Contract expenses and encumbrances for professional services in support of the Alaska LNG Project. Contractors include	8,051.6	0.0	0.0

**Line Item Detail (1676)**  
**Department of Natural Resources**  
**Services**

**Component:** North Slope Gas Commercialization (3082)

Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor	
<b>3000 Services Detail Totals</b>			<b>8,680.4</b>	<b>0.0</b>	<b>0.0</b>	
		Steve Swaffield supporting commercial negotiations, Pingo/Pat Anderson supporting midstream work, Steve Wright support upstream and project management work, Simon Lisiecki supporting midstream work, Nan Thompson support work on RIK/RIV determination process, Black & Veatch supporting work in upstream, commercial, midstream and project management, Audie Setters supporting marketing work, Rick Harper supporting technical information work, Greengate supporting finance and fiscal work, Petrotechnical Resources and Ryder Scott supporting resource evaluation and upstream work, Ernst and Young performing the compliance review for the TransCanada buyout and three commercial consultants, SyEnergy, Helm Energy, and LNG Contract International. In the 2016 legislative session, the legislature reappropriate the North Slope Gas funding from the In-State Gas Pipeline fund (1229) to the AKLNG-GF fund (1241). A large portion of the expenses in this category are shown together as a result of the reappropriation.				
3016	Inter-Agency Economic Development	NatRes - Oil & Gas (439)	Inter-agency funding to the Department of Natural Resources, Division of Oil and Gas for upstream and commercial support of the Alaska LNG Project.	303.5	0.0	0.0
3017	Inter-Agency Information Technology	Admin - Department-wide	Microsoft Licensing and Enterprise	1.2	0.0	0.0

**Line Item Detail (1676)**  
**Department of Natural Resources**  
**Services**

**Component:** North Slope Gas Commercialization (3082)

Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor	
<b>3000 Services Detail Totals</b>			<b>8,680.4</b>	<b>0.0</b>	<b>0.0</b>	
Non-Telecommunications		Productivity Rate (EPR) Computer Services				
3023	Inter-Agency Building Leases	Admin - Department-wide	Facilities rent for the North Slope Gas office	50.1	0.0	0.0

**Line Item Detail (1676)**  
**Department of Natural Resources**  
**Commodities**

**Component:** North Slope Gas Commercialization (3082)

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
4000	Commodities		7.8	0.0	0.0
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>4000 Commodities Detail Totals</b>			<b>7.8</b>	<b>0.0</b>	<b>0.0</b>
4022	Commodity Transfer	Commodities including office supply purchases, books and subscriptions, and other operational expenses for the State Gas Team in support of the negotiations and marketing activities related to the Alaska LNG Project. At the end of the 2016 legislative session, the legislature reappropriated the North Slope Gas office funding from the In-State Gas Pipeline fund (1229) to the AKLNG-GF fund (1241). All the commodity expenses are shown as one transaction as a result from the reappropriation.	7.8	0.0	0.0

**Inter-Agency Services (1682)**  
**Department of Natural Resources**

**Component:** North Slope Gas Commercialization (3082)

				FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>Component Totals</b>				<b>354.8</b>	<b>0.0</b>	<b>0.0</b>
With Department of Natural Resources				303.5	0.0	0.0
With Department of Administration				51.3	0.0	0.0
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>	
3016	Inter-Agency Economic Development	NatRes - Oil & Gas (439)	303.5	0.0	0.0	
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide	1.2	0.0	0.0	
3023	Inter-Agency Building Leases	Admin - Department-wide	50.1	0.0	0.0	