

# **State of Alaska FY2012 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 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.
- Provide fiscal systems analysis in support of the Alaska Gasline Inducement Act (AGIA) and other efforts to commercialize natural gas resources.

**Significant Changes in Results to be Delivered in FY2012**

AGIA provides that the fiscal system in place at the first open season will be frozen for the first 10 years of gasline operations. Open seasons were held by two potential gasline builders. It is essential that a complete and timely analysis is done before that fiscal system is frozen in place.

**Major Component Accomplishments in 2010**

- Provided support for the natural gas team in its efforts to manage the licensee under the AGIA process.

**Statutory and Regulatory Authority**

AS 43.90 et. seq. Alaska Gasline Inducement Act

**Contact Information**

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<b>Natural Gas Commercialization Component Financial Summary</b>			
<i>All dollars shown in thousands</i>			
	<b>FY2010 Actuals</b>	<b>FY2011 Management Plan</b>	<b>FY2012 Governor</b>
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	0.0	1,550.0	125.0
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
<b>Expenditure Totals</b>	<b>0.0</b>	<b>1,550.0</b>	<b>125.0</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	0.0	1,550.0	125.0
<b>Funding Totals</b>	<b>0.0</b>	<b>1,550.0</b>	<b>125.0</b>

**Summary of Component Budget Changes  
From FY2011 Management Plan to FY2012 Governor**

*All dollars shown in thousands*

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
<b>FY2011 Management Plan</b>	<b>1,550.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1,550.0</b>
<b>Adjustments which will continue current level of service:</b>					
-Fiscal Systems Analysis to Support Negotiations of Gasline Fiscal Terms	-1,500.0	0.0	0.0	0.0	-1,500.0
-Audit of Alaska Gasline Inducement Act Reimbursement Fund	-50.0	0.0	0.0	0.0	-50.0
<b>Proposed budget increases:</b>					
-Audit of Alaska Gasline Inducement Act Reimbursement Fund	125.0	0.0	0.0	0.0	125.0
<b>FY2012 Governor</b>	<b>125.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>125.0</b>

**Component Detail All Funds**  
**Department of Revenue**

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

	FY2010 Actuals	FY2011 Conference Committee (Final)	FY2011 Authorized	FY2011 Management Plan	FY2012 Governor	FY2011 Management Plan vs FY2012 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	0.0	1,550.0	1,550.0	1,550.0	125.0	-1,425.0	-91.9%
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%
<b>Totals</b>	<b>0.0</b>	<b>1,550.0</b>	<b>1,550.0</b>	<b>1,550.0</b>	<b>125.0</b>	<b>-1,425.0</b>	<b>-91.9%</b>
<b>Fund Sources:</b>							
1004 Gen Fund	0.0	1,550.0	1,550.0	1,550.0	125.0	-1,425.0	-91.9%
<b>Unrestricted General (UGF)</b>	<b>0.0</b>	<b>1,550.0</b>	<b>1,550.0</b>	<b>1,550.0</b>	<b>125.0</b>	<b>-1,425.0</b>	<b>-91.9%</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	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	
***** Changes From FY2011 Conference Committee (Final) To FY2011 Authorized *****												
<b>FY2011 Conference Committee</b>												
	ConfCom	1,550.0	0.0	0.0	1,550.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		1,550.0										
<b>Subtotal</b>		<b>1,550.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1,550.0</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>
***** Changes From FY2011 Authorized To FY2011 Management Plan *****												
<b>Subtotal</b>		<b>1,550.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1,550.0</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>
***** Changes From FY2011 Management Plan To FY2012 Governor *****												
<b>Audit of Alaska Gasline Inducement Act Reimbursement Fund</b>												
	Inc	125.0	0.0	0.0	125.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		125.0										
<p>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.</p>												
<b>Fiscal Systems Analysis to Support Negotiations of Gasline Fiscal Terms</b>												
	OTI	-1,500.0	0.0	0.0	-1,500.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		-1,500.0										
<b>Audit of Alaska Gasline Inducement Act Reimbursement Fund</b>												
	OTI	-50.0	0.0	0.0	-50.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		-50.0										
<b>Totals</b>		<b>125.0</b>	<b>0.0</b>	<b>0.0</b>	<b>125.0</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>