

HOUSE RESOLUTION NO. 11

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES RAMRAS, Johnson

Introduced: 4/15/09

Referred: Read the First Time

A RESOLUTION

1 **Requesting the Department of Natural Resources and the Department of Revenue to**
2 **prepare biannual reports to the legislature on the status of the project licensed under the**
3 **Alaska Gasline Inducement Act.**

4 **BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES:**

5 **WHEREAS** it is in the public interest for the legislature and the public to have as
6 much accurate and complete information as possible about the economic viability of and
7 progress made on the large diameter gas pipeline project plan under development by
8 TransCanada Alaska Company, LLC, and Foothills Pipe Lines Ltd., jointly as licensee under
9 AS 43.90 (Alaska Gasline Inducement Act), before the legislature makes an appropriation for
10 the reimbursement of qualified expenditures; and

11 **WHEREAS**, in a letter dated April 10, 2009, to the Chair of the House Judiciary
12 Committee and Co-Chair of the House Resources Committee, with copies sent to the Co-
13 Chairs of the House Special Committee on Energy, the governor agreed that biannual reports
14 on the progress made by TransCanada Alaska Company, LLC, and Foothills Pipe Lines Ltd.,
15 jointly as licensee under AS 43.90 (Alaska Gasline Inducement Act), on the project plan

1 licensed under AS 43.90 (Alaska Gasline Inducement Act) will serve the public interest in
2 monitoring the progress of the licensed project; and

3 **WHEREAS** the governor stated that when the commissioner of natural resources and
4 the commissioner of revenue reviewed the application submitted under AS 43.90 (Alaska
5 Gasline Inducement Act) by TransCanada Alaska Company, LLC, and Foothills Pipe Lines
6 Ltd., jointly as licensee, the commissioners made their findings based on conservative
7 estimates for costs of the pipeline and equally conservative estimates for the long-term price
8 of natural gas in North America, and that these two factors are the foundation of the project
9 plan licensed under AS 43.90 (Alaska Gasline Inducement Act) and should be monitored on a
10 continuous basis; and

11 **WHEREAS**, after correspondence between members of the legislature and
12 discussions with the governor and officials in the Department of Natural Resources, the
13 administration agreed to submit biannual reports on the following subjects: (1) project
14 reimbursement status; (2) project progress and major achievements; (3) project assessments
15 by third-party consultants to the administration; and (4) the Alaska workforce assessment; and
16 that these subjects would be elaborated upon with a specificity of detail mirroring the
17 presentation given by Tony Palmer, Vice President, Alaska Business Development,
18 TransCanada Alaska Company, LLC, to the House Special Committee on Energy on April 7,
19 2009; and

20 **WHEREAS** including in the public record the specific details that these biannual
21 reports should include will best serve the interests of the Alaska State Legislature and all
22 Alaskans;

23 **BE IT RESOLVED** that the House of Representatives requests the governor, the
24 Department of Natural Resources, and the Department of Revenue to prepare biannual reports
25 to the legislature, based on and including specific information obtained from TransCanada
26 Alaska Company, LLC, and Foothills Pipe Lines Ltd., jointly as licensee under AS 43.90
27 (Alaska Gasline Inducement Act), and from other reasonable and reliable sources; and be it

28 **FURTHER RESOLVED** that the House of Representatives requests that the
29 following specific items be included in each report and, if there is no change from the
30 immediately preceding report on a specific item, the report note that there is no change:

- 31 (1) a status report on the project and changes to the project plan including

1 (A) amendments or modifications to the project plan, if any, including
2 the timeline for receiving the certificate of public convenience and necessity from the
3 Federal Energy Regulatory Commission; the timeline for the development phase of the
4 project; the timeline for the construction and execution of the project; and other
5 project timelines that are related to the time when the project is expected to be in
6 commercial operation;

7 (B) charts, timelines, and schedules, if any, or changes to the pipeline
8 specifications, project management, and evaluations of those modifications;

9 (C) a description of major achievements and attainment of project
10 milestones during the reporting period;

11 (D) changes to project manuals, processes, plans, and guides for the
12 utilization of project staff that may have also been provided to the representative of the
13 commissioner of natural resources and the commissioner of revenue designated under
14 AS 43.90.220(d), and generally to the commissioners;

15 (E) progress assessments provided to the commissioner of natural
16 resources and the commissioner of revenue by third-party consultants to the
17 administration and other reasonable and reliable sources; if the content of the
18 assessments are confidential, members of the legislature may have access to the
19 reports after signing and agreeing to a confidentiality agreement;

20 (2) in the biannual report requested to be filed on April 30 of each year,
21 provide an Alaska workforce and Alaska business participation assessment, including a
22 description of

23 (A) how TransCanada Alaska Company, LLC, and Foothills Pipe
24 Lines Ltd., jointly as licensee have satisfied the commitment to hire Alaskans and
25 contract with Alaska businesses in the development of the project, and how the
26 licensee plans to meet the commitment in the future;

27 (B) a description of the participation of Alaska businesses in the
28 project;

29 (C) the contracts and work plans for the next phase of the licensed
30 project and a description of how Alaska businesses will participate in the next phase of
31 the project;

1 (D) the jobs available on the project for qualified Alaskans and the
2 jobs anticipated to become available for qualified Alaskans;

3 (3) for the report due October 31, a description of

4 (A) the number of Alaska businesses that have received a contract
5 from the licensee for work on the project;

6 (B) the number of Alaskans hired by the licensee for seasonal work
7 and for full-time, year-round work;

8 (C) the extent to which contracts with Alaska businesses and the
9 employment of Alaskans met the expectations reported in the report requested to be
10 made on the immediately preceding April 30;

11 (4) an update on the market and cost expectations for the project licensed
12 under AS 43.90 (Alaska Gasline Inducement Act) that addresses significant changes, if any,
13 to the market expectations for the market or markets expected to be served by the project and
14 the cost estimates in the project plan; the report is requested to provide

15 (A) an update to the cost estimate for the development phase and cost
16 estimate for the execution phase of the project plan;

17 (B) a description of alternatives contemplated to the capitalization plan
18 in the project plan, if any; and

19 (C) an assessment of the project viability, if that has changed since the
20 previous report; and be it

21 **FURTHER RESOLVED** that the House of Representatives requests the governor,
22 the Department of Natural Resources, and the Department of Revenue to submit the first
23 biannual report to the legislature and the public on April 30 and the second biannual report on
24 October 31 of each year, and to continue to submit subsequent biannual reports until
25 TransCanada Alaska Company, LLC, and Foothills Pipe Lines Ltd., jointly as licensee, secure
26 a Federal Energy Regulatory Commission certificate of public convenience and necessity.