

# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



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SUMMARY OF: A Special Report on the Department of Revenue (DOR), Alaska Natural Gas Development Authority (ANGDA), Selected Operational Issues, October 8, 2010.

### PURPOSE OF THE REPORT

In accordance with Title 24 of the Alaska Statutes and a special request by the Legislative Budget and Audit Committee, we have conducted a performance audit of ANGDA. The primary objectives of the audit were to determine whether ANGDA duplicates the efforts of other state agencies or initiatives of the State, identify the extent to which ANGDA coordinates, cooperates, and shares information with other state agencies, and to determine whether ANGDA's long range plans changed or were modified based on work of other state agencies or initiatives.

Other objectives included identifying ANGDA's assets, appropriations, and outstanding financial commitments as well as determining how ANGDA has expended its available funding for the period of July 1, 2003, through April 30, 2010.

### REPORT CONCLUSIONS

ANGDA has not duplicated the efforts of other agencies working on a large-diameter main natural gas pipeline. This is due to ANGDA's policy of modifying its plans based on other pipeline initiatives. ANGDA started out with a plan to acquire and condition North Slope (NS) gas and construct a pipeline. However based on other initiatives, ANGDA modified its goal to focus on a pipeline that would spur off a larger pipeline accessing the NS gas supply. ANGDA's decision to pursue a spur line minimized its role in accomplishing its fundamental mission. It also resulted in ANGDA conducting activities that stretched the bounds of its statutory authority.

ANGDA did not successfully coordinate efforts with the state agency pursuing a small diameter in-state pipeline (the Office of the Governor). This lack of cooperation resulted in both entities pursuing alternative projects that would achieve the same objective.

ANGDA generally received adequate cooperation from other state agencies and routinely shares its information with other agencies and the public through a variety of mechanisms.

ANGDA's appropriations, spending, outstanding financial commitments, and detailed assets, are presented in Appendix A-D of this report.

## FINDINGS AND RECOMMENDATIONS

1. The legislature should consider ANGDA for sunset after resolution of uncertainties surrounding the development of NS natural gas.

ANGDA does not play a lead role in acquiring and conditioning NS natural gas or constructing a pipeline to transport the gas. Plans to develop natural gas, including building a large-diameter and/or a small-diameter pipeline, are being led by other private or public entities. The Alaska Gas Inducement Act (AGIA) licensees are guiding the progress of building a large-diameter pipeline. The Joint In-state Gasline Development Team, created by HB 369, is guiding the development of a small-diameter pipeline.

Public entities should not outlast their public purpose. Sunset laws enacted throughout the nation ensure public entities do not continue in perpetuity. These laws subject public entities to periodic evaluation to verify their continued existence is justified by a public purpose, and the public's interest is being adequately served.

ANGDA is not subject to sunset provision and, therefore, is at risk of outlasting its public purpose. Once the AGIA and Denali open seasons conclude, and the pipeline plan required under HB 369 is complete, the legislature should evaluate whether ANGDA has a significant and unique role in state pipeline efforts. If ANGDA does not have such a role, the legislature should consider whether the continued existence of a separate authority to carry out ANGDA's activities is justified and in the public's best interest. ANGDA's continued existence without a significant role is a waste of state resources and dilutes crucial decision-making in the State's effort to bring NS gas to market.

2. ANGDA should work with DOR's accounting staff to properly present assets in its financial statements and note disclosures.

ANGDA's financial reporting and disclosure of capital assets associated with its conditional ROW lease is inaccurate and not in accordance with generally accepted accounting principles. Specifically, ANGDA's financial statements for the period ending June 30, 2010, overstate capital assets by over \$3.5 million. The required notes to the financial statements reported that ANGDA incurred capitalized costs in the process of obtaining a conditional right-of-way (ROW). However, the amount reported includes significant costs unrelated to and incurred after obtaining the conditional ROW, and is not adjusted for accumulated amortization.

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October 27, 2010

Members of the Legislative Budget  
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

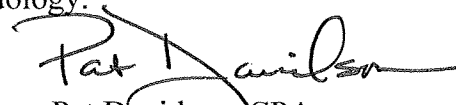
### DEPARTMENT OF REVENUE ALASKA NATURAL GAS DEVELOPMENT AUTHORITY SELECTED OPERATIONAL ISSUES

October 8, 2010

Audit Control Number  
04-30054-10

The review of the Alaska Natural Gas Development Authority (ANGDA) evaluated whether ANGDA duplicates the efforts of other state agencies or other North Slope natural gas pipeline related initiatives, and whether ANGDA changed its long-range plans based on other state agencies or initiatives. The review evaluates the nature and extent of cooperation, coordination, and information sharing between ANGDA and other states agencies. Lastly, this review identifies all of ANGDA's assets, financial commitments, appropriations and spending.

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Fieldwork procedures utilized in the course of developing the findings and recommendations presented in this report are discussed in the Objectives, Scope, and Methodology.

  
Pat Davidson, CPA  
Legislative Auditor

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# OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Title 24 of the Alaska Statutes and a special request by the Legislative Budget and Audit Committee, we have conducted a performance audit of the State of Alaska, Department of Revenue (DOR), Alaska Natural Gas Development Authority (ANGDA). The objectives, scope, and methodology of our review is as follows.

## Objectives

1. Recognizing that ANGDA is not the only agency involved with a gas line, determine whether ANGDA:
  - a. Duplicates the efforts of any other state agency or State initiative.
  - b. Coordinates its activities to the maximum extent with other state agencies.
  - c. Shares information with other agencies to the maximum extent possible.
  - d. Receives good cooperation and information from other state agencies.
2. Determine whether ANGDA's long range plans were changed, modified or redirected based on the work done by any other state agency or State initiative.
3. Identify all appropriations made to ANGDA and how the funds were spent.
4. Identify any financial commitments entered into by ANGDA and when those commitments will be completed.
5. Identify the tangible and intangible assets funded by ANGDA, including the costs. Assets include any reports, briefings or papers prepared by consultants, and funds spent on identification or acquisition of property or rights-of-way (ROW) for a gas line.

## Scope and Methodology

The review of ANGDA activities and other natural gas pipeline related activities covers from July 1, 2003, through April 30, 2010.

To identify ANGDA assets, including the costs, we inspected ANGDA's audited financial statements and all of ANGDA's contracts. Each contracted scope of work was reviewed and, where applicable, matched to a corresponding deliverable. Costs were determined based on the contract payments recorded in the state accounting system. ANGDA's spending and outstanding financial commitments were also identified using the state accounting system.

ANGDA's contracted scopes of work and related deliverables provided the information necessary for evaluating duplication of effort. To gain an understanding of other agencies natural gas pipeline related work, and the level of coordination and information sharing

between ANGDA and other agencies, we interviewed staff and inspected documents, contracts, and reports at the following agencies:

- The Alaska Oil and Gas Conservation Commission
- The Department of Transportation and Public Facilities (DOTPF)
- The Alaska Railroad Corporation
- The Department of Labor and Workforce Development
- The Department of Law
- DOR
- The Department of Natural Resources (DNR)
- The Office of the Governor (OG)
- The Joint Pipeline Office (JPO)
- The Alaska Energy Authority (AEA)
- The Alaska Gasline Port Authority (interview only)

Evaluation of ANGDA's long-range plans was based on inquiry with ANGDA staff, review of all ANGDA board meeting minutes, and review of information obtained through the inspection of ANGDA's contracts.

Additional fieldwork included the following:

- Review of state and/or federal laws and regulations concerning proposed Alaska natural gas pipeline projects, ROW, and procurement.
- Analysis of state general fund appropriation budget documents.
- Review of available correspondence between ANGDA and agencies with whom ANGDA frequently interacted, including, but not limited to, DNR, DOTPF, OG, AEA, and the JPO.
- Review of project descriptions for the Alaska Pipeline Project (TransCanada/ExxonMobil), the Alaska Gas Pipeline Project (BP/Conoco-Phillips), and the Bullet Line project (State of Alaska).

## ORGANIZATION AND FUNCTION

### The Department of Revenue (DOR)

Under the provisions of Title 43 of the Alaska Statutes, DOR is empowered to act as tax collector and treasurer for the State. It is the DOR's responsibility to administer and enforce the collection of state taxes and to ensure proper custody and investment of funds received by the State. Additionally, DOR provides administrative support to boards, corporations, and authorities.

### The Alaska Natural Gas Development Authority (ANGDA)

ANGDA, organized within DOR, is a component unit of the State of Alaska. ANGDA was created based on voter approval of Ballot Measure No. 3 in the November 2002 general election. Ballot Measure No. 3 stated:

*This bill would create the Alaska Natural Gas Development Authority as a public corporation of the State. The Authority would acquire and condition North Slope natural gas, and construct a pipeline to transport the gas. The Authority's powers would include buying property or taking it by eminent domain, and to issue state tax-exempt revenue bonds. The gasline route would be from Prudhoe Bay to tidewater on Prince William Sound and the spur line from Glennallen to the Southcentral gas distribution grid. The Authority would operate and maintain the gas pipeline, ship the gas, and market the gas.*

To achieve the ballot measure goal of bringing North Slope natural gas to market, AS 41.41 authorizes ANGDA to provide one or more of the following services<sup>1</sup>:

- The acquisition and conditioning of natural gas;
- The design and construction of the pipeline system;
- The operation and maintenance of the pipeline system;
- The design, construction, and operation of other facilities necessary for delivering the gas to market, including markets in the State; and

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<sup>1</sup>House Bill 369 (Ch 7, SLA 10) effective April 27, 2010, revised AS 41.41. Revisions to ANGDA authorized services included: (1) removing reference to the "North Slope" in the first bullet, (2) removing reference to "Southcentral" in the fourth bullet.

- The acquisition of a natural gas market share sufficient to ensure the long-term feasibility of pipeline system projects.

As shown in Exhibit 1 (right), ANGDA is governed by a seven-member board of directors appointed by the Governor. Each board member is selected from the general public. ANGDA services are primarily performed by private contractors through professional service agreements. A four person staff provides administrative support. DOR's Administrative Services division provides additional support.

**Exhibit 1**

**ANGDA Board Members  
(as of October 8, 2010)**

Scott Heyworth – Chairman

Don Benson – Vice Chair

Kate Lemal

William R. Jeffress

Rich Koch

Vacant

Vacant



## BACKGROUND INFORMATION

### North Slope (NS) Natural Gas 1970-1998

Since the 1968 discovery of significant quantities<sup>2</sup> of natural gas in Prudhoe Bay, multiple public and private entities have initiated efforts to bring Alaska's NS natural gas to a commercial market.

During the 1970s, efforts to get NS gas to market focused on a joint United States (U.S.) and Canadian pipeline project that proposed to deliver NS gas to the distribution grid in Calgary, Alberta. Additional segments would deliver the gas down to the continental U.S. This so-called Alaska Natural Gas Transportation System was endorsed by President Jimmy Carter and approved by Congress.<sup>3</sup> Commonly referred to as the Alaska Highway Pipeline, the route would follow the already constructed Trans-Alaska Pipeline System (TAPS) oil pipeline to Fairbanks and down the Alaska Highway to Alberta. Changes in energy market conditions during this period reduced the demand for NS gas, and interest in the Alaska portion of this project receded.

The low cost of energy and an abundant natural gas supply in the 1980s and 1990s resulted in little effort to transport NS natural gas to Canada or the continental U.S. During this period, pipeline efforts changed focus to in-state projects. The most significant of these was the Trans-Alaska Gas System (TAGS) in-state only Liquefied Natural Gas (LNG) project sponsored by the Yukon-Pacific Corporation (YPC). In 1986, YPC proposed building a large-diameter (42") "all-Alaska" pipeline from Prudhoe Bay to the tidewaters in Valdez. TAGS envisioned a gas conditioning plant on the NS and a liquefaction facility in Valdez for exporting LNG in tankers to Far East markets.

TAGS made steady progress. In 1987, Alaska Governor Cowper issued Administrative Order No. 104 to establish a system for state oversight of the TAGS project. This included designating the Department of Natural Resources (DNR) as the lead agency responsible for oversight. In 1988, the U.S. Department of the Interior, Bureau of Land Management (BLM) and the U.S. Army Corps of Engineers (USACE) published the TAGS final environmental impact statement (EIS) for the pipeline. In the same year, BLM granted a right-of-way (ROW) permit.<sup>4</sup> By 1997, TAGS had obtained the required federal permitting for the pipeline and LNG export. However, YPC never took the project to construction.

By the late 1990's, unfavorable long-term gas supply projections for the continental U.S. and reduced oil production renewed interest in a large-diameter pipeline that could transport NS gas to Canada. Additionally, a dwindling Cook Inlet gas supply increased the State's interest

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<sup>2</sup>According to "Natural Gas Pipeline History" ([http://library.state.ak.us/is/natural\\_gas\\_bib.html](http://library.state.ak.us/is/natural_gas_bib.html)), an estimated 20 – 30 trillion ft<sup>3</sup> of known reserves.

<sup>3</sup>This was in accordance with the 1976 Alaska Natural Gas Transportation Act which established a process for joint Presidential/Congressional selection and approval of an Alaska natural gas system.

<sup>4</sup>The ROW permit is for a 36" pipeline from Prudhoe Bay to Valdez and expires in 2018.

in tapping the NS gas supply for in-state energy needs. As a result, new state and federal initiatives were launched to facilitate the development of NS natural gas.

### The Alaska Stranded Gas Development Act (SGDA)

The SGDA,<sup>5</sup> originally established in 1998 and re-established by the Alaska State Legislature in 2003, created a framework for private entities to negotiate commercial contracts with the State for the purpose of developing the State's untapped reserves of NS natural gas. The SGDA sought to increase the likelihood of a successful gas line project by increasing the economic feasibility of sponsored projects. This would be accomplished through negotiating fiscal terms with project sponsors to create certainty and reduce the financial risk inherent in undertaking a gas line project.

By 2004, the big three NS oil producers (ExxonMobil, BP, and ConocoPhillips) had jointly submitted a formal SGDA project bid. While four other groups also submitted bids,<sup>6</sup> the Murkowski administration negotiated fiscal terms only with the big three. By May 2006, these negotiations resulted in a publicly released draft contract. The Department of Revenue's (DOR) review of the draft contract required amendments to the SGDA. The legislature had serious concerns regarding the extent of state concessions and did not pass the bill to amend the SGDA. This ended the SGDA initiative.

### The Alaska Natural Gas Pipeline Act (ANGPA)

The 2004, federal ANGPA established the federal regulatory guidelines for construction of an Alaska natural gas pipeline. ANGPA designated the U.S. Federal Energy Regulatory Commission (FERC) as the lead agency for pipeline projects' EIS. All regulatory agencies would use the FERC EIS. ANGPA also designated FERC as the agency responsible for establishing guidelines for any pipeline project open season. ANGPA further mandates, as part of FERC open season requirements, a comprehensive assessment of Alaska gas needs. Any proposed natural gas project must consider the results of this assessment. ANGPA created the Office of the Federal Coordinator<sup>7</sup> to ensure a streamlined regulatory process.

In addition to establishing a regulatory framework, ANGPA provided economic incentives for a pipeline project. These incentives include federal loan guarantees of up to \$18 billion, accelerated tax depreciation, and an enhanced oil recovery tax credit for the cost of constructing a gas treatment plant on the NS.

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<sup>5</sup>Alaska Statute 43.82

<sup>6</sup>These four were respectively led by TransCanada Corporation, the Alaska Gasline Port Authority (AGPA), Enbridge, Inc. and MidAmerican Energy Holdings Company.

<sup>7</sup>A position appointed by the President of the United States.

## The Alaska Gas Inducement Act (AGIA)

The State's 2007 AGIA, introduced by the Palin administration, sought to induce private industry to undertake a major natural gas pipeline project by providing state reimbursement of up to \$500 million in project development costs.

