

# **State of Alaska FY2017 Governor's 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 (AKLNG) 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 2015**

- Progressed engineering and commercial negotiations for the AKLNG with three Alaska North Slope ("ANS") producers and a pipeline company for the proposed project, which would provide gas to Alaskans for in-state use and export liquefied natural gas ("LNG") to markets around the world.
- Informed project stakeholders of progress on the ASAP and AKLNG projects by presenting project updates to the State of Alaska and other stakeholder groups.
- Staffed the Alaska LNG project technical and venture management teams and continued Pre-FEED work.
- 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 FY2017**

AGDC plans to advance the development, financing, construction and operation of natural gas pipelines, related facilities and other transportation systems by conducting the following activities:

- Participate in the Alaska LNG project as a joint-venture by: funding its share of project expenditures; providing owner's representation and oversight on technical, commercial, and management committees; negotiating Alaska

LNG project agreements for future phases of project development; and providing appropriate information to oversight agencies as to the activities of the venture.

- Progress the ASAP project in concert with the Alaska LNG project by: ensuring the ASAP project schedule is aligned with the Alaska LNG project schedule; and maintaining the ASAP project as a viable alternative for delivering North Slope natural gas to Alaskans.

### 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 Personal Services Information				
Authorized Positions			Personal Services Costs	
	FY2016 Management Plan	FY2017 Governor		
Full-time	6	6	Annual Salaries	1,016,600
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	504,721
			<i>Less 0.84% Vacancy Factor</i>	(12,821)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>6</b>	<b>6</b>	<b>Total Personal Services</b>	<b>1,508,500</b>

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
<b>Totals</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>

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

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

Non-Formula Component

	FY2015 Actuals	FY2016 Conference Committee	FY2016 Authorized	FY2016 Management Plan	FY2017 Governor	FY2016 Management Plan vs FY2017 Governor	
71000 Personal Services	1,057.1	1,508.5	1,508.5	1,508.5	1,508.5	0.0	0.0%
72000 Travel	94.8	964.0	964.0	264.0	264.0	0.0	0.0%
73000 Services	798.7	329.4	329.4	929.4	929.4	0.0	0.0%
74000 Commodities	108.3	0.0	0.0	100.0	100.0	0.0	0.0%
75000 Capital Outlay	40.1	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>2,099.0</b>	<b>2,801.9</b>	<b>2,801.9</b>	<b>2,801.9</b>	<b>2,801.9</b>	<b>0.0</b>	<b>0.0%</b>
<b>Fund Sources:</b>							
1235AGDC-LNG (Other)	2,099.0	2,801.9	2,801.9	2,801.9	2,801.9	0.0	0.0%
<b>Unrestricted General (UGF)</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>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>2,099.0</b>	<b>2,801.9</b>	<b>2,801.9</b>	<b>2,801.9</b>	<b>2,801.9</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	6	6	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 FY2016 Conference Committee To FY2016 Authorized *****												
FY2016 Conference Committee	ConfCom	2,801.9	1,508.5	964.0	329.4	0.0	0.0	0.0	0.0	6	0	0
1235 AGDC-LNG		2,801.9										
<b>Subtotal</b>		<b>2,801.9</b>	<b>1,508.5</b>	<b>964.0</b>	<b>329.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>6</b>	<b>0</b>	<b>0</b>
***** Changes From FY2016 Authorized To FY2016 Management Plan *****												
Align Authority with Projected Expenditures	LIT	0.0	0.0	-700.0	600.0	100.0	0.0	0.0	0.0	0	0	0
Align expenditure authority within the Alaska Liquefied Natural Gas Participation component with anticipated expenditures.												
<b>Subtotal</b>		<b>2,801.9</b>	<b>1,508.5</b>	<b>264.0</b>	<b>929.4</b>	<b>100.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>6</b>	<b>0</b>	<b>0</b>
***** Changes From FY2016 Management Plan To FY2017 Governor *****												
<b>Totals</b>		<b>2,801.9</b>	<b>1,508.5</b>	<b>264.0</b>	<b>929.4</b>	<b>100.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>6</b>	<b>0</b>	<b>0</b>

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

**Scenario:** FY2017 Governor (12995)  
**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	0	0	132,309	457,309	0
08-734X	Vice President, AKLNG	FT	A	-5	Anchorage	99	0A	12.0		316,100	0	0	129,612	445,712	0
08-735X	Contract Compliance Officer	FT	A	-5	Anchorage	99	0A	12.0		120,000	0	0	70,174	190,174	0
08-736X	Manager, Financial Accounting	FT	A	-5	Anchorage	99	0A	12.0		120,000	0	0	70,174	190,174	0
08-737X	Administrative Assistant - PA	FT	A	-5	Anchorage	99	0A	12.0		70,000	0	0	52,046	122,046	0
08-738X	Administrative Assistant - PA	FT	A	-5	Anchorage	99	0A	12.0		65,500	0	0	50,406	115,906	0

