

# **State of Alaska FY2013 Governor's Operating Budget**

## **Department of Revenue Alaska Gasline Development Corporation Component Budget Summary**

**Component: Alaska Gasline Development Corporation**

### **Contribution to Department's Mission**

The Alaska Stand Alone Gas Pipeline/**ASAP** is an in-state gas pipeline designed to provide long-term, stable supplies of natural gas from the North Slope. This gas will serve the Fairbanks and Cook Inlet areas, as well as other communities where practicable. The ASAP Project will have a capacity of 500 million standard cubic feet per day (MMscfd) of clean-burning natural gas (enriched with natural gas liquids, or NGLs). The project will also support export of liquefied natural gas (LNG) and NGLs to the West Coast and/or Pacific Rim.

Southcentral Alaska relies primarily on the Cook Inlet gas fields for heating and electric power. The developed fields are in decline and may not meet demand as early as 2014. The ASAP Project will use North Slope gas to help offset these projected shortages after the project is in service. Much of Alaska has no long-term source of fuel other than oil. A long-term, affordable energy source is needed for Fairbanks, the Railbelt, and western Alaska communities. The project could stimulate existing industries and encourage new business development, including mining, gas and oil, and other industry. Industrial users are needed for the project, since the project's capacity exceeds expected demand for residential use and power generation.

### **Core Services**

- Engineering Plan
- Commercial Plan
- Regulatory/Permitting Plan

### **Key Component Challenges**

AGDC's financial analysis concluded that state ownership makes economic sense, with a private developer building and operating the project. The project will cost \$7.52 billion (in 2011 dollars) with an uncertainty range of plus or minus 30%. The legislature is currently reviewing the ASAP Project Plan.

### **Significant Changes in Results to be Delivered in FY2013**

The ASAP Project Plan is now complete, and serves as a plan for designing, financing, and building the project and making it operational. In developing the plan, AGDC refined engineering and cost analyses and wrote a Plan of Development for the proposed route.

AGDC also met with pipeline construction and operation companies about interest in developing the project, and conducted a non-binding Expression of Interest with potential shippers, with favorable results. Ownership and financing alternatives were also studied.

In addition, work is continuing with permitting agencies for rights-of-way and environmental impact statement (EIS) activities. As an important milestone, AGDC has already received the state pipeline right-of-way.

The ASAP Project Plan proposes a deliberate approach to defining the project by means of thorough "front-end loading" to make sure that the project is viable before pipe is ordered or ground is turned. AGDC has found that the project appears to be economically feasible and should be able to provide gas at rates that compete well with imported Liquefied Natural Gas (LNG).

### **Major Component Accomplishments in 2011**

In 2010, the Alaska Legislature passed House Bill 369, which tasked the Alaska Gasline Development Corporation (AGDC) with producing "a project plan for developing an in-state natural gas pipeline." The plan was due on July 1, 2011, and was to include an analysis of alternative possible routes and the selection of a route that:

- “Is economically feasible;
- Makes natural gas available to residents at the lowest possible cost;
- Allows for connecting lines to serve industrial, residential, and utility customers along the entire route, and in other regions of the state that can be served at commercially feasible rates;
- Uses state land and existing state highway and railroad rights-of-way to the maximum extent feasible; and
- Uses existing highway and railroad bridges, gravel sources, equipment yards, maintenance facilities, and other existing facilities and resources to the maximum extent feasible.”

AGDC completed the ASAP Project Plan on July 1, 2011, and formally delivered it to the legislature on July 5. The plan may be viewed in its entirety on AGDC's website at: <http://www.gasline.us.com>.

### Statutory and Regulatory Authority

Chapter 7, SLA 2010 (HB 369)

Contact Information
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**Alaska Gasline Development Corporation  
Component Financial Summary**

*All dollars shown in thousands*

	FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	669.8	1,126.3	1,207.2
72000 Travel	90.4	0.0	0.0
73000 Services	14,794.4	0.0	2,422.2
74000 Commodities	86.0	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>15,640.6</b>	<b>1,126.3</b>	<b>3,629.4</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	15,640.6	0.0	0.0
1061 Capital Improvement Project Receipts	0.0	1,126.3	3,629.4
<b>Funding Totals</b>	<b>15,640.6</b>	<b>1,126.3</b>	<b>3,629.4</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
<b>Unrestricted Revenues</b>				
None.		0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>				
Capital Improvement Project Receipts	51200	0.0	1,126.3	3,629.4
<b>Restricted Total</b>		<b>0.0</b>	<b>1,126.3</b>	<b>3,629.4</b>
<b>Total Estimated Revenues</b>		<b>0.0</b>	<b>1,126.3</b>	<b>3,629.4</b>