Between July and November 2007, the State accepted applications from sponsors for a "license" to pursue an eligible project. Five entities submitted applications. After a period of review, the State determined the TransCanada application was the only application<sup>8</sup> meeting AGIA requirements. The TransCanada application proposed a pipeline project with two alternative configurations: the North American (Alberta) option and the Valdez option. Under the Alberta option, TransCanada would construct a 48" pipeline to transport NS natural gas to markets in Alberta, Canada and the continental U.S. The Valdez option would construct a 48" pipeline to transport NS natural gas to tidewater at Valdez for LNG export.

In May 2008, the State publicly announced TransCanada as the recipient of the AGIA license, and in August, the legislature approved the State's granting of the AGIA license to TransCanada.

In June 2009, TransCanada announced a partnership with ExxonMobil making the AGIA effort a joint project called the Alaska Pipeline Project.

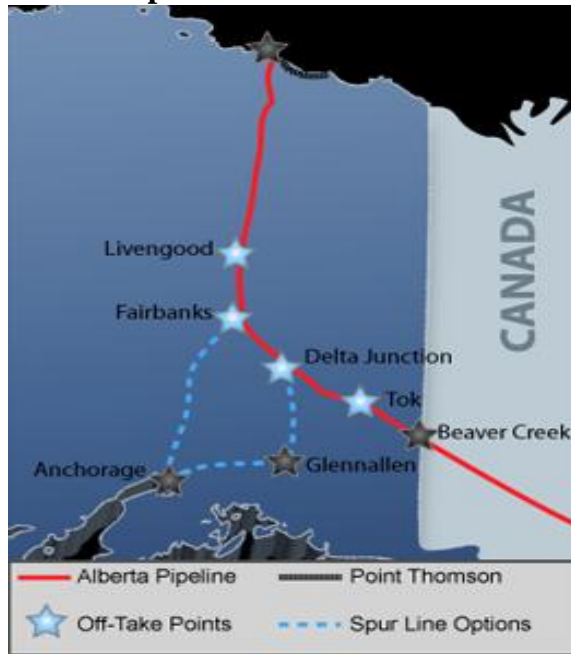
## The Alaska Pipeline Project

The Alaska Pipeline Project would build a 58-mile long 32" diameter natural gas pipeline from Point Thomson to a proposed gas treatment plant (GTP) near Prudhoe Bay. The GTP would condition the gas for transport. From the GTP, a 48" pipeline will transport the gas from Prudhoe Bay, through the Fairbanks area, to Delta Junction. The proposed line would run parallel to the existing TAPS. From Delta Junction, further transport would occur under one of two options: (1) the Alberta Line or (2) the Valdez Line. (See Exhibit 2 on the following page for maps of the two routes.)

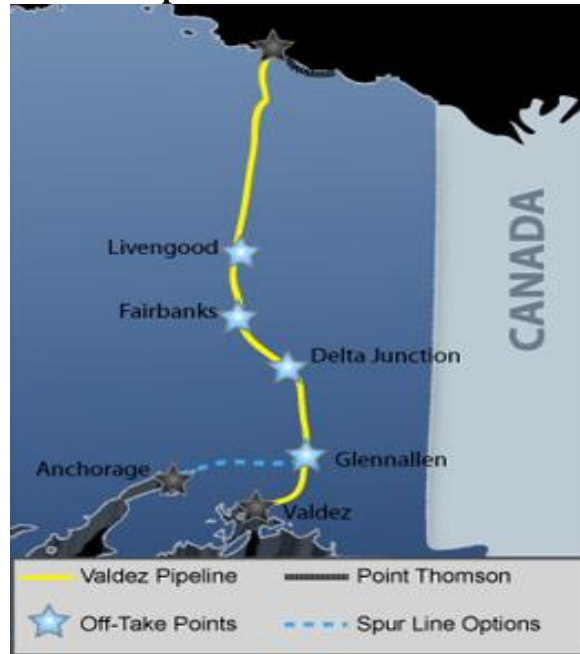
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<sup>8</sup>The four non-responsive applications were submitted by: AGPA, ANGDA, Little-Susitna Construction Co., and AEnergia, LLC.

**Exhibit 2**  
**Alberta Option**



**Valdez Option**



Source: <http://gov.alaska.gov/parnell/priorities/alaska-gasline-project.html>

*The Alberta Line*

The Alberta line option routes the pipeline along the Alaska-Canada Highway from Delta Junction to the Alaska-Canadian border where the line would connect to a Canadian pipeline. This new Canadian pipeline, built as part of the project, would provide delivery of NS gas to markets in Canada and the continental U.S. For local needs, at least five off-take points would be located in Alaska. Four of these points would be located in: (1) Livengood, (2) Fairbanks, (3) Delta Junction, and (4) Tok. (See Exhibit 3, to the right, for project specifics.)

**Exhibit 3**

**The Alberta Line:**

Project length: 1700 miles (734 miles in Alaska, 966 miles in Canada)

Diameter pipe: 48"

Estimated Cost: \$34 - \$41 Billion

Capacity: initially 4.5 Bcf/day, expandable to 5.9 Bcf/day

Source:  
[http://www.thealaskapipelineproject.com/  
project description](http://www.thealaskapipelineproject.com/project-description)

Under the Alberta option, Southcentral Alaska could receive gas via a 12" to 24" small-diameter spur line connecting to the mainline at either Fairbanks or Delta Junction. Two spur line options are available, each of which would connect with the natural gas grid in the Mat-Su valley for distribution in Anchorage and the surrounding areas. These options are: (1) from Fairbanks to Southcentral along the Parks Highway, 378 miles, or (2) from Delta Junction to Southcentral along the Richardson and Glenn Highways, 334 miles.

## *The Valdez Line*

The Valdez line option would construct a smaller capacity GTP near Prudhoe Bay. The proposed 48” pipeline would extend south from Delta Junction 803 miles to Valdez running along the existing TAPS line.

At or near Valdez, an LNG facility, built by shippers, would condition the gas for tanker shipment to west coast or foreign markets. For local needs, this option also includes at least five off-take points. Four of these points would be located in: (1) Livengood, (2) Fairbanks, (3) Delta Junction, and (4) Glennallen. (See Exhibit 4, to the right, for project specifics.)

Under the Valdez option, Southcentral Alaska would receive gas via a 12” to 24” small-diameter spur line connecting to the mainline at or near Glennallen. This spur line will run 170 miles along the Glenn Highway from Glennallen to connect with the natural gas grid in the Mat-Su valley for distribution in Anchorage and the surrounding areas.

AGIA does not preclude other entities or the State from pursuing other pipeline projects. In April 2008, BP and ConocoPhillips announced a joint effort in competition for the Alaska Pipeline Project. Referred to as the Alaska Gas Pipeline Project or Denali, this project would construct a 48” pipeline from the NS to Alberta, Canada.

### The Alaska Gas Pipeline Project (Denali)

The Denali project is similar in size and scope to the Alaska Pipeline Project, Alberta option. The project will build a 62-mile long, 36” diameter natural gas pipeline from Point Thomson to a proposed gas treatment plant near Prudhoe Bay. From the GTP, a 48” diameter pipeline would run parallel to the existing Trans-Alaska pipeline through the Fairbanks area, Delta Junction, and Tok. The line would then connect with a proposed Canadian pipeline to deliver the NS supply to existing natural gas line systems at or near Blueberry Hill, Alberta. The Denali project may include an additional 1500-mile pipeline to connect the Alberta system to distribution in the continental U.S. at or near Chicago.

The Denali line would include at least six off-take points in Alaska for local energy needs. Four of these points would be located in: (1) Livengood, (2) Fairbanks, (3) Delta Junction, and (4) Tok. The project proposes to construct a pipeline operable by 2020. The spur line options described under the Alberta line above apply to the Denali project. There is no Valdez LNG option under the Denali project. (See Exhibit 5 on the following page for project specifics.)

#### **Exhibit 4**

##### **The Valdez Line:**

Project length: 803 miles

Diameter pipe: 48”

Estimated Cost: \$20- \$26 Billion

Capacity: 3 Bcf/day,

Source:

[http://www.thealaskapipelineproject.com/  
project\\_description](http://www.thealaskapipelineproject.com/project_description)

In 2010, the sponsors for the Alaska Pipeline Project and the Denali project held 90-day open seasons. No previous Alaska natural gas pipeline project has reached the open season stage in the process.

### Open Season

An open season identifies the commercial interest in a pipeline project. The relative commercial interest in a pipeline project is measured by shipper commitments to utilize the proposed pipeline. The open season is a set timeframe designated for shippers to make commitments, or bids, to reserve space (volume) in the proposed pipeline. Without sufficient commitments from gas shippers, the pipeline builder cannot finance the construction of the project.

In 2005, FERC established the guidelines<sup>9</sup> for conducting an Alaska natural gas pipeline project open season. These guidelines require the project sponsor to submit its open seasons plans to FERC for federal approval. Furthermore, sponsors are required to provide potential open season bidders (shippers) information on the technical and economic aspects of the project necessary to make an informed bid decision.

The Alaska Pipeline Project 90 day open season was conducted from May through July 2010. The Denali Project 90 day open season closed October 2010. According to the sponsors, they received multiple bids from potential shippers. Due to the nature of the bids, negotiations are required to address specific conditions attached to the bids and to address any other issues raised by the shippers. Shippers may have bid on one or both of the route options. The negotiations will determine which of the routes is economically preferred. These negotiations are ongoing and kept confidential. Once all issues are resolved and formal agreements are in place, FERC guidelines require contract information (shippers, volumes bid, and length of contract) be made public within ten days of contract signing.

The two projects described above are large-diameter pipeline projects that will result in transporting NS gas to markets in the continental U.S. and/or international markets. While these projects are moving forward, the State is simultaneously moving forward on an “all-Alaska” small-diameter pipeline project. These efforts currently focus around a NS to Cook Inlet “bullet line” option called the Stand Alone Gas Pipeline (SAGP) Project.

### The Stand Alone Gas Pipeline Project (Bullet Line)

Since the YPC’s TAGS project and until 2009, private or local government entities have led

#### **Exhibit 5**

##### **The Denali Line:**

Project length: 1750 miles (730 miles in Alaska, 1020 miles in Canada)

Diameter pipe: 48”

Estimated Cost: > \$30 Billion

Capacity: initially 4.5 Bcf/day, expandable to 5.6 Bcf/day

Source:  
<http://www.denalipipeline.com/overview.php>

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<sup>9</sup>FERC Order No. 2005



in-state only pipeline efforts. The Alaska Gasline Port Authority<sup>10</sup> (AGPA) has essentially carried the TAGS (NS to Valdez LNG) project work forward. Additionally, ENSTAR Natural Gas Company (ENSTAR) developed a project for a small-diameter pipeline from the NS to Fairbanks and down the Parks Highway to Cook Inlet. The state-sponsored SAGP is carrying forward the ENSTAR project.

In early 2009, the Palin administration appointed a pipeline project coordinator to facilitate construction of an in-state only natural gas pipeline. The legislation funding this initiative required the project begin with an alternatives analysis to determine a preferred pipeline route. The overall goal is to facilitate construction of a pipeline to transport NS gas to Cook Inlet and provide access to natural gas for rural Alaska.

In mid 2009, the in-state project team conducted an alternatives analysis<sup>11</sup> of two potential bullet line routes: (1) Parks Highway Stand Alone and (2) Richardson Highway Stand Alone. Both stand alone alternatives include a 24” pipeline from the NS to the north of Fairbanks. The Parks option passes near and includes a spur to Fairbanks and follows the Parks Highway down to Cook Inlet. The Richardson option runs parallel to the TAPS line from Delta Junction, then to Glennallen and Cook Inlet along the Richardson and Glenn Highways.

The analysis identified the Parks Highway stand alone as the preferred route. (See Exhibit 6, below, for a map of the preferred route.)

**Exhibit 6**

**Parks Highway Bullet Line**



Source: <http://gov.alaska.gov/parnell/priorities/alaska-gasline-project/bullet-line.html>

<sup>10</sup>This is a municipal port authority established in 1999. Its original members included the NS Borough, Fairbanks North Star Borough, and the City of Valdez.

<sup>11</sup>The analysis also evaluated two potential spur line routes: (1) Parks Highway spur and (2) Richardson Highway spur. Both spur options would connect to a main, large-diameter pipeline at or near Fairbanks. From Fairbanks, the spur line routes are the same as the bullet line routes.

Having determined a preferred route, the in-state team developed a project to build a gas treatment plant on the NS, and construct a 24” line running from the NS to connect with the ENSTAR distribution grid at Cook Inlet. The State has obtained ENSTAR’s existing engineering and design work on the Parks Highway alignment. (See Exhibit 7, to the right, for project specifics.)

Legislation, effective April 2010, created the new Joint In-State Gasline Development Team to move the bullet line project forward. The team is required to present a full project plan to the legislature by July 2011.

There are many governmental agencies involved in developing NS natural gas. Exhibit 8 (on the following two-page fold out) identifies the local, state, and federal agencies with significant roles in one or more of the current pipeline project initiatives.

**Exhibit 7**

**The Bullet line:**

Project length: 737 miles

Diameter pipe: 24”

Estimated Cost: \$5 - \$12 billion

Capacity: not determined

Source:

<http://gov.alaska.gov/parnell/priorities/alaska-gasline-project/bullet-line.html>



# Alaska Natural Gas Development Key State, Federal, and Municipal Agencies

## ALASKA STATE DEPARTMENTS

### OFFICE OF THE GOVERNOR

- o Worked on constructing a natural gas pipeline from Alaska's North Slope to Cook Inlet.

### DEPARTMENT OF LAW (LAW)

- o Assists other state departments with analyzing and responding to regulatory efforts to commercialize North Slope gas.
- o Represents DNR and DOR in addressing legal issues related to implementing AGIA and the in-state pipeline project.

### DEPARTMENT OF REVENUE (DOR)

- o Develops AGIA related regulations in conjunction with DNR.
- o Analyzes the tax implications related to the development of North Slope natural gas.

### DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT (DLWD)

- o Creates a job training program for gas pipeline project management, construction, operations, maintenance, and other gas pipeline related positions.

### DEPARTMENT OF NATURAL RESOURCES (DNR)

- o Oversees oil and gas development and regulation including monitoring state and licensee compliance with AGIA contractual obligations.
- o Approves or disapproves the use of state land for a natural gas pipeline through granting right-of-ways.

### DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES (DOTPF)

- o Maintains and constructs infrastructure projects required for any gas pipeline built in the state.
- o Owns highway right-of-ways existing as a part of the utility accommodation policy.
- o Provides the utility permits to interested parties if the permits do not lead to significant risks to DOTPF.

## ALASKA STATE CORPORATIONS

### ALASKA NATURAL GAS DEVELOPMENT AUTHORITY:

- o Is a member of the newly formed joint in-state gas line team development.
- o Was created primarily to get North Slope gas to market.

### ALASKA RAILROAD CORPORATION:

- o Is a member of the newly formed joint in-state gas line development team.
- o Helps access rights-of-way along the rail corridor.
- o Can access special financing for the construction of a gas pipeline.

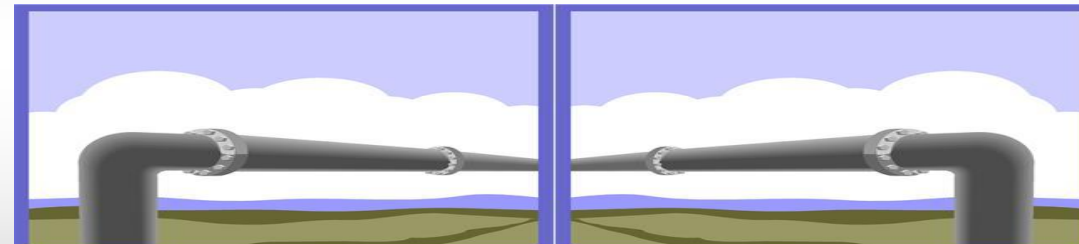
### ALASKA HOUSING FINANCE CORPORATION:

- o Is the chairperson of the newly formed joint instate gas line development team.
- o Is empowered to oversee all aspects of the project.
- o Created a subsidiary for planning, constructing, and financing an instate gas pipeline.

