

**State of Alaska
FY2016 Governor Amended Operating
Budget**

**Department of Commerce, Community, and Economic
Development
Alaska LNG Participation
Component Budget Summary**

Component: Alaska LNG Participation

Contribution to Department's Mission

Develop the Alaska Liquefied Natural Gas (Alaska LNG) export project on the State's behalf, hold the State's equity interest in the liquefaction component of that project, and assist the Department of Revenue and the Department of Natural Resources in maximizing the value of the State's gas.

Core Services

- Advancing the engineering, environmental and commercial efforts associated with the development of the Alaska LNG project, a project designed to produce 20 million tons per year of LNG for the Asian export market.
- Representing the State's ownership interest in the liquefaction component of the Alaska LNG project.
- Participating on the State's behalf in the Preliminary Front-End Engineering and Design (Pre-FEED) phase of the Alaska LNG project.
- Participating in the commercial and technical negotiations associated with developing the required project enabling agreements necessary to move the Alaska LNG project forward.
- Preparing to manage the State's equity interest in the mid-stream portion (gas transmission lines, treatment plant and main pipeline), in the event TransCanada does not continue into the FEED phase of the project.
- Assisting in the planning, sighting and development of gas off-takes within Alaska.
- Collaborating with the ASAP project as appropriate, to maximize existing data and work product, to minimize duplication of effort and to work toward common project routing and alignment.

Major Component Accomplishments in 2014

- Signed a Joint Venture Agreement (JVA) with ExxonMobil, BP, ConocoPhillips and TransCanada to initiate the pre-FEED phase of the Alaska LNG project.
- Staffed the Alaska LNG project technical and venture management teams and began Pre-FEED work.
- Filed an Alaska LNG export license application with the U.S. Department of Energy.
- Submitted the National Environmental Policy Act (NEPA) Pre-File letter to the Federal Energy Regulatory Commission (FERC) which initiated the Natural Gas Act (NGA) regulatory process.
- Participated in Alaska LNG project briefings with FERC staff and Commissioners in Washington D.C.
- Conducted summer field program and Cook Inlet surveys to obtain geotechnical data.
- Held public meetings throughout the state to provide project briefings and updates.
- Executed agreements to facilitate the exchange of historical data between the ASAP and Alaska LNG projects and to establish protocols for future data exchanges.

Key Component Challenges

- Maintaining alignment among all project partners.
- Maintaining project work plans, budgets and schedules.
- Completing commercial and fiscal agreements within the established project development timeline.
- Managing public expectations and maintaining political and public support.
- Completing necessary field work, and the environmental and socioeconomic baseline assessments necessary for completing the FERC NEPA application.

Significant Changes in Results to be Delivered in FY2016

Advance the Alaska LNG project and continue the State's participation as a co-venture owner by:

- Funding the State's share of project expenditures.
- Providing owner's representation and oversight on technical, commercial and management committees.
- Negotiating commercial and project enabling agreements for future phases of development.
- Providing appropriate information to oversight agencies regarding venture activities.

Statutory and Regulatory Authority

AS 31.25 is the enabling statute for the Alaska Gasline Development Corporation and establish its organization, administration and powers.

AS 31.25.110 establishes the Alaska Liquefied Natural Gas Project Fund.

Contact Information
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**Alaska LNG Participation
Component Financial Summary**

All dollars shown in thousands

	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	130.0	1,476.0	1,508.5
72000 Travel	17.1	964.0	964.0
73000 Services	0.0	329.4	329.4
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	230.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	147.1	2,999.4	2,801.9
Funding Sources:			
1235 Alaska Liquefied Natural Gas Project Fund (AGDC-LNG)	147.1	2,999.4	2,801.9
Funding Totals	147.1	2,999.4	2,801.9