<b>Total Salary Costs:</b>														1,016,600
<b>Total COLA:</b>														0
<b>Total Premium Pay:</b>														0
<b>Total Benefits:</b>														504,721
<b>Total Pre-Vacancy:</b>														1,521,321
<b>Minus Vacancy Adjustment of 0.84%:</b>														(12,821)
<b>Total Post-Vacancy:</b>														1,508,500
<b>Plus Lump Sum Premium Pay:</b>														0
<b>Personal Services Line 100:</b>														1,508,500

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1235 Alaska Liquefied Natural Gas Project Fund (AGDC-LNG)	1,521,321	1,508,500	100.00%
<b>Total PCN Funding:</b>	<b>1,521,321</b>	<b>1,508,500</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 Commerce, Community, and Economic Development**  
**Travel**

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

Line Number	Line Name		FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
72000	Travel		94.8	264.0	264.0
Expenditure Account	Servicing Agency	Explanation	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
<b>72000 Travel Detail Totals</b>			<b>94.8</b>	<b>264.0</b>	<b>264.0</b>
72100	Instate Travel	In-State Transportation - Transportation costs for travel relating to field work, administration, and conventions and meetings	44.6	213.8	213.8
72400	Out Of State Travel	Out of State Transportation - Transportation costs for travel relating to field work, administration, and conventions and meetings.	50.2	50.2	50.2

**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		FY2015 Actuals	FY2016 Management Plan	FY2017 Governor	
73000	Services		798.7	929.4	929.4	
Expenditure Account	Servicing Agency	Explanation	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor	
<b>73000 Services Detail Totals</b>			<b>798.7</b>	<b>929.4</b>	<b>929.4</b>	
73026		Training/Conferences	Training and conferences.	9.5	9.5	9.5
73051		Accounting/Auditing	Accounting and auditing services.	4.6	4.6	4.6
73058		Insurance/Bonds	Insurance and bonding.	6.9	6.9	6.9
73150		Information Technlgy	Information technology services, leases, and maintenance.	81.6	81.6	81.6
73156		Telecommunication	Local, long-distance, and cellular telephone charges, television, data/network, telecommunication equipment, and other wireless charges from outside vendors.	19.8	19.8	19.8
73228		Postage	Postage and mailing.	0.6	0.6	0.6
73450		Advertising & Promos	Advertising, promotions and legal notices.	1.6	1.6	1.6
73665		Rentals/Leases (Non IA-Struct/Infs/Land)	Building leases.	143.1	143.1	143.1
73686		Rentals/Leases (Non IA-Eq/Machinery)	Equipment rentals and leases.	13.2	13.2	13.2
73750		Other Services (Non IA Svcs)	Program management/consulting, economic/development, safety-related services, printing, copying, and other services.	0.1	0.1	0.1
73979		Mgmt/Consulting (IA Svcs)	Program management/consulting.	459.9	590.6	590.6
73979	AHFC Operations	Mgmt/Consulting (IA Svcs)	Alaska Housing Finance Corporation for employee benefits support.	33.0	33.0	33.0
73979	Commissioner's Office	Mgmt/Consulting (IA Svcs)	Commissioner's Office – Management Support Services.	17.5	17.5	17.5
73979	Law	Mgmt/Consulting (IA Svcs)	Department of Law legal support for document review.	7.3	7.3	7.3

**Line Item Detail**  
**Department of Commerce, Community, and Economic Development**  
**Commodities**

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

Line Number	Line Name		FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
74000	Commodities		108.3	100.0	100.0
Expenditure Account	Servicing Agency	Explanation	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
<b>74000 Commodities Detail Totals</b>			<b>108.3</b>	<b>100.0</b>	<b>100.0</b>
74200	Business	Supplies for office, library, training, and instructional needs, including small equipment, tools and subscriptions.	33.5	30.0	30.0
74226	Equipment & Furniture	Business equipment, furniture, tools and vehicles.	74.8	70.0	70.0

**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		FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
75000	Capital Outlay		40.1	0.0	0.0
Expenditure Account	Servicing Agency	Explanation	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
<b>75000 Capital Outlay Detail Totals</b>			<b>40.1</b>	<b>0.0</b>	<b>0.0</b>
75700	Equipment	Information technology equipment.	40.1	0.0	0.0

**Interagency Services**  
**Department of Commerce, Community, and Economic Development**

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

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
73979	Mgmt/Consulting (IA Svcs) Alaska Housing Finance Corporation for employee benefits support.	Inter-dept	AHFC Operations	33.0	33.0	33.0
73979	Mgmt/Consulting (IA Svcs) Commissioner's Office – Management Support Services.	Intra-dept	Commissioner's Office	17.5	17.5	17.5
73979	Mgmt/Consulting (IA Svcs) Department of Law legal support for document review.	Inter-dept	Law	7.3	7.3	7.3
<b>73979 Mgmt/Consulting (IA Svcs) subtotal:</b>				<b>57.8</b>	<b>57.8</b>	<b>57.8</b>
<b>Alaska LNG Participation total:</b>				<b>57.8</b>	<b>57.8</b>	<b>57.8</b>
<b>Grand Total:</b>				<b>57.8</b>	<b>57.8</b>	<b>57.8</b>