### ALASKA ENERGY AUTHORITY:

- o Assists in developing sustainable, environmentally sound, safe, reliable, and efficient energy systems throughout Alaska.
- o Works to reduce electrical costs for residential customers and community facilities in rural Alaska.
- o Is not directly involved with the gas pipeline, but shares information with other state corporations.

## Alaskan Natural Oil and Gas Resources



## ALASKA MUNICIPAL AGENCIES

### ALASKA GASLINE PORT AUTHORITY (AGPA):

- o Is a municipal port authority established in 1999.
- o Includes the North Slope Borough, Fairbanks North Star Borough, and the City of Valdez as members.
- o Was created to build or initiate the building of a natural gas pipeline project from facilities in the Prudhoe Bay area to Valdez, and to share the net revenues from the project.
- o Actively participates in open season and works on a liquefied natural gas facility in Valdez.
- o Trucks propane from the North Slope.

## REGULATORY AGENCIES

### JOINT PIPELINE OFFICE:

- o Is a joint federal-state commission
- o Works proactively with Alaska's oil and gas industry to safely operate, protect the environment, and continue transporting oil and gas in compliance with legal requirements.

### ALASKA OIL AND GAS CONSERVATION COMMISSION:

- o Is organizationally located within the Department of Administration.
- o Protects the public's interest in exploration and development of oil and gas resources, ensuring conservation practices, and increasing ultimate recovery, while protecting health, safety, the environment, and property rights.

### FEDERAL BUREAU OF LAND MANAGEMENT:

- o Administers leasable federal minerals including oil and gas, phosphates, coal, coalbed natural gas, oil shale, and geothermal resources.
- o Reviews and approves permits and licenses from companies to explore for leasable minerals on federal lands.

### UNITED STATES ARMY CORP OF ENGINEERS:

- o Investigates, develops, and maintains the nation's water and related environmental resources.
- o Reviews and approves the Environmental Impact Statement applications for utility and pipeline projects.

Exhibit 8  
Alaska Natural Gas Development  
Key State, Federal, and Municipal Agencies

## REPORT CONCLUSIONS

The Alaska Natural Gas Development Authority (ANGDA) is one of several governmental and private entities concurrently working towards developing North Slope (NS) natural gas. Whether or not it is prudent to have multiple entities pursuing alternatives is a matter of opinion. Multiple efforts by different agencies may lead to a waste of resources. Conversely, multiple efforts may prove beneficial as it provides viable alternatives to address future market realities. This audit is not intended to address whether multiple projects is a good use of state resources, or to evaluate the technical and commercial merits of the various projects. This audit is limited to a review of ANGDA's activities as the activities relate to achieving ANGDA's statutory mission and interacting with the various entities also seeking to develop NS natural gas.

ANGDA's policy has been to plan its activities and modify its plans within the context of other pipeline initiatives. ANGDA started out in 2005 with a mission to acquire and condition NS gas and construct a gas pipeline. Within a few months, based on other state initiatives, it modified its goal to focus on a smaller diameter pipeline intended as a spur off of a larger pipeline accessing the NS gas supply. One variation of ANGDA's spur line plans stretched the bounds of its statutory authority.

ANGDA's decision to pursue a small-diameter spur line resulted in the agency not duplicating the efforts of other governmental agencies working on a larger diameter main natural gas pipeline. This decision also resulted in ANGDA minimizing its role in accomplishing its fundamental mission, which is to acquire and condition NS gas and construct a pipeline to transport the gas to market.

While ANGDA has successfully coordinated its efforts with agencies working on a large-diameter pipeline, it did not successfully coordinate its efforts with agencies pursuing a small-diameter pipeline. Specifically, ANGDA's small-diameter pipeline work was not coordinated with the Office of the Governor's staff who were responsible for pursuing a pipeline from the NS to market and Southcentral Alaska. The lack of cooperation resulted in both entities pursuing alternative projects that would achieve the same objective.

ANGDA generally received adequate cooperation from other state agencies and routinely shares its information with other agencies and the public through a variety of mechanisms.

The specific audit conclusions are as follows:

- The widely dispersed nature of ANGDA's activities has minimized its role in the State's efforts to bring NS gas to market.
- The work of other state agencies and other initiatives of the State have caused ANGDA to modify its long-range plans.

- ANGDA’s Beluga to Fairbanks (B2F) activities have stretched the limits of its statutory authority.
- ANGDA has not duplicated the efforts of those state agencies working on a large-diameter pipeline that would transport NS gas to market.
- ANGDA did not coordinate its activities to the maximum extent with other agencies when working on a small-diameter pipeline.
- ANGDA actively and routinely shares information with private and governmental entities as well as the public.

The widely dispersed nature of ANGDA’s activities has minimized its role in the State’s efforts to bring NS gas to market.

ANGDA’s dispersed activities have been on the periphery of the State’s major efforts to get NS gas to market. Despite its various activities, a natural gas pipeline from NS to tidewater with a spur line to Southcentral is dependent on non-ANGDA related initiatives.

The 2002 ballot measure created ANGDA as a public corporation of the State to acquire and condition NS natural gas, and construct a pipeline to transport the gas. The gas line route would be from Prudhoe Bay to tidewater in Prince William Sound, and the spur line from Glennallen to the Southcentral gas distribution grid. ANGDA would operate and maintain the gas pipeline, ship the gas, and market the gas.

Based on the ballot measure, AS 41.41 established ANGDA for the following purposes:

1. The acquisition and conditioning of NS natural gas;
2. The design and construction of the pipeline system;
3. The operation and maintenance of the pipeline system;
4. The design, construction, and operation of other facilities necessary for delivering the gas to market and to Southcentral Alaska; and
5. The acquisition of natural gas market share sufficient to ensure the long-term feasibility of the pipeline system project.

The language of the ballot measure and the authorizing statute is very straightforward. Although AS 41.41 authorizes ANGDA to operate as a lead agency in bringing NS gas to market, ANGDA does not operate as a primary state agency in achieving this goal. Its focus and activities, such as the spur line right-of-way (ROW), propane distribution, and the B2F project, relate indirectly to acquiring and conditioning NS gas and designing, constructing, operating, or maintaining the pipeline system. ANGDA projects, to be successful, require the success of other initiatives working towards accessing and transporting NS gas.

State initiatives and the work of other state agencies have caused ANGDA to modify its long-range plans.

ANGDA modified its plans based on the following state initiatives:

1. The Alaska Stranded Gas Development Act (SGDA);
2. The Alaska Gasline Inducement Act (AGIA);
3. The July 2008 rural energy relief initiative; and
4. The Joint In-State Gasline Development Team.

### *The Alaska SGDA*

According to ANGDA, in late 2003, the Office of the Governor directed ANGDA to develop a gas pipeline from the NS to Valdez with a spur to Cook Inlet.

However, by the time capital funding was available to ANGDA, the SGDA had passed and ANGDA focused its efforts on a spur line. According to ANGDA, the Office of the Governor instructed ANGDA to not pursue a full NS to Valdez LNG project while the State negotiated with NS producers within the SGDA framework. As noted above, the ultimate result of ANGDA efforts was the Glennallen to Palmer conditional ROW lease granted by the Department of Natural Resources (DNR).

### *AGIA*

According to ANGDA, in 2007, it was directed by the governor to work within the framework of AGIA. This resulted in ANGDA filing an AGIA application. The application was deemed non-responsive because its proposal did not include a route going all the way to the NS. ANGDA also began preparations for AGIA related open seasons. As discussed previously, this includes facilitating the formation of the Alaska Gas Supply Company (AGSC).

Overall, since ANGDA had already reduced its focus to a spur line based on the SGDA, AGIA did not significantly change ANGDA plans with respect to a pipeline project. Rather, it added additional areas of focus.

### *Rural Energy Relief Initiative*

Governor Palin's July 2008 announcement of the ENSTAR/ANGDA partnership (discussed more fully in Exhibit 9 on page 19) significantly changed ANGDA's focus. The purpose of the partnership was to expedite an in-state project that would alleviate the high-energy costs borne by the residents of interior Alaska, including Fairbanks. The partnership did not result in a single coordinated project. However, it did result in ANGDA developing the B2F project. Additionally, it caused ANGDA to devote more resources to its propane activities. This included studying the feasibility of a propane facility in the Fairbanks area. ANGDA views propane as one of the potential solutions to alleviating energy needs throughout the State.

### *The Joint In-State Gasline Development Team*

In April 2010, the legislature passed HB 369 Ch 7, SLA 10). This bill requires the development of a plan by July 1, 2011, for building an in-state natural gas pipeline that is operational by December 15, 2015. To accomplish this, the bill created the Joint In-State Gasline Development Team. The joint team is carrying forward the Alaska Stand Alone Gas Pipeline (SAGP) bullet line. The ANGDA chief executive officer (CEO) is a required member of the team.

The bill's ultimate effect on ANGDA's activities is unclear. However, since the bill has passed, ANGDA has withdrawn its federal B2F permitting applications. ANGDA currently focuses its activities towards propane, a liquefied natural gas (LNG) facility in Valdez, and working with the AGSC.

#### ANGDA's B2F activities stretched the limits of its statutory authority.

Alaska Statute 41.41 is specific to bringing NS gas to market. The B2F project would transport Cook Inlet gas north to Fairbanks. The project would only involve NS gas if AGIA or some other initiative resulted in construction of a main pipeline. In 2009, concerns were raised regarding B2F work. Due to these concerns, the Department of Revenue (DOR) placed a hold on ANGDA contracting activities. DOR requested a Department of Law (LAW) opinion on whether certain contracts and/or agreements related to B2F were consistent with ANGDA's statutory framework. LAW determined that since ANGDA planned for the B2F project to ultimately serve as a spur line to a large-diameter pipeline and thus bring NS gas to market in Southcentral, the project was within the purposes outlined in AS 41.41.010. Thus, B2F was deemed by LAW to be *prospectively* in accordance with ANGDA's authority.

#### ANGDA has not duplicated the efforts of those state agencies working on a large-diameter pipeline that would transport NS gas to market.

ANGDA has avoided duplicating the efforts of the state agencies<sup>12</sup> working on large-diameter pipeline initiatives. There have been two large-diameter pipeline initiatives occurring from 2004 to the present: the SGDA, and AGIA.

ANGDA pipeline related activities would build off the large-diameter initiatives. ANGDA's small-diameter pipelines, such as the spur line and, later, the B2F project, would connect to a larger NS pipeline built under the SGDA or AGIA. From the outset, ANGDA has considered this the best approach. Its developed plans have never included building a pipeline extending to the NS, nor has ANGDA considered itself the prime mover in this endeavor.

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<sup>12</sup>See Exhibit 8 on page 13 for agencies working on large-diameter initiatives.



ANGDA did not coordinate its activities to the maximum extent with other agencies working on a small-diameter pipeline.

The creation of the Office of the Governor’s SAGP team, and a subsequent lack of cooperation and coordination between the SAGP group and ANGDA, resulted in competing projects.

In April 2009, the legislature passed HB 113 (Ch 14, SLA 09) appropriating \$8.3 million to the Office of the Governor for the development of an in-state natural gas pipeline. This initiative is referred to as the SAGP.<sup>13</sup> The stated intent of the appropriation requires the funds be used:

- To plan, coordinate, and facilitate construction, ownership, and management of a natural gas pipeline serving Fairbanks, Southcentral, and other communities.
- For a full alternative analysis of possible routes.
- For an economically feasible in-state pipeline.

The appropriation language requires the SAGP group to utilize any work done by other state agencies (to avoid duplication of effort) and coordinate with entities that could build, own, or operate the line.

The overall purpose of the group was to coordinate the entities working on a small-diameter pipeline that would provide NS gas to market in Southcentral to ensure no duplication of effort occurred. At the time, two entities were working on small-diameter projects – ENSTAR Natural Gas Company (ENSTAR) and ANGDA. (See Exhibit 9, to the right, for information on an attempted partnership between these two entities.)

**Exhibit 9**

***ENSTAR/ANGDA Partnership***

In July 2008, Governor Palin announced a public/private partnership between ANGDA and ENSTAR to develop a pipeline to deliver NS gas to market in Fairbanks and Southcentral and provide energy relief to rural Alaskans. At the time, ENSTAR was working on a project to build a line running from the NS through Fairbanks to Cook Inlet along the Parks Highway. ANGDA was developing a spur line that would tap into a mainline at Fairbanks or Delta Junction, and transport gas to Southcentral along the Richardson Highway. The partnership lasted only for a few meetings, however, as the entities could not agree on a coordinated project. ENSTAR’s work became the basis for the SAGP “bullet line.” ANGDA’s work developed into the B2F project.

There was an attempt at coordination and cooperation between ANGDA and the SAGP team. ANGDA was responsive to the SAGP team’s requests for information. The SAGP coordinator attended ANGDA board meetings. Cooperation included the Office of the Governor agreeing that ANGDA would select the route for the in-state pipeline. This route decision was expected in July 2009 but never occurred due to a breakdown in cooperation. While the objectives for both ANGDA and the SAGP team were to get NS gas to market, there was a fundamental disagreement on how best to achieve this.

<sup>13</sup>More commonly referred to as the bullet line.

### *Disagreement on Project – Spur line vs. Bullet Line*

ANGDA believed a spur-line concept to be the best approach for a pipeline project. By 2009, ANGDA had committed over \$2 million to the Glennallen to Palmer ROW. Additionally, it was working on an EIS and preparing to file federal permitting applications for its B2F project. This project was essentially a spur line from Beluga to Fairbanks that would allow for transporting Cook Inlet Gas north to Fairbanks. Upon completion of a large-diameter line, a B2F line could connect to it and transport NS gas to Southcentral. ANGDA was heavily committed and dependent on the ultimate success of a large-diameter pipeline project. It considered it unwise to cancel the B2F line in favor of an in-state only small-diameter bullet-line until the open season process determined the commercial feasibility of the two large-diameter projects currently moving forward.

The SAGP team focused on a bullet line. This project was established as an alternative to the large-diameter projects. In April 2009, the SAGP group questioned ANGDA's pursuing an EIS for the B2F line. At the same time, the Office of the Governor started working on a potential bullet line. The Office of the Governor's view was that ANGDA and the SAGP team should coordinate and develop a single EIS for a pipeline that would cover the entire distance from Cook Inlet to the NS. This would prevent the possibility of having to develop another EIS if the large-diameter pipeline projects (and therefore B2F) failed. The SAGP team requested ANGDA participate in its statutorily required alternatives analysis of the various route proposals that would support and lead to ANGDA making a final decision on a bullet line route. The two main alternatives were the NS to Cook Inlet route along the Parks Highway, and NS to Cook Inlet route via Delta Junction, Glennallen, and Palmer. These discussions occurred over April through July 2009. Early on, however, it was clear various differences of opinion strained the relationship.

### *Disagreement on Route - Parks Highway vs. Glenn/Richardson Highway*

In addition to the fundamental difference of opinion with respect to alternative projects (the bullet-line concept vs. spur line concept), ANGDA and the SAGP group differed on the preferred route. ANGDA favored the Glenn/Richardson Highway route based on a 2006 U.S. Department of Energy study that analyzed two potential spur line routes.<sup>14</sup> House Bill 113 required the SAGP group to conduct a new alternatives analysis that would include two spur line options as well as two stand-alone options. In May 2009, ANGDA passed a resolution that the board would consider the spur line project separate from the bullet line project, (i.e. it would not end spur line work and combine with the SAGP group to work on a single small-diameter project). Thus, it decided to keep its primary focus on a spur line and working within the context of the large-diameter pipeline projects.