**Summary of Component Budget Changes
From FY2015 Management Plan to FY2016 Governor Amended**

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>
FY2015 Management Plan	0.0	0.0	2,999.4	0.0	2,999.4
One-time items:					
-Reverse Gas Pipeline; AGDC; Oil and Gas Production Tax Ch14 SLA2014 (SB138) (Sec2 Ch14 SLA2014 P48 L8 (HB266))	0.0	0.0	-230.0	0.0	-230.0
Adjustments which continue current level of service:					
-FY2016 Salary Increases	0.0	0.0	32.5	0.0	32.5
FY2016 Governor Amended	0.0	0.0	2,801.9	0.0	2,801.9

Alaska LNG Participation Personal Services Information				
Authorized Positions			Personal Services Costs	
	FY2015 Management Plan	FY2016 Governor Amended		
Full-time	6	6	Annual Salaries	990,000
Part-time	0	0	COLA	32,627
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	495,831
			<i>Less 0.66% Vacancy Factor</i>	(9,958)
			Lump Sum Premium Pay	0
Totals	6	6	Total Personal Services	1,508,500

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant - PA	2	0	0	0	2
AKLNG Program Manager	1	0	0	0	1
Contract Compliance Officer	1	0	0	0	1
Manager, Financial Accounting	1	0	0	0	1
Vice President, AKLNG	1	0	0	0	1
Totals	6	0	0	0	6

Component Detail All Funds
Department of Commerce, Community, and Economic Development

Component: Alaska LNG Participation (AR29658) (3081)
RDU: Alaska Gasline Development Corporation (618)

	FY2014 Actuals	FY2015 Conference Committee	FY2015 Authorized	FY2015 Management Plan	FY2016 Governor Amended	FY2015 Management Plan vs FY2016 Governor Amended	
71000 Personal Services	130.0	0.0	1,476.0	1,476.0	1,508.5	32.5	2.2%
72000 Travel	17.1	0.0	964.0	964.0	964.0	0.0	0.0%
73000 Services	0.0	0.0	329.4	329.4	329.4	0.0	0.0%
74000 Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	0.0	0.0	230.0	230.0	0.0	-230.0	-100.0%
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	147.1	0.0	2,999.4	2,999.4	2,801.9	-197.5	-6.6%
Fund Sources:							
1235AGDC-LNG (Other)	147.1	0.0	2,999.4	2,999.4	2,801.9	-197.5	-6.6%
Unrestricted General (UGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	147.1	0.0	2,999.4	2,999.4	2,801.9	-197.5	-6.6%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Positions:							
Permanent Full Time	6	0	6	6	6	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 Commerce, Community, and Economic Development

Component: Alaska LNG Participation (3081)
RDU: Alaska Gasline Development Corporation (618)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2015 Conference Committee To FY2015 Authorized *****												
Gas Pipeline; AGDC; Oil and Gas Production Tax Ch14 SLA2014 (SB138) (Sec2 Ch16 SLA2014 P48 L8 (HB266))												
1235 AGDC-LNG	FisNot	2,999.4	1,476.0	964.0	329.4	0.0	230.0	0.0	0.0	6	0	0
		2,999.4										
SB138 expands the purpose of the Alaska Gasline Development Corporation (AGDC) by authorizing it to participate in advancing an Alaska liquefied natural gas project (AKLNG) while continuing to advance the in-state natural gas pipeline project described in AS 31.25.005, commonly known as the Alaska Stand Alone Pipeline (ASAP).												
Subtotal		2,999.4	1,476.0	964.0	329.4	0.0	230.0	0.0	0.0	6	0	0
***** Changes From FY2015 Authorized To FY2015 Management Plan *****												
Subtotal		2,999.4	1,476.0	964.0	329.4	0.0	230.0	0.0	0.0	6	0	0
***** Changes From FY2015 Management Plan To FY2016 Governor Amended *****												
FY2016 Salary Increases												
1235 AGDC-LNG	SalAdj	32.5	32.5	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
		32.5										
Cost of living adjustment for certain bargaining units: \$32.5												
Year three cost of living adjustment for non-covered employees - 2.5%: \$32.5												
Reverse Gas Pipeline; AGDC; Oil and Gas Production Tax Ch14 SLA2014 (SB138) (Sec2 Ch14 SLA2014 P48 L8 (HB266))												
1235 AGDC-LNG	OTI	-230.0	0.0	0.0	0.0	0.0	-230.0	0.0	0.0	0	0	0
		-230.0										
Reverse fiscal note for SB 138.												
Totals		2,801.9	1,508.5	964.0	329.4	0.0	0.0	0.0	0.0	6	0	0