**Summary of Component Budget Changes  
From FY2012 Management Plan to FY2013 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>FY2012 Management Plan</b>	<b>0.0</b>	<b>0.0</b>	<b>1,126.3</b>	<b>0.0</b>	<b>1,126.3</b>
<b>Adjustments which will continue current level of service:</b>					
-FY2013 Salary Increases	0.0	0.0	20.1	0.0	20.1
-FY2013 Health Insurance Increases	0.0	0.0	6.7	0.0	6.7
<b>Proposed budget increases:</b>					
-Operating Costs for Alaska Gasline Development Corporation	0.0	0.0	2,476.3	0.0	2,476.3
<b>FY2013 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>3,629.4</b>	<b>0.0</b>	<b>3,629.4</b>

**Alaska Gasline Development Corporation  
Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2012 Management Plan	FY2013 Governor		
Full-time	7	7	Annual Salaries	763,430
Part-time	0	0	COLA	21,824
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	459,250
			<i>Less 3.00% Vacancy Factor</i>	<i>(37,335)</i>
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>7</b>	<b>7</b>	<b>Total Personal Services</b>	<b>1,207,169</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Director, Admin Services	1	0	0	0	1
Director, External Affairs	1	0	0	0	1
Engineering Manager	1	0	0	0	1
Manager, Budget/Accounting	1	0	0	0	1
Manager, Public Affairs	1	0	0	0	1
Public Affairs Specialist	1	0	0	0	1
Schedule Coordinator	1	0	0	0	1
<b>Totals</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>

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

**Component:** Alaska Gasline Development Corporation (2986)  
**RDU:** Alaska Housing Finance Corporation (46)

	FY2011 Actuals	FY2012 Conference Committee	FY2012 Authorized	FY2012 Management Plan	FY2013 Governor	FY2012 Management Plan vs FY2013 Governor	
71000 Personal Services	669.8	1,126.3	1,126.3	1,126.3	1,207.2	80.9	7.2%
72000 Travel	90.4	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	14,794.4	0.0	0.0	0.0	2,422.2	2,422.2	100.0%
74000 Commodities	86.0	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>15,640.6</b>	<b>1,126.3</b>	<b>1,126.3</b>	<b>1,126.3</b>	<b>3,629.4</b>	<b>2,503.1</b>	<b>222.2%</b>
<b>Fund Sources:</b>							
1004 Gen Fund (UGF)	15,640.6	0.0	0.0	0.0	0.0	0.0	0.0%
1061 CIP Rcpts (Other)	0.0	1,126.3	1,126.3	1,126.3	3,629.4	2,503.1	222.2%
<b>Unrestricted General (UGF)</b>	<b>15,640.6</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>1,126.3</b>	<b>1,126.3</b>	<b>1,126.3</b>	<b>3,629.4</b>	<b>2,503.1</b>	<b>222.2%</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	7	7	7	7	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:** Alaska Gasline Development Corporation (2986)

**RDU:** Alaska Housing Finance Corporation (46)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2012 Conference Committee To FY2012 Authorized *****												
<b>FY2012 Conference Committee</b>	ConfCom	1,126.3	1,126.3	0.0	0.0	0.0	0.0	0.0	0.0	7	0	0
1061 CIP Rcpts		1,126.3										
<b>Subtotal</b>		<b>1,126.3</b>	<b>1,126.3</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>7</b>	<b>0</b>	<b>0</b>
***** Changes From FY2012 Authorized To FY2012 Management Plan *****												
<b>Subtotal</b>		<b>1,126.3</b>	<b>1,126.3</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>7</b>	<b>0</b>	<b>0</b>
***** Changes From FY2012 Management Plan To FY2013 Governor *****												
<b>Operating Costs for Alaska Gasline Development Corporation</b>												
	IncM	2,476.3	54.1	0.0	2,422.2	0.0	0.0	0.0	0.0	0	0	0
1061 CIP Rcpts		2,476.3										
AGDC request to fund/employ their work through the completion of FEL 2												
<b>FY2013 Salary Increases</b>												
	SalAdj	20.1	20.1	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1061 CIP Rcpts		20.1										
FY2013 Salary Increases: \$20.1												
<b>FY2013 Health Insurance Increases</b>												
	SalAdj	6.7	6.7	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1061 CIP Rcpts		6.7										
FY2013 Health Insurance Increases: \$6.7												
<b>Totals</b>		<b>3,629.4</b>	<b>1,207.2</b>	<b>0.0</b>	<b>2,422.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>7</b>	<b>0</b>	<b>0</b>

**Personal Services Expenditure Detail**  
**Department of Revenue**

**Scenario:** FY2013 Governor (9494)  
**Component:** Alaska Gasline Development Corporation (2986)  
**RDU:** Alaska Housing Finance Corporation (46)