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<sup>14</sup>The two spur routes were: (1) The Fairbanks Spur, 325 miles along the Parks Highway from Fairbanks to Wasilla and (2) the Delta Junction Spur, 290 miles from Delta Junction, through Glennallen, to Palmer.



The SAGP group essentially ended cooperation with ANGDA and contracted for an alternatives analysis of the two stand-alone routes<sup>15</sup> and the two spur line routes. The study, completed September 2009, concluded the Parks Highway stand-alone route would cost approximately \$500 million less than the Richardson Highway route and was, therefore, the preferred stand-alone alternative. The SAGP group moved forward with its development of the bullet line project as a hedge against the failure of the large-diameter pipeline projects. No significant coordination occurred between the SAGP group and ANGDA until the SAGP group made a presentation to the ANGDA board in March 2010. From May 2009 through March 2010, both entities continued to pursue individual projects with little or no communication.

There was no duplication of effort in the SAGP group and ANGDA activities primarily because ANGDA and the SAGP group focused on different projects and routes. Pursuing alternatives can be sound policy due to future uncertainty. However, without proper coordination, there is potential for duplication of effort due to alternative projects established for the same overall purpose. To avoid waste of state resources, it will be crucial to recognize the time for eliminating one or the other of these alternatives as market realities set in.

ANGDA actively and routinely shares information with private and governmental entities as well as the public.

We identified no instances where ANGDA failed to share information with other agencies upon request. ANGDA employs multiple mechanisms for sharing information:

- The majority of ANGDA-sponsored reports and studies are public records. The reports are catalogued in ANGDA's library and available to any organization upon request.
- ANGDA has published three *Reports to the People* describing its plans and activities.
- ANGDA maintains an informative website.
- There are a number of organizations with whom ANGDA communicates routinely. The organizations include DNR, DOR, the Alaska Energy Authority (AEA), and the Alaska Gas Port Authority.
- The ANGDA CEO has made presentations to various agencies and organizations providing information on ANGDA activities.

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<sup>15</sup>The two stand-alone routes were: (1) Parks Highway, 630 miles from Prudhoe Bay, through Livengood to Cook Inlet (with a spur to Fairbanks) along the Parks Highway and (2) a 670 mile route from Prudhoe Bay, through Livengood, Fairbanks, Delta Junction, Glennallen to Cook Inlet along the Richardson and Glenn Highways.

- A number of interviewed agency representatives, including staff at DNR, AEA, the Department of Transportation Public Facilities, and the Alaska Oil and Gas Conservation Commission, mentioned they are included on an email list and/or were invited to ANGDA presentations.
- Various ANGDA contracts include outreach type activities – 13 specific contracts include information sharing with outside parties.

# ANALYSIS OF ANGDA PROJECTS

Since its inception, the Alaska Natural Gas Development Authority (ANGDA) has received seven operating and six capital appropriations. As of April 30, 2010, ANGDA has over \$900,000 in available unexpended and uncommitted capital appropriations. A summary of amounts appropriated for ANGDA activities<sup>16</sup> is presented below in Exhibit 10.

**Exhibit 10**

---Operating Appropriations---		---Capital Appropriations---	
<u>LegislativeReference</u>	<u>Amount</u>	<u>LegislativeReference</u>	<u>Amount</u>
Ch 83, SLA 03	\$ 350,000	Ch 14, SLA 04	\$ 1,650,000
Ch158, SLA 04	256,600	Sec 26d, Ch 159, SLA 04	3,400,000
Ch 4, SLA 05	278,300	Sec 26e, Ch 159, SLA 04	1,700,000
Ch 33, SLA 06	299,600	Ch 3, SLA 05	2,170,000
Ch 28, SLA 07	302,700	Ch 30, SLA 07	5,000,000
Ch 27, SLA 08	305,300	Ch 29, SLA 08	4,000,000
Ch 12, SLA 09	<u>312,100</u>		
Total Operating	<u>\$ 2,104,600</u>	Total Capital	<u>\$ 17,920,000</u>

ANGDA’s policy has been to plan its activities and modify its plans within the context of other pipeline initiatives. ANGDA started out in 2005 with a mission to acquire and condition North Slope (NS) gas and construct a gas pipeline. Within a few months, based on other state initiatives, it modified its goal to focus on a smaller diameter pipeline intended to spur off a larger pipeline accessing the NS gas supply. It also conducted various non-pipeline related activities, some of which stretched the bounds of its statutory authority. Overall, from July 1, 2003 through April 30, 2010, ANGDA let over 100 individual contracts totaling approximately \$8.2 million.

This section contains a description of the five primary categories where ANGDA has directed its plans and activities:

1. Alaska Gas Spurline;
2. Beluga to Fairbanks project (B2F);
3. Propane;
4. Main pipeline open seasons; and
5. Liquefied natural gas (LNG) related projects.

<sup>16</sup>Capital appropriations in Ch 14, SLA 04 and Ch 159, SLA 04 totaling \$6,750,000 were actually made to the Department of Revenue (DOR) and only portions were provided to ANGDA. Of the \$6,750,000 appropriated, ANGDA spent less than \$800,000.

## *Alaska Gas Spurline*

ANGDA's earliest, significant focus was on a 24" diameter (spur line) pipeline connecting the Southcentral distribution grid to a North Slope (NS) main gas pipeline project. The exact location of the connection has varied. However, the overarching strategic consideration (or assumption) is that the spur line would connect to a mainline built under a different initiative – either the Alaska Stranded Gas Development Act (SGDA) or the Alaska Gas Inducement Act (AGIA). The majority of ANGDA's activities during 2004 through 2007 were focused on a spur line concept. These efforts resulted in ANGDA obtaining, in July 2006, a 10 year conditional right-of-way (ROW) for a pipeline running between Palmer and Glennallen.

ANGDA is not currently working on converting the ROW pending the outcome of other state initiatives. However, additional segments envisioned in the spur line concept include connections between Palmer and Beluga to the south, and Glennallen to Delta Junction (or Fairbanks) to the north.

ANGDA issued 39 contracts and has spent almost \$2,328,000, as of April 30, 2010, on the gas spur line. The following lists the contracts and amounts spent by ANGDA on the spur line project.

<b>Vendor</b>	<b>Contract Description</b>	<b>Amount</b>
RICHARD ODSATHER	Monitor and coordinate the work of engineering, environmental, and regulatory contractors. Select cost-effective route from alternatives.	25,000
LAND FIELD SERVICES, INC.	Provide a conceptual alignment, route description, and cost estimate for a 24" high-pressure gas line linking Glennallen to Palmer.	10,000
FIRST SOUTHWEST COMPANY	Develop and evaluate alternative financing plans for owning and operating the spur line from Glennallen to Cook Inlet.	25,000
STEVE PRATT ENTERPRISES	Define RCA issues related to ANGDA as a gas transmission utility and as a buyer/seller of natural gas to utilities.	24,200
MICHAEL BAKER, JR., INC.	Assist ANGDA in the ROW lease application. Provide engineering solutions to lease application questions.	88,625
SEMCO ENERGY, INC.	Complete Glennallen to Palmer ROW application, identify permits, identify BLM lands and land ownership, and provide recommendations on issues.	49,729

ASRC ENERGY SVCS, INC.	Assist ANGDA with its ROW application. Provide environmental analysis, research, and permitting solutions for the ROW application.	49,999
BRISTOL ENVIRONMENTAL & ENGINEERING	Provide public outreach and analysis to answer applicable ROW lease application questions	20,400
RUTH ADAMS	Prepare an application to the State for a Glennallen to Palmer ROW. Conduct interviews with local community leaders as part of public outreach.	10,000
AERO-METRIC, INC. (Aeromap U.S.)	Provide aerial photography and digital mapping of the Glennallen to Palmer route.	73,799
RICHARD ODSATHER	Provide project coordination and management of ROW application with the DNR. Prepare and submit permit applications, manage other contractors work.	45,000
LAND FIELD SERVICES, INC.	Review existing Glennallen to Palmer alignment to identify environmental impacts, suggest alignment reroute locations, identify permitting issues.	11,500
BRISTOL ENVIRONMENTAL & ENGINEERING	Evaluate the effort required to obtain a pipeline permit in terms of field studies, time, and money. Research the feasibility of ROWs that could be co-used.	20,600
CAROLYN DUNMIRE	Identify and quantify all major sources of energy that can be developed within or delivered to the Cook Inlet Basin.	25,000
URS CORPORATION	Develop a desktop engineering design for a gas pipeline to be located in the TAPS ROW from Delta to Glennallen.	69,450
NATURAL RESOURCE GROUP, INC.	Review existing Glennallen to Palmer alignment to identify potential native ownerships, suggest alignment reroutes, and identify permitting issues.	21,650
R&M CONSULTANTS, INC.	Provide route documentation of access routes for the Glennallen to Palmer spur line.	25,000
SHAW GROUP, INC.	Identify real and potential historic cultural sites along the proposed pipeline alignment. Work with BLM to identify transfer areas.	32,286

SHAW GROUP, INC.	Provide a ground-level general constructability review to supplement information on ANGDA's proposed gas spur line realignment published June 13, 2006.	59,979
RUTH ADAMS	Provide and coordinate field assistance to contractors. Execute field studies, provide photo log of alignment locales, provide results and recommendations to ANGDA.	41,956
R&M CONSULTANTS, INC.	Provide screening-level geotechnical engineering services to further evaluate and analyze the proposed Glennallen to Palmer spur gas pipeline routing concerns.	42,000
URS CORPORATION	Perform geological study for the engineering design of fault crossings along the proposed Glennallen to Palmer spur line.	21,070
MICHAEL BAKER, JR., INC.	Perform site visits of 21 streams. Conduct soil tests, take photographs, make assessments, and determine of wildlife impacts along sites.	24,200
HCG, INC.	Identify required permits and plans, establish permitting timelines, processes (flowcharts), estimate costs, and develop a permitting plan and permitting tracking system.	30,000
SHAW GROUP, INC.	Develop a conceptual design of the NGL straddle plant, compressor station, and metering stations.	97,750
EVAN GRIFFITH	Assist ANGDA in developing a business plan.	63,813
NORTHERN ECONOMICS, INC.	Assist ANGDA in writing a business plan for the potential operation of a gas pipeline from Glennallen to Palmer.	432,398
RICHARD ODSATHER	Provide oversight of spur line ROW application and all corresponding work related to its completion.	50,000
MICHAEL BAKER, JR., INC.	Provide an update to the pipeline route alignment sheets for the GPSL.	28,112
SHAW GROUP, INC.	Develop a broad strategy outlook regarding organization and execution of a permitting program matrix.	49,891

URS CORPORATION	Determine the feasibility of utilizing the TAPS ROW for placement and operation of a high-pressure natural gas pipeline. Determine how pipeline companies can work together and establish protocols.	37,243
VICTOR MANIKIAN	Review and evaluate June 2007 proposal to ANGDA from the URS Corporation for work related to Delta Junction to Glennallen segment of natural gas pipeline. To review and evaluate the URS report "Engineering & Cost Assessment, Delta Junction to Glennallen."	4,200
EVAN GRIFFITH	Present ANGDA's business plan to bonding and rating agencies, secure financing, and ensuring that the business plan is consistent with the project.	96,000
VICTOR MANIKIAN	Evaluation and selection of in-ground thermal design strategy for gas pipeline & Simplified design alternatives for cold high pressure gas pipeline in interior Alaska	50,000
ALASKA RECON, LLC	Assist ANGDA in providing reconnaissance services along the GPSL, collecting info in support of pipeline design, disseminating information regarding the GPSL via two-way communication, and interface with potential stakeholders.	134,625
DOWL, LLC	Assist ANGDA in analyzing existing environmental assessments, EIS data, and other information to identify gaps that will be included in the final EIS for the Alaska spur line.	218,305
AHTNA, INC.	Conduct cultural/archaeological research related to the GPSL, and documented the sacred and cultural sites.	30,692
DAN HISEY	Project manager that is responsible for advancing the in-state spur line project, determine scope and deliverables for the RFP, and select contractor.	185,250
MICHAEL BAKER, JR., INC.	Alaska Gas Spur Line drawings	3,260
<b>Total</b>		<b>2,327,982</b>

## B2F

In mid 2008, ANGDA began developing the B2F project. This project would construct a 24” pipeline running from Beluga to Delta Junction, and a 12” pipeline connecting Delta Junction to Fairbanks. According to the project description provided by ANGDA to the United States Army Corps of Engineers (USACE), the project would:

- Deliver Cook Inlet natural gas to Copper Valley, Glennallen, Delta Junction, and Fairbanks.
- Provide storage capabilities to meet demand increases during the coldest periods of winter.
- Connect as a spur line to a NS main gas line built under AGIA or the Denali project.

The primary difference between the B2F and the original Alaska gas spur line concept is that the B2F pipeline would be built to transport Cook Inlet gas north. The B2F route includes the Glennallen to Palmer segment for which ANGDA obtained a conditional spur line ROW.

As shown in the Exhibit 11 timeline (at the end of this section), the B2F was ANGDA’s primary activity over the period late 2008 to 2010. In August 2008, ANGDA requested USACE assistance in developing an EIS. In December 2008, ANGDA submitted its ROW application<sup>17</sup> to BLM. However, despite spending over \$3.6 million on this project, ANGDA was never able to obtain federal approval for this project.

Federal agencies questioned many aspects of this project including:

- Inconsistencies and contradictions between the ROW application and project description;
- Potential inaccuracies in location in relation to the existing ROW and in the amount of undisturbed land affected; and
- Whether the project was in accordance with ANGDA’s statutory authority.

These questions led the USACE, in March 2010, to suggest ANGDA abandon EIS development for the project. In June 2010, after passage of HB 369,<sup>18</sup> ANGDA formally withdrew its B2F ROW application.

As listed in the following table, ANGDA issued 25 contracts, spending over \$3,631,000 through April 30, 2010, for activities related to B2F.

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<sup>17</sup>A ROW permit for the portions of the B2F route that traverses federal land.

<sup>18</sup>Alaska HB 369 granted ANGDA a role in the in-state pipeline development process. The bill established the joint gas line team comprised of ANGDA, the Alaska Housing and Finance Corporation, the Office of the Governor’s Alaska Stand Alone Pipeline team, the Alaska Railroad Corporation, and the Department of Transportation and Public Facilities. The team is tasked with developing an in-state pipeline.