Personal Services Expenditure Detail
Department of Commerce, Community, and Economic Development

Scenario: FY2016 Governor Amended (12201)
Component: Alaska LNG Participation (3081)
RDU: Alaska Gasline Development Corporation (618)

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
08-733X	AKLNG Program Manager	FT	A	-5	Anchorage	99	0A	12.0		325,000	10,588	0	132,217	467,805	0
08-734X	Vice President, AKLNG	FT	A	-5	Anchorage	99	0A	12.0		300,000	9,773	0	124,640	434,413	0
08-735X	Contract Compliance Officer	FT	A	-5	Anchorage	99	0A	12.0		120,000	3,909	0	70,082	193,991	0
08-736X	Manager, Financial Accounting	FT	A	-5	Anchorage	99	0A	12.0		110,000	3,752	0	66,622	180,374	0
08-737X	Administrative Assistant - PA	FT	A	-5	Anchorage	99	0A	12.0		70,000	2,388	0	52,046	124,434	0
08-738X	Administrative Assistant - PA	FT	A	-5	Anchorage	99	0A	12.0		65,000	2,217	0	50,224	117,441	0

Total Positions:	6	0	0										Total Salary Costs:	990,000
Full Time Positions:	6	0	0										Total COLA:	32,627
Part Time Positions:	0	0	0										Total Premium Pay:	0
Non Permanent Positions:	0	0	0										Total Benefits:	495,831
Positions in Component:	6	0	0										Total Pre-Vacancy:	1,518,458
													Minus Vacancy Adjustment of 0.66%:	(9,958)
													Total Post-Vacancy:	1,508,500
Total Component Months:	72.0												Plus Lump Sum Premium Pay:	0
													Personal Services Line 100:	1,508,500

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1235 Alaska Liquefied Natural Gas Project Fund (AGDC-LNG)	1,518,458	1,508,500	100.00%
Total PCN Funding:	1,518,458	1,508,500	100.00%

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 Commerce, Community, and Economic Development
Travel

Component: Alaska LNG Participation (3081)
RDU: Alaska Gasline Development Corporation (618)

Line Number	Line Name		FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
72000	Travel		17.1	964.0	964.0
Expenditure Account	Servicing Agency	Explanation	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
72000 Travel Detail Totals			17.1	964.0	964.0
72100	Instate Travel	Instate travel.	17.1	964.0	964.0

Line Item Detail
Department of Commerce, Community, and Economic Development
Services

Component: Alaska LNG Participation (3081)
RDU: Alaska Gasline Development Corporation (618)

Line Number	Line Name		FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
73000	Services		0.0	329.4	329.4
Expenditure Account			FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
	Servicing Agency	Explanation			
73000 Services Detail Totals			0.0	329.4	329.4
73668	Room/Space	Building leases.	0.0	329.4	329.4

Line Item Detail
Department of Commerce, Community, and Economic Development
Capital Outlay

Component: Alaska LNG Participation (3081)
RDU: Alaska Gasline Development Corporation (618)

Line Number	Line Name		FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
75000	Capital Outlay		0.0	230.0	0.0
Expenditure Account			FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
	Servicing Agency	Explanation			
75000 Capital Outlay Detail Totals			0.0	230.0	0.0
75700	Equipment	Equipment.	0.0	230.0	0.0