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	GF Amount
04-701X	Manager, Public Affairs	FT	A	--	Anchorage	99	0 /	12.0		92,040	2,691	0	58,482	153,213	0
04-702X	Schedule Coordinator	FT	A	--	Anchorage	99	0 /	12.0		94,874	2,774	0	59,791	157,439	0
04-703X	Engineering Manager	FT	A	--	Anchorage	99	0 /	12.0		136,376	3,820	0	77,143	217,339	0
04-704X	Director, External Affairs	FT	A	--	Anchorage	99	0	12.0		148,000	4,145	0	81,799	233,944	0
04-705X	Director, Admin Services	FT	A	--	Anchorage	99	0	12.0		120,000	3,361	0	70,585	193,946	0
04-706X	Public Affairs Specialist	FT	A	--	Anchorage	99	0	12.0		77,388	2,263	0	51,716	131,367	0
04-707X	Manager, Budget/Accounting	FT	A	--	Anchorage	99	0 /	12.0		94,752	2,770	0	59,734	157,256	0

													<b>Total Salary Costs:</b>	763,430
													<b>Total COLA:</b>	21,824
													<b>Total Premium Pay::</b>	0
													<b>Total Benefits:</b>	459,250
													<b>Total Pre-Vacancy:</b>	1,244,504
													<b>Minus Vacancy Adjustment of 3.00%:</b>	(37,335)
													<b>Total Post-Vacancy:</b>	1,207,169
													<b>Plus Lump Sum Premium Pay:</b>	0
													<b>Personal Services Line 100:</b>	1,207,169

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1061 Capital Improvement Project Receipts	1,244,504	1,207,169	100.00%
<b>Total PCN Funding:</b>	<b>1,244,504</b>	<b>1,207,169</b>	<b>100.00%</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**  
**Department of Revenue**  
**Travel**

**Component:** Alaska Gasline Development Corporation (2986)  
**RDU:** Alaska Housing Finance Corporation (46)

Line Number	Line Name		FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
72000	Travel		90.4	0.0	0.0
Expenditure Account	Servicing Agency	Explanation	FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
<b>72000 Travel Detail Totals</b>			<b>90.4</b>	<b>0.0</b>	<b>0.0</b>
72110	Employee Travel (Instate)	Staff travel related to the AGDC	37.6	0.0	0.0
72410	Employee Travel (Out of state)	Attending seminars, meetings, and federal conferences.	52.8	0.0	0.0

**Line Item Detail**  
**Department of Revenue**  
**Services**

**Component:** Alaska Gasline Development Corporation (2986)  
**RDU:** Alaska Housing Finance Corporation (46)

Line Number	Line Name		FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
73000	Services		14,794.4	0.0	2,422.2
Expenditure Account	Servicing Agency	Explanation	FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
<b>73000 Services Detail Totals</b>			<b>14,794.4</b>	<b>0.0</b>	<b>2,422.2</b>
73156	Telecommunication	Telephone - Local, long distance, fax, 800 service, and data processing communications. Postage and post office box rent.	23.9	0.0	0.0
73686	Rentals/Leases (Non IA-Eq/Machinery)	Office lease space, off-site storage (records archives, other), safe deposit fees, room rental for workshops, board meetings, and conferences.	71.7	0.0	0.0
73750	Other Services (Non IA Svcs)	Conference registrations, employee tuition and training fees, and organization membership dues. Insurance, information and office services, and microfilming. Other expenditures include legal services, insurance policies, Payments in Lieu of Taxes, collection losses and fees, and organization membership dues.	14,698.8	0.0	2,422.2

**Line Item Detail**  
**Department of Revenue**  
**Commodities**

**Component:** Alaska Gasline Development Corporation (2986)  
**RDU:** Alaska Housing Finance Corporation (46)

Line Number	Line Name		FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
74000	Commodities		86.0	0.0	0.0
			<b>FY2011 Actuals</b>	<b>FY2012 Management Plan</b>	<b>FY2013 Governor</b>
<b>Expenditure Account</b>	<b>Servicing Agency</b>	<b>Explanation</b>			
<b>74000 Commodities Detail Totals</b>			<b>86.0</b>	<b>0.0</b>	<b>0.0</b>
74200	Business		86.0	0.0	0.0

**Restricted Revenue Detail**  
**Department of Revenue**

**Component:** Alaska Gasline Development Corporation (2986)  
**RDU:** Alaska Housing Finance Corporation (46)

<b>Master Account</b>	<b>Revenue Description</b>				<b>FY2011 Actuals</b>	<b>FY2012 Management Plan</b>	<b>FY2013 Governor</b>
51200	Capital Improvement Project Receipts				0.0	1,126.3	3,629.4
<b>Detail Information</b>							
<b>Revenue Amount</b>	<b>Revenue Description</b>	<b>Component</b>	<b>Collocation Code</b>	<b>AKSAS Fund</b>	<b>FY2011 Actuals</b>	<b>FY2012 Management Plan</b>	<b>FY2013 Governor</b>
51200	Cap Improv Proj Rec			11100	0.0	1,126.3	3,629.4
	CIP Receipts will be collected from capital funding for the Alaska Gasline Development project.						