<b>Vendor</b>	<b>Contract Description</b>	<b>Amount</b>
THE LAUGHLIN COMPANY, LLC	Supervise all permitting consultants and contractors. Oversee all federal and state permitting for ROWs, natural gas facilities, and environmental permits.	49,875
THE LAUGHLIN COMPANY, LLC	Supervise all permitting consultants and contractors. Oversee all federal and state permitting for ROWs, natural gas facilities, and environmental permits.	50,000
SHAW GROUP, INC.	Complete wetland delineation, NEPA-based impact evaluation required by the USACE for ROW corridor from Delta Junction to Beluga.	1,466,967
RICHARD ODSATHER	Assist with refining the alignment of a high pressure gas spur pipeline connecting Delta Junction to Beluga and a report for a state ROW application.	86,632
THE LAUGHLIN COMPANY, LLC	Supervise all permitting consultants and contractors. Oversee all federal and state permitting for ROWs, natural gas facilities, and environmental permits.	66,000
IMMERSIVE VIDEO SOLUTIONS, LLC	Provide an aerial video of Chitna Pass with 360 degree view and zoom/freeze frame abilities.	30,000
URS CORPORATION	Prepare an EIS document, review potential issues and assess scope of environmental analysis. Establish a B2F EIS website.	916,108
THE LAUGHLIN COMPANY, LLC	Supervise, monitor, and coordinate other ANGDA permitting consultants and contractors. Oversee and coordinate all aspects of federal and state permitting for ROWs, natural gas facilities, and environmental permits.	118,750
RICHARD ODSATHER	Refine the alignment of the spur pipeline, Delta Junction to Beluga, and identify aspects of pipeline design and engineering.	128,125
THE LAUGHLIN COMPANY, LLC	Interim permitting coordinator. Respond to requests from agencies related to the EIS and permitting process. Assist the in-state pipeline coordinator in assessment of alternative routes.	10,000

THEODORE PEASE	Provide cost analysis to off load a 20-24" pipe and truck double joints to extreme ends of project.	11,440
IMMERSIVE VIDEO SOLUTIONS, LLC	Provide post production editing services of a 360 degree video.	39,795
HOFFMAN SILVER GILMAN & BLASCO PC	Assist ANGDA in ROW and permitting process for B2F. Assist ANGDA in Yukon-Kuskokwim Propane Demonstration project.	41,660
OASIS ENVIRONMENTAL, INC.	Evaluate the alternative route to Fairbanks, include aerial photography, wetlands and soil mapping, and air quality impacts of the B2F pipeline.	10,716
SHAW GROUP, INC.	Provide high resolution aerial photography for wetlands delineation documents to satisfy USACE requirements for the B2F EIS.	19,468
ALASKA CHANNEL	Assist in disseminating information regarding the B2F project , interface with potential stakeholders, and conduct outreach via the internet.	20,000
DOWL, LLC	Prepare maps for the B2F corridor in support of EIS and permitting efforts.	14,450
IMMERSIVE VIDEO SOLUTIONS, LLC	Provide an aerial video of Chitna Pass with 360 degree view and zoom/freeze frame abilities.	12,640
DOWL, LLC	Perform re-route of the B2F route, identify native allotments, determine impact of faults to B2F pipeline.	4,000
DOWL, LLC	Technical edit work for two B2F companion documents - USACE B2F project descriptions for the EIS, and BLM plan of development for the ROW grant	3,500
IMMERSIVE VIDEO SOLUTIONS, LLC	Provide post production editing of raw video.	80,000
U.S. DEPARTMENT OF INTERIOR	Develop EIS permitting for the B2F	140,000
DEPARTMENT OF NATURAL RESOURCES	B2F ROW Permitting Efforts	239,751

VICTOR MANIKIAN	Research and prepare a report containing information necessary to identify and resolve design elements for the B2F pipeline.	21,600
AHTNA, INC.	Assist ANGDA in selecting a site for an industrial complex, power generation unit, and natural gas pipeline compression station in Glennallen.	49,990
<b>Total</b>		3,631,467

*Propane*

ANGDA began working on propane distribution concepts early in its existence, and propane is currently an area of primary focus. As early as 2005, ANGDA contracted for a study on concepts for the transport and distribution of propane to rural Alaskan communities. ANGDA’s propane scheme seeks to establish public/private partnerships for extracting propane from NS natural gas, processing, and then distributing the gas to businesses and consumers throughout the State. ANGDA’s role would be as facilitator and in pooling demand. The propane infrastructure and transportation would be operated by private industry.

ANGDA considers propane as a potential way to bridge the gap between the dwindling Cook Inlet gas supply and tapping the NS supply. Furthermore, ANGDA considers propane a potential primary source of fuel for areas of the State where natural gas will not be available. These activities did not directly contribute to the building of a natural gas pipeline from the NS to market in Southcentral.

As listed in the following table, ANGDA issued 16 contracts, spending over \$676,000 as of April 30, 2010, on propane related activities.

<b>Vendor</b>	<b>Contract Description</b>	<b>Amount</b>
MICHAEL BAKER, JR., INC.	Coordinate activities of a third party equipment vendor to obtain the vendor's estimate for a gas processing plant.	5,000
PND ENGINEERS, INC.	Perform desk top study on concepts for the transport and distribution of propane to rural Alaskan communities. The study will focus on how to package bulk propane effectively, along with cost estimates and comparisons.	50,000

PND ENGINEERS, INC.	Prepare detailed cost modeling data to upgrade LPG loading facilities. Prepare detailed pipeline cost models, and cost models to concert Cook Inlet Oil platform for LPG export.	15,500
WARD A. WHITMORE	Synthesize and summarize the LPG/NGL public research and information available related to Alaska LPG. Identify potential business opportunities, regulatory and security-related issues related to in-state LPG facilities.	45,385
BARTZ ENGLISHOE	Determine the project description and acquire funding to advance the Yukon-Kuskokwim Propane Demonstration project.	79,093
MAP CONSULTING, LLC	Assist ANGDA with developing a commercial plan for processing and distributing propane from NS production operations to meet in-state energy needs.	150,000
BARTZ ENGLISHOE	Determine the project description and acquire funding to advance the Yukon-Kuskokwim Propane Demonstration project.	10,500
NANA WORLEY PARSONS, LLC	Provide technical and safety information along with cost schedules regarding the conceptual PEF.	36,658
MARKETING SOLUTIONS, INC.	Assist the propane supply coordinator with the execution of a propane private venture opportunity symposium. Assist ANGDA in coordinating the June 4, 2009, propane symposium in Fairbanks.	6,000
MAP CONSULTING, LLC	Assist ANGDA with developing a commercial plan for processing and distributing propane from NS production operations to meet in-state energy needs. Conduct a feasibility assessment and develop a wholesale propane facility action plan.	104,835
PAUL FUHS	Assist the propane coordinator to identify propane user needs, develop marine logistics plan, and compare propane transportation methods.	34,581

NANA WORLEY PARSONS, LLC	Develop cost estimates for a propane extraction facility on the NS.	63,888
CH2M HILL ALASKA, INC.	Prepare cost estimates for a propane extraction facility on the NS.	49,000
NANA WORLEY PARSONS, LLC	Provide consulting services and related to propane commercialization and implementation of a PEF at Prudhoe Bay.	1,972
UNIVERSITY OF ALASKA	Propane Development Model Phase II - Update model developed by PND with improved capital and operating costs	10,427
UNIVERSITY OF ALASKA	ISER performed propane facility economic study for the Fairbanks area	13,263
<b>Total</b>		<b>676,102</b>

### *Main Pipeline Open Seasons*

Another area of ANGDA focus has been in preparing for the main pipeline open seasons. Activities in this area primarily involve facilitating the establishment of the Alaska Gas Supply Company (AGSC) to aggregate demand for an open season bid.

The AGSC is a not-for-profit cooperative currently made up of six members: ANGDA, Chugach Electric Association, Matanuska Electric Association, Homer Electric Association, Golden Valley Electric and Municipal Light & Power. The stated mission of the AGSC is to work with natural gas suppliers and Alaska Railbelt electric utilities to develop long-term commitments for the purchase and shipment of natural gas and related services. The ANGDA board approved joining the AGSC in March 2009.

The AGSC submitted a bid for pipeline space in the recently concluded TransCanada open season as well as the Denali open season.

As listed in the following table, ANGDA issued eight contracts and spent approximately \$452,000 as of April 30, 2010, on open season related activities.

<b>Vendor</b>	<b>Contract Description</b>	<b>Amount</b>
ANTHONY M. IZZO	Provide the direction for the AGSC to develop long-term commitments for the purchase of NS gas in preparation for the open season.	47,059
STEVE PRATT ENTERPRISES	Direct and conduct educational workshops in association with the APA natural gas working group.	57,100

ANTHONY M. IZZO	Provide the direction for the AGSC to develop long-term commitments for the purchase of NS gas in preparation for the open season.	164,000
ANTHONY M. IZZO	Provide the direction for the AGSC to develop long-term commitments for the purchase of NS gas in preparation for the open season.	106,000
UNIVERSITY OF ALASKA	Conduct open season simulation regarding how natural gas prices in Cook Inlet affect investment incentives under two pricing mechanisms.	46,804
ANTHONY M. IZZO	Provide professional consulting and input to advance the project definition and the AGIA pipeline application.	13,063
RICHARD ODSATHER	Provide services to advance the Alaska Gas Spur Line project definition and AGIA pipeline application.	13,550
MARILYN PLYMIRE	Provide word processing and administrative functions related to ANGDA's AGIA application.	4,612
	<b>Total</b>	<b>452,188</b>

### *LNG Related Projects*

ANGDA's earliest work related to what it referred to as an Alaska LNG project. This concept included building a pipeline from the NS to Southcentral Alaska and/or tidewater at Valdez. Depending on the final terminus, a spur would ensure gas got to market at both locations. Based on other state initiatives, ANGDA focused on a spur line that would connect to a large pipeline built under the SGDA or AGIA.

Any subsequent work ANGDA performed, referred to as an LNG, relates to various studies for establishing or purchasing an LNG facility for conditioning NS gas for export at Valdez or Kenai. ANGDA is currently planning to contract for a design, construction schedule, and cost estimate for an LNG plant in Valdez.

As listed in the following table, ANGDA issued six contracts and has spent over \$330,000, as of April 30, 2010, on LNG related activities.

Vendor	Contract Description	Amount
SHAW GROUP, INC.	Prepare a qualitative appraisal of the Alaska LNG project by benchmark evaluation and compare Alaska LNG costs to several contemporary competitive LNG projects around the world.	50,000
ASRC ENERGY SVCS, INC.	Review and categorize which of the YPC's permits along the TAPS corridor are most business significant to ANGDA's LNG project.	25,000
TIMOTHY G. BRIDGMAN	Conduct technical studies related to Alaska LNG project.	17,188
WOOD MACKENZIE	Provide a financial overview of potential competitive LNG supply projects targeting the west coast of North America.	8,500
MICHAEL BAKER, JR., INC.	Prepare technical studies relating to the all-Alaska LNG project. Prepare analysis and determine feasibility of design, costs, issues, labor, etc.	179,745
SHAW GROUP, INC.	Identify technical and economic issues impacting the future operation of the Kenai LNG plant. Indicate pipeline route and size that would satisfy Kenai needs.	50,000
<b>Total</b>		<b>330,433</b>

*Significant Miscellaneous Activities*

In addition to the five primary areas of focus described above, other significant miscellaneous projects include:

- A 2008 update of the U.S. Department of Energy, National Energy Technology Laboratory report entitled, "Alaska Gas Needs and Market Assessment." \$80,200
- Develop, coordinate, and execute a Gas Value-Added Technical Conference held in Anchorage in 2009. \$250,000
- Develop various financial performance and debt capacity models for \$50,000

utilities and state government.

- Create a knowledge base of statutory issues, administrative code issues, and regulatory policy issues and develop a system for monitoring dates for legislative or regulatory hearings. \$54,140
- Supply a report that discusses the pros and cons of various public/private partnership structures including financial and operations parameters applicable to evaluating a potential partner. \$52,500
- Develop five energy scenarios for the Cook Inlet area by combining gas and electric alternatives to meet natural gas consumption and deliverability needs in 2025. \$48,000
- Identify potential locations for natural gas storage in the Cook Inlet region. \$98,550

Timeline Exhibit 11 on page 37 presents the major areas of ANGDA focus over the period of July 1, 2003, through April 30, 2010. Timeline Exhibit 12 on page 39 presents significant gasline related events and specific ANGDA activities over the same period.



Timeline of ANGDA Activities  
Alaska Gas Development Authority  
2003-2010

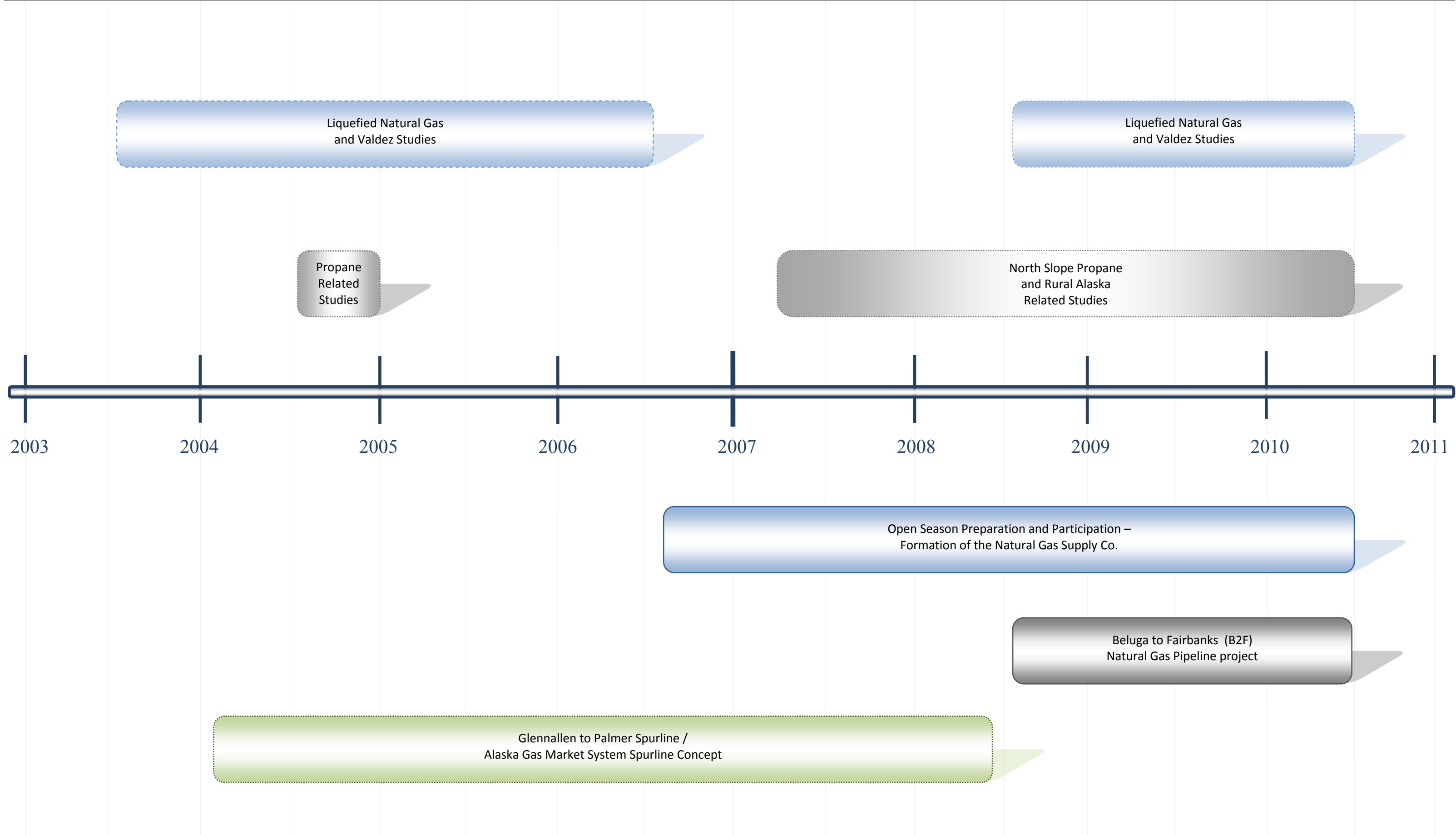
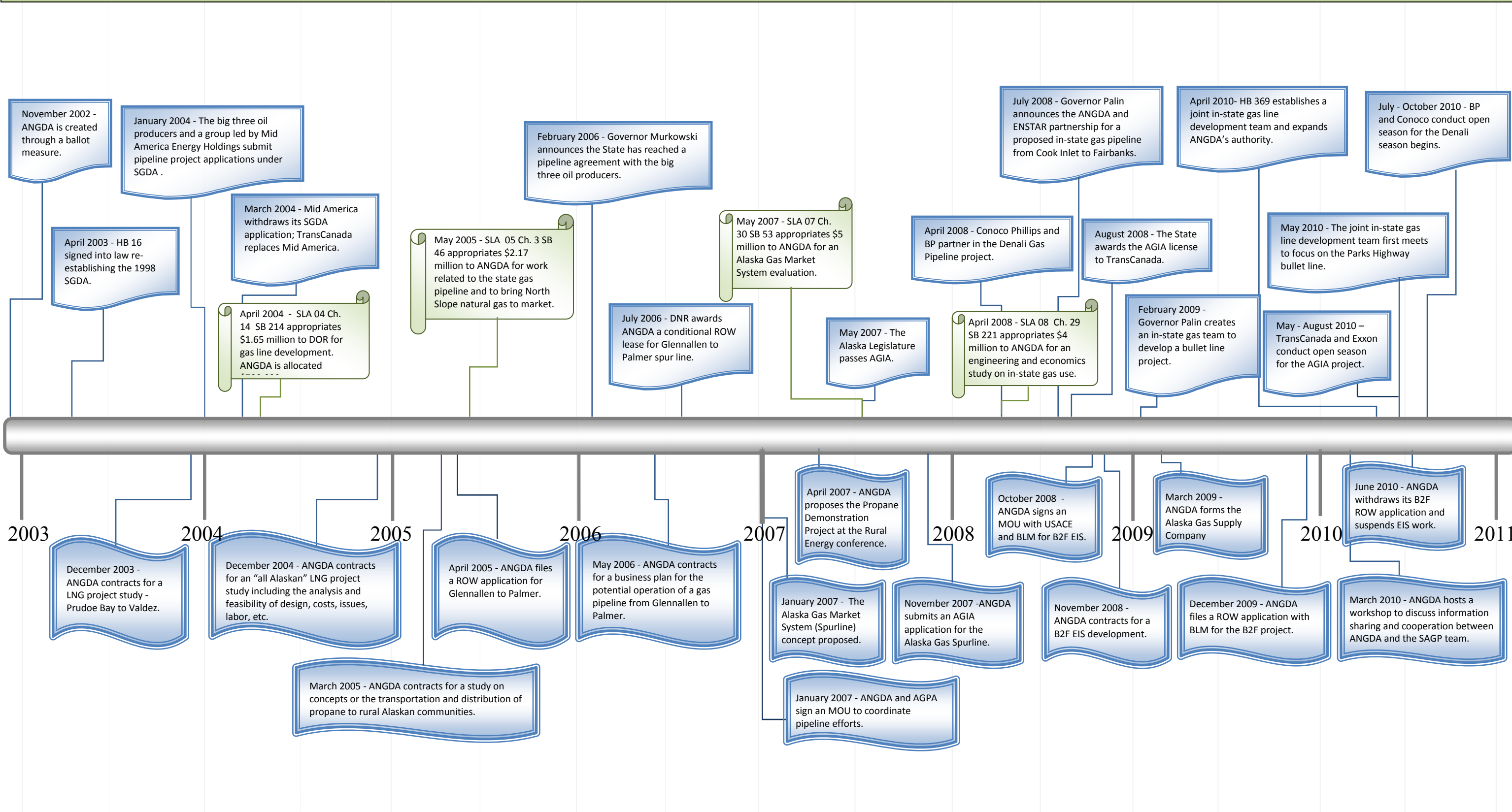


Exhibit 11  
Timeline of ANGDA Activities  
Alaska Natural Gas Development Authority  
2003-2010

# Timeline of Gas Line Activities

## Alaska Natural Gas Development Authority

### 2003 - 2010



**Legend**

- Significant developments in bringing North Slope gas to market
- Appropriations
- ANGDA Events

Exhibit 12  
Timeline of Gas Line Activities  
Alaska Natural Gas Development Authority  
2003 - 2010

# FINDINGS AND RECOMMENDATIONS

## Recommendation No. 1

The legislature should consider the Alaska Natural Gas Development Authority (ANGDA) for sunset once uncertainties surrounding the development of North Slope (NS) natural gas are addressed.

ANGDA does not play a lead role in acquiring and conditioning NS natural gas or constructing a pipeline to transport the gas. Plans to develop natural gas, including building a large-diameter and/or a small-diameter pipeline, are being led and carried out by other private or public entities. The Alaska Gas Inducement Act (AGIA) licensees are guiding the progress of building a large-diameter pipeline. The Joint In-state Gasline Development Team, created by HB 369, is guiding the development of a small-diameter pipeline.

House Bill 369, passed by the legislature in April 2010, dictates how the development of an in-state natural gas pipeline will progress. This bill designated ANGDA's chief executive officer as part of the five-member team responsible for developing an in-state natural gas pipeline plan by July 1, 2011.<sup>19</sup> Essentially, the bill made ANGDA a support agency rather than a lead agency in the development of an in-state pipeline. The executive director of the Alaska Housing Finance Corporation (AHFC) chairs the team. The bill empowers the team chair to oversee all aspects of the project and revises the AHFC's authority<sup>20</sup> to include creating a subsidiary for the purpose of planning, constructing, and financing an in-state gas pipeline.

Public entities should not outlast their public purpose. Sunset laws enacted throughout the nation ensure public entities do not continue in perpetuity. These laws subject public entities to periodic evaluation to verify their continued existence is justified by a public purpose, and the public interest is being adequately served.

ANGDA is not subject to sunset provisions. Consequently, it is at risk of outlasting its public purpose. Once the AGIA and Denali open seasons conclude, and the pipeline plan required under HB 369 is complete, the legislature should evaluate whether ANGDA has a significant and unique role<sup>21</sup> in state pipeline efforts. If ANGDA does not have such a role, the legislature should consider whether the continued existence of a separate authority to carry out ANGDA's activities is justified and in the public's best interest. ANGDA's continued existence without a significant role is a waste of state resources and dilutes crucial decision-making in the State's effort to bring NS gas to market.

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<sup>19</sup>The plan must result in a pipeline operational by December 31, 2015.

<sup>20</sup>Alaska Statute 18.56.086

<sup>21</sup>A role that cannot be carried out more efficiently by existing public corporations and authorities or executive branch departments and divisions.

We recommend the legislature consider ANGDA for sunset once uncertainties surrounding the development of NS natural gas are addressed.

## Recommendation No. 2

ANGDA should work with the Department of Revenue (DOR) accounting staff to properly present its assets in financial statements and note disclosures.

ANGDA's financial reporting and disclosure of capital assets associated with its conditional ROW lease is inaccurate and not in accordance with generally accepted accounting principles. Specifically, ANGDA's financial statements for the period ending June 30, 2010, overstate capital assets by over \$3.5 million. The required notes to the financial statements reported ANGDA incurred capitalized costs in the process of obtaining a conditional right-of-way (ROW). However, the amount reported includes significant costs unrelated to and incurred after obtaining the conditional ROW, and is not adjusted for accumulated amortization.

According to ANGDA's 2010 financial statement note disclosure:

*As part of the efforts to make natural gas available for in-state use, ANGDA has been working to develop the right-of-way lease and the associated studies to enable the construction of a gas pipeline. ANGDA began developing the lease in fiscal year 2004 and in fiscal year 2007 entered into a 10-year conditional right-of-way lease with the State of Alaska for the proposed Glennallen to Palmer Pipeline. In 2009, the section from Beluga to Fairbanks was added to the right-of-way lease agreement. The terms of the conditional right-of-way lease provide for conversion of the conditional lease, to an unconditional right-of-way lease, based upon the completion of specific criteria over the next ten years. If that criterion is not met, the conditional lease will expire. Management has evaluated the intended use of the right-of-way in accordance with GASB statement No. 51, Accounting and financial Reporting for Intangible Assets, and classified the costs incurred to obtain the conditional right-of-way lease as intangible assets. The costs incurred and capitalized consist primarily of professional and consulting fees.*

The Department of Natural Resources granted ANGDA the Glennallen to Palmer Pipeline conditional ROW lease July 2006. To convert the conditional lease to an unconditional ROW lease, ANGDA must provide significant evidence of the project going forward.<sup>22</sup> While the ROW is conditional, ANGDA has no legal right to use the land. The lease specifically

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<sup>22</sup>This includes the following:

- Detailed pipeline alignment location and related facility site locations.
- Evidence of financial ability to complete the design and construction of the pipeline including shipper commitments and preliminary lender commitments for construction financing.
- Project development schedule and required plans and programs.
- Conceptual design for the pipeline and related facilities.

prescribes that it “conveys no interest in land, property, or resources of the State, or any preference or priority rights to a particular ROW or alignment.” Furthermore, the lease states that no construction activities are authorized by the lease.

A ROW, which is a legal right to use land for a specific purpose, meets the definition of an intangible asset. Recently implemented accounting standards,<sup>23</sup> prescribe that all intangible assets<sup>24</sup> be classified as capital assets. Intangible assets should be amortized over the assets estimated useful life. An intangible asset should be recognized in the statement of net assets only if it is identifiable. An intangible asset is considered identifiable when either of the following conditions is met:

- a. The asset is separable, that is, the asset is capable of being separated or divided from the government and sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract, asset, or liability.
- b. The asset arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The conditional ROW lease grants ANGDA the potential right to utilize state land between Glennallen and Palmer. However, the majority of costs ANGDA capitalized as an intangible asset were incurred after obtaining the conditional ROW lease and relate to areas outside the scope of the lease. This includes over \$3.5 million in expenditures related to the Beluga to Fairbanks project,<sup>25</sup> propane studies, and other work unrelated to the spur line. Since the lease grants no potential rights to use state land extending beyond the proposed Glennallen to Palmer pipeline, inclusion of these costs overstates the value of the ROW.

ANGDA’s small staff does not include professional accountants with awareness of generally accepted accounting principles. This increases the risk of inaccurate financial reporting. In this specific case, the inaccurate reporting of ANGDA assets may mislead current users as to the extent of the rights granted to ANGDA by the conditional ROW lease.

We recommend ANGDA work with the DOR accounting staff to ensure proper presentation of assets in ANGDA financial statements and note disclosures.

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<sup>23</sup>GASB 51

<sup>24</sup>Standards define intangible assets as (1) lacking physical substance, (2) nonfinancial in nature, and (3) with an initial useful life extending beyond a single reporting period.

<sup>25</sup>ANGDA suspended work on the Beluga to Fairbanks project June 2010.



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# APPENDICES

The appendices included in this report provide a detailed breakdown of the funds expended and committed by ANGDA between 2004 and April 30, 2010.

**Appendix A** – Provides a detail of the operating funds spent by ANGDA. The amounts reported are for expenditures in that fiscal year. The funding for those expenditures is from both the operating appropriation for ANGDA as well as ANGDA’s capital appropriations. In FYs 08, 09, and 10, ANGDA utilized portions of its capital appropriations for operating costs through the use of unbudgeted reimbursable services agreements (RSA).

**Appendix B** – Presents capital appropriation expenditures by fiscal year through April 30, 2010 by vendor. To avoid duplicating expenditures, the operating activities funded by capital appropriations are not included in this schedule.

**Appendix C** – Presents outstanding financial commitments, both operating and capital, as of April 30, 2010.

**Appendix D** – Presents a list of items acquired by ANGDA with capital and operating funds. These items may be reports, maps, photographs, newsletters, or presentations. Items are categorized as either included or not included in the value of ANGDA’s conditional spur line ROW reported in their annual financial statements.

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Appendix A  
ANGDA Operating Expenditures  
FY 04 through April 30, 2010

	2004	2005	2006	2007	2008	2009	2010 as of 4/30/2010	Total
<b>Personal Services -</b>								
CEO	\$ 97,538	\$126,562	\$155,298	\$164,894	\$162,971	\$181,864	\$149,833	\$1,038,960
Administrative officer	-	10,686	71,928	76,021	82,354	88,113	75,843	404,945
Administrative clerk	-	-	-	-	13,209	24,346	-	37,555
Publications specialist	-	-	-	-	-	38,967	58,650	97,617
Administrative assistant	-	12,117	-	-	4,048	60,838	36,177	113,180
Project coordinator	18,856	-	-	-	-	-	-	18,856
Legislative assistant	6,762	31,867	-	-	-	-	-	38,629
Intern							2,336	2,336
<b>Total Personal Services</b>	<b>123,156</b>	<b>181,232</b>	<b>227,226</b>	<b>240,915</b>	<b>262,582</b>	<b>394,128</b>	<b>322,839</b>	<b>1,752,078</b>
<b>Travel -</b>								
	21,503	-	-	-	-	-	-	21,503
In-state	-	8,480	5,061	8,075	9,617	58,559	15,404	105,196
Out-of-state	-	9,932	8,893	21,242	7,090	38,978	21,716	107,851
<b>Total Travel</b>	<b>21,503</b>	<b>18,412</b>	<b>13,954</b>	<b>29,317</b>	<b>16,707</b>	<b>97,537</b>	<b>37,120</b>	<b>234,550</b>
<b>Contractual -</b>								
<i>Interagency</i>								
RSA ANGDA tax status	30,000	-	-	-	-	-	-	30,000
RSA office space	-	23,606	-	-	4,500	-	75,191	103,297
RSA admin cost	-	-	-	-	-	-	43,684	43,684
RSA misc admin support	5,005	8,292	7,132	8,014	8,771	4,035	9,768	51,017
<i>Non Interagency</i>								
Management/consulting	99,722	65,931	27,531	11,255	14,859	15,558	6,366	241,222
Miscellaneous	1,222	1,884	4,417	4,462	7,229	7,351	7,078	33,643
<b>Total Contractual</b>	<b>135,949</b>	<b>99,713</b>	<b>39,080</b>	<b>23,731</b>	<b>35,359</b>	<b>26,944</b>	<b>142,087</b>	<b>502,863</b>
<b>Supplies</b>	<b>5,102</b>	<b>2,991</b>	<b>11,842</b>	<b>5,638</b>	<b>14,510</b>	<b>17,838</b>	<b>3,554</b>	<b>61,475</b>
<b>Total</b>	<b>\$285,710</b>	<b>\$302,348</b>	<b>\$292,102</b>	<b>\$299,601</b>	<b>\$329,158</b>	<b>\$536,447</b>	<b>\$505,600</b>	<b>\$2,550,966</b>

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Appendix B  
ANGDA Capital Expenditures by Vendor  
FY 04 through April 30, 2010

Contractor	2005	2006	2007	2008	2009	2010 as of 4/30/2010	Total
<b>AERO-METRIC, INC. (Aeromap U.S.)</b>							
Provide aerial photography and digital mapping of the Glennallen to Palmer route.	49,999	23,800					73,799
<b>AHTNA, INC.</b>							
Conduct cultural/archaeological research related to the GPSL, and documented the sacred and cultural sites.						30,692	30,692
Assist ANGDA in selecting a site for an industrial complex, power generation unit, and natural gas pipeline compression station in Glennallen.						49,990	49,990
<b>ALASKA CHANNEL</b>							
Assist ANGDA in preparing Report to the People III; a 10-15 minute video.						46,710	46,710
Assist in disseminating information regarding the B2F project, interface with potential stakeholders, and conduct outreach via the internet.						20,000	20,000
<b>ALASKA RECON, LLC</b>							
Assist in providing reconnaissance services along the gas spur line route, collecting info in support of pipeline design, disseminating information regarding the GPSL via two-way communication, and interface with potential stakeholders.					134,625		134,625
<b>ALTMAN, ROGERS, &amp; COMPANY, APC</b>							
Perform audit of the FY 07 financial statements.				6,460			6,460
Perform audit of the FY 08 and FY 09 financial statements.					7,000	7,000	14,000
<b>ANTHONY M. IZZO</b>							
Provide the direction for the AGSC to develop long-term commitments for the purchase of NS gas in preparation for the open season.			14,406	32,653			47,059
advance the project definition and the AGIA pipeline application.				13,063			13,063
Provide the direction for the AGSC to develop long-term commitments for the purchase of NS gas in preparation for the open season.				12,751	151,249		164,000
Provide the direction for the AGSC to develop long-term commitments for the purchase of NS gas in preparation for the open season.						106,000	106,000

Appendix B  
 ANGDA Capital Expenditures by Vendor  
 FY 04 through April 30, 2010  
 (Continued)

Contractor	2005	2006	2007	2008	2009	2010 as of 4/30/2010	Total
<b>ASRC ENERGY SVCS, INC.</b>							
Review and categorize which of the YPC's permits along the TAPS corridor are most business significant to ANGDA's LNG project.	25,000						25,000
Assist ANGDA with its ROW application. Provide environmental analysis, research, and permitting solutions for the ROW application.	49,999						49,999
Evaluate the Ahna, Inc. 1-19 gas well to determine the potential volume, pressure, and gas flow expected over time.						16,082	16,082
<b>BARTZ ENGLISHOE</b>							
Determine the project description and acquire funding to advance the Yukon-Kuskokwim propane demonstration project.				49,778	29,314		79,092
Determine the project description and acquire funding to advance the Yukon-Kuskokwim propane demonstration project.					10,500		10,500
<b>BRISTOL ENVIRONMENTAL &amp; ENGINEERING SVCS</b>							
Provide public outreach and analysis to answer applicable ROW lease application questions.	13,600	6,800					20,400
Evaluate the effort required to obtain a pipeline permit in terms of field studies, time, and money. Research the feasibility of ROWs that could be co-used.		20,600					20,600
<b>CAROLYN DUNMIRE</b>							
Identify and quantify all major sources of energy that can be developed within or delivered to the Cook Inlet Basin.		25,000					25,000
<b>CH2M HILL ALASKA, INC.</b>							
Prepare cost estimates for a PEF on the NS.						49,000	49,000
<b>ECOLOGY &amp; ENVIRONMENT, INC.</b>							
Develop five energy scenarios for the Cook Inlet area by combining gas and electric alternatives to meet natural gas consumption and deliverability needs in 2025.				48,000			48,000
<b>EVAN GRIFFITH</b>							
Assist ANGDA in developing a business plan.		17,456	46,356				63,812

Appendix B  
 ANGDA Capital Expenditures by Vendor  
 FY 04 through April 30, 2010  
 (Continued)

Contractor	2005	2006	2007	2008	2009	2010 as of 4/30/2010	Total
Present ANGDA's business plan to bonding and rating agencies, secure financing, and ensuring that the business plan is consistent with the project.				32,580	63,420		96,000
Assist ANGDA in updating the business plan, developing an RFP scope for a financial advisor, and obtain funding for spur line.					35,925	2,263	38,188
<b>DAN HISEY</b>							
Project manager that is responsible for advancing the in-state spur line project, determine scope and deliverables for RFP, and select contractor.					84,000	101,250	185,250
<b>DOWL, LLC</b>							
Assist ANGDA in analyzing existing environmental assessments, EIS data, and other information to identify gaps that will be included in the final EIS for the Alaska spur line.					218,305		218,305
Prepare maps for the B2F corridor in support of EIS and permitting efforts.						14,450	14,450
Perform re-route of only the B2F route, identify native allotments, determine impact of faults to the B2F pipeline.						4,000	4,000
Perform technical edit work for two B2F companion documents - the USACE B2F project descriptions for the EIS, and the BLM plan of development for the ROW grant.						3,500	3,500
<b>FIRST SOUTHWEST COMPANY</b>							
Develop and evaluate alternative financing plans for owning and operating the spur line from Glennallen to Cook Inlet.	25,000						25,000
<b>HCG, INC.</b>							
Identify required permits and plans, establish permitting timelines, processes(flowcharts), estimate costs, and develop a permitting plan and permitting tracking system.		30,000					30,000
<b>HOFFMAN SILVER GILMAN &amp; BLASCO PC</b>							
Assist ANGDA in the ROW and permitting process for B2F. Assist ANGDA in the Yukon-Kuskokwim propane demonstration project.					4,166	37,494	41,660
<b>IMMERSIVE VIDEO SOLUTIONS, LLC</b>							
Provide an aerial video of Chitna Pass with a 360 degree view and zoom/freeze frame abilities.					30,000		30,000



Appendix B  
 ANGDA Capital Expenditures by Vendor  
 FY 04 through April 30, 2010  
 (Continued)

Contractor	2005	2006	2007	2008	2009	2010 as of 4/30/2010	Total
Provide post production editing services of a 360 degree video.					39,795		<b>39,795</b>
Provide post production editing of raw video.						80,000	<b>80,000</b>
Provide an aerial video of Chitna Pass with a 360 degree view and zoom/freeze frame abilities.						12,640	<b>12,640</b>
<b>LAND FIELD SERVICES, INC.</b>							
Provide a conceptual alignment, route description, and cost estimate for a 24" high-pressure gas line linking Glennallen to Palmer.	10,000						<b>10,000</b>
Review existing Glennallen to Palmer alignment to identify environmental impacts, suggest alignment reroute locations, identify permitting issues.		11,500					<b>11,500</b>
<b>THE LAUGHLIN COMPANY, LLC</b>							
Supervise all permitting consultants and contractors. Oversee all federal and state permitting for ROWs, natural gas facilities, and environmental permits.				49,875			<b>49,875</b>
Supervise all permitting consultants and contractors. Oversee all federal and state permitting for ROWs, natural gas facilities, and environmental permits.				44,786	5,214		<b>50,000</b>
Supervise all permitting consultants and contractors. Oversee all federal and state permitting for ROWs, natural gas facilities, and environmental permits.					66,000		<b>66,000</b>
Interim permitting coordinator. Respond to requests from agencies related to the EIS and permitting process. Assist the in-state pipeline coordinator in assessment of alternative routes.					10,000		<b>10,000</b>
Supervise all permitting consultants and contractors. Oversee all federal and state permitting for ROWs, natural gas facilities, and environmental permits.						118,750	<b>118,750</b>
Miscellaneous consulting .				5,494			<b>5,494</b>
<b>MAP CONSULTING, LLC</b>							
Develop various financial performance and debt capacity models for utilities and state government.				50,000			<b>50,000</b>
Assist ANGDA with developing a commercial plan for processing and distributing propane from NS production operations to meet in-state energy needs.					150,000		<b>150,000</b>

Appendix B  
 ANGDA Capital Expenditures by Vendor  
 FY 04 through April 30, 2010  
 (Continued)

Contractor	2005	2006	2007	2008	2009	2010 as of 4/30/2010	Total
Assist ANGDA with developing a commercial plan for processing and distributing propane from NS production operations to meet in-state energy needs. Conduct a feasibility assessment and develop a wholesale propane facility action plan.						104,835	104,835
<b>MARILYN PLYMIRE</b>							
Provide word processing and administrative functions related to ANGDA's AGIA application.				4,612			4,612
<b>MARKETING SOLUTIONS, INC.</b>							
Assist the propane supply coordinator with the execution of a propane private-venture opportunity symposium. Assist ANGDA in coordinating the 6/4/09 propane symposium in Fairbanks.					6,000		6,000
<b>MICHAEL BAKER, JR., INC.</b>							
Coordinate activities of a third party equipment vendor to obtain the vendor's estimate for a gas processing plant.	5,000						5,000
Prepare technical studies relating to the all-Alaska LNG project. Prepare analysis and determine feasibility of design, costs, issues, labor, etc.	179,745						179,745
Assist ANGDA in the ROW lease application. Provide engineering solutions to lease application questions	88,625						88,625
Perform site visits of 21 streams. Conduct soil tests, take photographs, make assessments, and determine of wildlife impacts along sites.		24,200					24,200
Provide an update to the pipeline route alignment sheets for the Glennallen to Palmer Spur Line.		28,112					28,112
Alaska gas spur line drawings.				3,260			3,260
<b>MUNICIPALITY OF ANCHORAGE</b>							
To develop, coordinate, and execute a gas value-added technical conference to be held in Anchorage.					250,000		250,000
<b>NANA WORLEY PARSONS, LLC</b>							
Provide technical and safety information along with cost schedules regarding the conceptual PEF.					35,748	911	36,659
Develop cost estimates for a PEF on the NS.						63,888	63,888

Appendix B  
 ANGDA Capital Expenditures by Vendor  
 FY 04 through April 30, 2010  
 (Continued)

Contractor	2005	2006	2007	2008	2009	2010 as of 4/30/2010	Total
Provide consulting services and related to propane commercialization and implementation of a PEF at Prudhoe Bay.						1,972	1,972
<b>NATURAL RESOURCE GROUP, INC.</b>							
Review existing Glennallen to Palmer alignment to identify potential native ownerships, suggest alignment reroutes, and identify permitting issues.		21,650					21,650
<b>NORTHERN ECONOMICS, INC.</b>							
Assist ANGDA in writing a business plan for the potential operation of a gas pipeline from Glennallen to Palmer.		108,100	324,299				432,399
<b>OASIS ENVIRONMENTAL, INC.</b>							
Evaluate the alternative route to Fairbanks, include aerial photography, wetlands and soil mapping, and air quality impacts of the B2F pipeline.						10,716	10,716
<b>OCEANEERING SPACE SYSTEMS</b>							
Prepare high-level technology feasibility assessments: optical fiber assessments, internal pipeline sensing and repair assessments.		10,000					10,000
<b>PAUL FUHS</b>							
Assist the propane coordinator to identify propane user needs, develop marine logistics plan, and compare propane transportation methods.						34,581	34,581
<b>PETROLEUM NEWSPAPERS OF ALASKA, LLC</b>							
Perform editorial work, design publication, coordinate printing, and arrange publication in newspapers of the Report to the People I.	10,775						10,775
Perform editorial work, design publication, coordinate printing, and arrange publication in newspapers of the Report to the People II.				10,000			10,000
<b>PND ENGINEERS, INC.</b>							
Perform desk study on concepts for the transport and distribution of propane to rural Alaskan communities. The study will focus on how to package bulk propane effectively, along with cost estimates and comparisons.	37,500	12,500					50,000
Prepare detailed cost modeling data to upgrade LPG loading facilities. Prepare detailed pipeline cost models, and cost models to concert Cook Inlet Oil platform for LPG export.						15,500	15,500

Appendix B  
 ANGDA Capital Expenditures by Vendor  
 FY 04 through April 30, 2010  
 (Continued)

Contractor	2005	2006	2007	2008	2009	2010 as of 4/30/2010	Total
Miscellaneous Consulting.				7,018			7,018
<b>RICHARD ODSATHER</b>							
Monitor and coordinate the work of engineering, environmental, and regulatory contractors. Select a cost-effective route from alternatives.	25,000						25,000
Provide project coordination and management of the ROW application with DNR. Prepare and submit permit applications, manage other contractors work.	7,400	37,600					45,000
Provide oversight of the spur line ROW application and all corresponding work related to its completion.		22,400	10,550	17,050			50,000
Provide services to advance the Alaska gas spur line project definition and the AGIA pipeline application.				13,550			13,550
Assist with refining the alignment of a high pressure gas spur pipeline connecting Delta Junction to Beluga and a report for a state ROW application.					86,632		86,632
Respond to informational requests from state and federal agencies related pipeline design and engineering.					10,000		10,000
Refine the alignment of the spur pipeline, Delta Junction to Beluga, provide engineering support of pipeline design and engineering.					18,750	109,375	128,125
<b>R&amp;M CONSULTANTS, INC.</b>							
Provide screening-level geotechnical engineering services to further evaluate and analyze the proposed Glennallen to Palmer spur gas pipeline routing concerns.		42,000					42,000
Provide route documentation of access routes for the Glennallen to Palmer spur line.		25,000					25,000
<b>ROBERT FAVRETTO</b>							
Identify, contact and define the needs of the commercial users of natural gas on the Kenai Peninsula. Assist ANGDA with NS projects.						24,996	24,996
<b>RUTH ADAMS</b>							
Prepare an application to the State for a Glennallen to Palmer ROW. Conduct interviews with local community leaders as part of public outreach.	10,000						10,000

Appendix B  
 ANGDA Capital Expenditures by Vendor  
 FY 04 through April 30, 2010  
 (Continued)

Contractor	2005	2006	2007	2008	2009	2010 as of 4/30/2010	Total
Provide and coordinate field assistance to contractors. Execute field studies, provide photo log of alignment locales, provide results and recommendations to ANGDA.		41,956					41,956
<b>SEMCO ENERGY, INC.</b>							
Complete the Glennallen to Palmer ROW application, identify permits, identify BLM lands and land ownership, and provide recommendations on issues.	49,729						49,729
<b>SCIENCE APPLICATIONS INT. CORP.</b>							
Identify potential locations for natural gas storage in Cook Inlet region to meet the storage capacity of the spur line system supply.				98,550			98,550
Update the U.S. Department of Energy, National Energy Technology Laboratory report entitled, "Alaska Gas Needs and Market Assessment."				80,200			80,200
<b>SCOTT BALICE STRATEGIES, LLC</b>							
Supply a report that discusses the pros and cons of various public-private partnership structures.					52,500		52,500
<b>SHAW GROUP, INC.</b>							
Prepare a qualitative appraisal of the Alaska LNG project by benchmark evaluation and compare Alaska LNG costs to several contemporary competitive LNG projects around the world.	50,000						50,000
Provide a ground-level general constructability review to supplement information on ANGDA's proposed gas spur line realignment published June 13, 2006.		4,862	49,700	5,417			59,979
Identify real and potential historic cultural sites along the proposed pipeline alignment. Work with BLM to identify transfer areas.		32,286					32,286
Identify technical and economic issues impacting the future operation of the Kenai LNG plant. Indicate pipeline route and size that would satisfy Kenai needs.		50,000					50,000
Develop a conceptual design of the NGL straddle plant, compressor station, and metering stations.		48,875	48,875				97,750
Develop a broad strategy outlook regarding organization and execution of a permitting program matrix.			7,646	42,245			49,891
Provide high resolution aerial photography for wetlands delineation documents to satisfy USACE requirements for the B2F EIS.						19,468	19,468

Appendix B  
 ANGDA Capital Expenditures by Vendor  
 FY 04 through April 30, 2010  
 (Continued)

Contractor	2005	2006	2007	2008	2009	2010 as of 4/30/2010	Total
Complete wetland delineation for NEPA-based impact evaluation required by the USACE for ROW corridor from Delta Junction to Beluga.					1,466,967		1,466,967
<b>STEVE PRATT ENTERPRISES</b>							
Define RCA issues related to ANGDA as a gas transmission utility and as a buyer/seller of natural gas to utilities.	18,150	6,050					24,200
Create a knowledge base of statutory and regulatory issues. Develop a system for monitoring dates for legislative and regulatory hearings.		26,910	27,230				54,140
Direct and conduct educational workshops in association with APA natural gas working group.			4,300	52,800			57,100
<b>THEODORE PEASE</b>							
Provide cost analysis to off load a 20-24" pipe and truck double joints to extreme ends of project.					4,550	6,890	11,440
<b>TIMOTHY G. BRIDGMAN</b>							
Conduct technical studies related to the Alaska LNG project.	14,938	2,250					17,188
<b>UA</b>							
Conduct open season simulation regarding how natural gas prices in Cook Inlet affect investment incentives under two pricing mechanisms.				4,961	41,844		46,805
ISER performed propane facility economic study for the Fairbanks area.					7,013	6,250	13,263
Propane development model phase II- update model developed by PND with improved capital and operating costs.						10,427	10,427
<b>URS CORPORATION</b>							
Develop a desktop engineering design for a gas pipeline to be located in the TAPS ROW from Delta to Glennallen.		69,450					69,450
Perform geological study for the engineering design of fault crossings along the proposed Glennallen to Palmer spur line.		21,070					21,070

Appendix B  
 ANGDA Capital Expenditures by Vendor  
 FY 04 through April 30, 2010  
 (Continued)

Contractor	2005	2006	2007	2008	2009	2010 as of 4/30/2010	Total
Determine the feasibility of utilizing the TAPS ROW for placement and operation of a high-pressure natural gas pipeline. Determine how pipeline companies can work together and establish protocols.				32,584	4,660		37,244
Prepare an EIS document, review potential issues and assess scope of environmental analysis. Establish a B2F EIS website.					228,546	687,561	916,107
<b>U.S. DEPARTMENT OF INTERIOR</b>							
Develop EIS permitting for the B2F.					140,000		140,000
<b>VICTOR MANIKIAN</b>							
Review and evaluate June 2007 proposal to ANGDA from the URS Corporation for work related to Delta Junction to Glennallen segment of natural gas pipeline. To review and evaluate the URS report "Engineering & Cost Assessment, Delta Junction to Glennallen."			4,200				4,200
Evaluation and selection of in-ground thermal design strategy for gas pipeline and simplified design alternatives for cold high pressure gas pipeline in interior Alaska				50,000			50,000
Research and prepare a report containing information necessary to identify and resolve design elements for the B2F pipeline.					21,600		21,600
<b>WARD A. WHITMORE</b>							
Synthesize and summarize the LPG/NGL public research and information available related to Alaska LPG. Identify potential business opportunities, regulatory and security-related issues related to in-state LPG facilities.			33,350	12,035			45,385
<b>WOOD MACKENZIE</b>							
Provide a financial overview of potential competitive LNG supply projects targeting the west coast of North America.	8,500						8,500
<b>DNR</b>							
GIS mapping services.	2,986			5,664	3,763	1,554	13,967
Office space rental.		20,590	18,913	24,319	39,833	47,760	151,415
B2F ROW permitting efforts.					89,586	150,165	239,751

Appendix B  
 ANGDA Capital Expenditures by Vendor  
 FY 04 through April 30, 2010  
 (Continued)

Contractor	2005	2006	2007	2008	2009	2010 as of 4/30/2010	Total
<b>DOA</b>							
DGS - lease costs.		20,607	73,002	73,790	74,455		241,854
ETS - telecommunications.					1,789		1,789
DOP - HR integration.					1,572		1,572
<b>DOR</b>							
Administrative support services.		20,337	25,805	44,944	37,630		128,716
<b>LAW</b>							
Legal counsel			68,692				68,692
<b>DOTPF</b>							
State equipment fleet - Ford Expedition					15,107	7,043	22,150
<b>Miscellaneous</b>							
Advertising	28,223	17,077					45,300
Program management/consulting		8,613	38,083	24,506	4,352	143	75,697
<b>Totals</b>	<b>710,169</b>	<b>873,151</b>	<b>805,407</b>	<b>942,945</b>	<b>3,682,410</b>	<b>1,988,356</b>	<b>9,002,438</b>



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Appendix C  
ANGDA Financial Commitments  
As of April 30, 2010

Entity	Nature of Commitment	Description	Balance at 4/30/2010	Expected Completion Date
ANGDA	Intra-agency RSA	FY 10 CIP funding for ANGDA operations - unbudgeted RSA.	140,757	Jun-10
DNR	Inter-Agency RSA	FY 10 office space leased by DNR.	12,765	Jun-10
DNR	Inter-agency RSA	GIS mapping services of proposed route within Southcentral Alaska.	5,000	Jun-10
DNR	Inter-agency RSA	FY 09 ANDGA gas pipeline ROW efforts.	196,847	Jun-11
UA - Anchorage	MOU	Propane development model phase II.	14,257	Jun-10
State equipment fleet	Inter-agency RSA	Annual lease for company vehicle - Ford Expedition.	10,074	Jun-10
TMI Consulting	Contract for professional services - gas supply coordinator	Provide the direction and leadership in work to develop long-term commitments for the purchase of NS gas. General focus on the Natural Gas Supply Company and preparation for the open season.	44,000	Jul-10
Paul Fuhs Professional Services	Contract for professional services - rural energy and mining liaison	Assist the propane supply coordinator to identify needs of end users of NS propane, develop marine logistics plan, and prepare comparative analysis of propane transportation methods.	15,419	Aug-10
MAP Consulting, LLC	Contract for professional services - propane coordinator	Assist with developing a commercial plan for processing and distributing propane from NS production operations to meet in-state energy needs.	45,165	Jul-10
Favretto Consulting Kenai Industrial	Contract for professional services - Kenai industrial coordinator	Identify, contact and define the needs of the commercial users of natural gas on the Kenai Peninsula and assist with NS projects.	25,004	Sep-10
NANA Worley Parsons	Contract for professional services -NS operations advisor	Provide consulting services, technical support, and advice related to propane commercialization and implementation of a propane extraction facility at Prudhoe Bay.	5,528	May-10
DOWL Engineers	Contract for professional services - edit work for B2F plan	Technical edit work for two B2F companion documents - project descriptions for the EIS and plan of development for the ROW grant.	2,500	Jun-10
Environmental Resources Management - West, Inc.	Contract for professional services - wetland mapping detail	Provide an EIS permitting wetlands atlas for B2F route.	49,723	Jun-10
UA - Anchorage	MOU - open season simulation and research	Conduct open season simulation regarding how natural gas prices in Cook Inlet affect investment incentives under two pricing scenarios.	28,196	Dec-10
URS Corporation	Contract for professional services -EIS development	Prepare environmental document that complies with NEPA, review potential issues and assess scope of environmental analysis, prepare recommendations and analysis of shortcomings.	616,737	Nov-10
Hisey & Associates, LLC	Contract for professional services - spur line project manager	Project manager for advancing the in-state spur line project, determine scope and deliverables for the RFP, and select contractor	64,750	Sep-10
Evan J. Griffith Enterprises	Contract for professional services - enterprise coordinator	Assist ANGDA in updating the business plan, developing an RFP scope for a financial advisor and obtain funding for spur line.	86,688	Sep-10
BLM	Contract for professional services - B2F EIS	Develop the EIS permitting for B2F.	569,626	NA
ODSATHER International Marketing	Contract for professional services - pipeline alignment/construction	Refine the alignment of the spur pipeline Delta Junction to Beluga and identify aspects of pipeline design and engineering.	21,875	May-10

Appendix C  
 ANGDA Financial Commitments  
 As of April 30, 2010  
 (Continued)

Entity	Nature of Commitment	Description	Balance at 4/30/2010	Expected Completion Date
Laughlin Company	Contract for professional services - permitting coordinator	Supervise, monitor, and coordinate all aspects of federal and state permitting for the ROWs, natural gas facilities, and environmental permits.	31,250	May-10
ASRC Energy Services	Contract for professional services - evaluation of the Glennallen gas well	Evaluate the Ahtna, Inc. 1-19 gas well to determine the viability and possibilities of the find.	15,722	Jun-10
Hoffman, Silver, Gilman & Blasco PC	Contract for professional services - liaison to federal agencies	Assist in the ROW and permitting process for B2F. Assist in Yukon-Kuskokwim propane demonstration project.	8,340	Jun-10
TransCanada/Exxon Mobil	Conditional legal obligation	Open season bid as member of AGSC.	confidential	Indeterminate
			<b>2,010,223</b>	

Appendix D  
List of ANGDA Reports and Other Materials  
As of April 30, 2010

Fiscal Year Work Completed	Report/Study	Format	Description	Cost
<b>Reports and items included in the value of the conditional spur line ROW reported in ANGDA's financial statement</b>				
2005	LNG (Prudhoe Bay to Valdez) financial plan	N/A	No tangible report but cost of work is included in value of ROW lease.	6,300
2005	A review of the YPC's TAGS permits	Report	Document and review the existing ROW, permits, certificates, and other documents obtained by the YPC for the TAGS and determine which of the documents are of the most importance to ANGDA from a business perspective.	25,000
2005	24" spur line from Glennallen to Palmer conceptual alignment and budget level cost estimate	Report	Conceptual alignment, route description, and cost estimate for a 24" diameter, high-pressure spur pipeline from Glennallen to the Southcentral grid.	20,000
2005	Cook Inlet gas spur line project; ROW and permitting Issues	Report	Report addresses the ROW and permitting (federal, state, and local), environmental standards, mitigation, and best practices issues for the four main alternate routes.	10,000
2005	Financial plan for the Cook Inlet spur line	Report	Financing plan for the construction of a pipeline that from Glennallen to Matanuska. Report provides recommendations on how to minimize the costs of energy to consumers in the Cook Inlet Region, minimize the impact on energy providers, and issue tax-exempt bonds to finance construction.	25,000
2005	GPSL engineering report	Report	Report provides supporting documentation to submit a conditional-use ROW lease application.	88,625
2005	ANGDA alignment lands	Report	Supporting documents and various case abstracts relating GPSL routing.	49,729
2005	Environmental report: ANGDA GPSL	Report	Report regarding the environmental impact , logistics, housing for pipeline employees, health care facilities, geological hazards, river and stream crossings, permits, access, etc.	49,999
2005	Public outreach report of interviews of local opinion leaders/Cook Inlet spur line	Report	Report of efforts to listen to community leaders along the GPSL route in order to gain a sense of the major concerns, questions, and issues about the spur line. Fifty-five individuals were interviewed.	10,000
2006	ANGDA spur line report on utility regulationi in the 3rd quarter of 2004	Report	A review of likely utility regulatory issues, provide a comprehensive review of tasks needed to be undertaken to secure regulatory approvals, and suggest areas where changes to the regulatory process should be looked at to better accommodate those issues.	24,200
2006	Recreational use research report of Glennallen to Anchorage natural gas spur line.	Report	Outreach based report to identify recreational groups that could use the spur line ROW and adjacent areas.	20,400
2006	Spur line route mapping and photography	Photographs	Aerial photography and digital mapping of the Glennallen to Palmer route.	73,799
2006	Cook Inlet gas spur line project interim alignment, economic and regulatory feasibility 2004	Report	Feasibility study to identify alternative projects to bring gas to tidewater. Report identified financial structuring for construction, conceptual alignment for the pipeline, cost estimates, regulatory review, recommendations for required permits, and impacts on permitting and land ownership issues.	45,000
2006	Spur line reroutes, agency and utility applications, stipulation, and contacts	Pamphlet	Pamphlet to assist in applying for a permit from the USACE. Provides general information of a non-technical nature and specific guidance on how to complete a permit application. The report included alignment and reroute maps and photographs.	11,500

Appendix D  
List of ANGDA Reports and Other Materials  
As of April 30, 2010  
(Continued)

Fiscal Year Work Completed	Report/Study	Format	Description	Cost
2006	Permitting comparison of Parks Highway and Glenn Highway natural gas pipeline ROW	Report	Comparison of the permitting/ROW acquisition aspects of the Parks Highway/Alaska Railroad gas pipeline routes to Glennallen-Palmer. Comparison of the Denali Highway route to Glennallen-Palmer. Evaluation of eight possible gas pipeline routes from Fairbanks to Palmer.	20,600
2006	Cook Inlet energy supply alternatives study final report	Report	Study on various energy alternatives that could be implemented to meet Cook Inlet's future natural gas demand. Alternatives were ranked in respect to eight criteria to allow decision makers to see the alternative that ranked highest in criterion that was important to them.	25,000
2006	GPSL and Native landowner ROW	Report	Review of Alaska Native land along the proposed GPSL. Report describes the different categories of land owned by ANCSA corporations, tribal governments, BLM, BIA, crossed by the proposed spur line route. The report discusses the ROW acquisition process for each category	21,650
2006	GPSL access routes to pipeline	Maps	Compilation of route maps and drawings	25,000
2006	Commercial future of the Kenai LNG plant	Report	Report identifies economic issues impacting the future operation of the Kenai LNG plant, pipeline routing and sizing, timeframes, plant shutdown and removal, etc.	50,000
2006	GPSL archaeological studies	Report	Limited field reconnaissance of known sites. The preliminary report included an initial survey of identified historical and archaeological sites and cultural resources within the proposed area of the spur line ROW corridor. Cultural resources include prehistoric and historic artifacts, structures, and places on the landscape.	32,286
2006	Glennallen to Palmer field recon segment 7	Report	Field reconnaissance contains various roadway, culvert, and airport data collection sheets. A main culverts spreadsheet and photo log.	41,956
2006	GPSL soil studies	Report	Soils studies providing baseline geotechnical data concerning a pipeline corridor approximately two miles in width extending for about 148 miles from Glennallen to Palmer.	42,000
2006	Engineering/fault zone crossing design GPSL	Report	Geological study and preliminary design of fault crossings along ANGDA's proposed natural gas spur line from Glennallen to Palmer.	21,070
2006	GPSL Bored River crossing investigation	Report	Field investigations conducted along the proposed GPSL. Evaluation of 21 potential anadromous stream sites that may be crossed by the proposed route. Each site was evaluated for constructability of the pipeline by visually inspecting the soil and local geology, hydrologic and hydraulic factors, potential environmental concerns, and other miscellaneous factors impacting construction.	24,200
2006	Environmental permitting plan GPSL	Report	Permitting plan to: (1) establish the process for permitting the construction and operation of the spur line, (2) identify environmental permits required, (3) prepare a schedule for obtaining permits, (4) develop tools for managing the permitting process, and 5) estimate the cost of environmental permitting.	30,000
2006	New technology applications for gas pipelines	Report	Assessment of current technology relative to pipeline inspection, integrity, and maintenance sensors.	10,000
2006	Land use and ownership alignment sheets - Glennallen to Palmer	Alignment Sheets	Updated Glennallen to Palmer alignment sheets.	28,112
2007	Spur line terminal conceptual design	Report	Preliminary conceptual process configurations and economic evaluations for several different alternatives for processing gas and the recovery of ethane and heavier LPG products, with the resultant leaner residue gas stream being exported via the main trunk line to the continental U.S.	97,750
2007	ANGDA business plan	Report	Business plan that outlines potential roles, functions, and projects, and analysis of markets, regulatory requirements, as well as financial and economic forecasts and concerns	63,813

Appendix D  
List of ANGDA Reports and Other Materials  
As of April 30, 2010  
(Continued)

Fiscal Year Work Completed	Report/Study	Format	Description	Cost
2007	ANGDA business plan; GPSL cost estimate update	Report	Provides an update to the GPSL cost estimate and all capital costs, including pipeline and terminal costs. The cost estimates includes spur line alignment reroutes.	432,398
2007	Alaska natural gas line in-state regulatory issues	PowerPoint Presentation	PowerPoint slides regarding regulatory issues with FERC, RCA, and DNR, etc.	54,140
2008	Pipeline milepost 84-94 field reconnaissance - proposed realignment GPSL	Report	Ground-level general constructability to supplement information on ANGDA's proposed gas spur line realignment published. Identify potential key constructability and/or environmental protection issues in the 300-foot wide construction ROW for the proposed realignment section. The mileposts are used for general reference along the realignment section.	59,979
2008	Provide oversight of spur line ROW application and all corresponding work related to its completion	N/A	No tangible report but cost of work is included in value of ROW lease.	50,000
2008	Permitting plan strategy for the Alaska gas spur line project, Delta Junction to Glennallen to Palmer to Beluga	Report	Provides an overview of the critical components of the permitting process with an implementation strategy to move forward in a timely and effective approach.	49,891
2008	Permitting Coordinator	N/A	No tangible report but cost of work is included in the value of the ROW lease.	49,875
2009	TAPS ROW co-use feasibility report	Report	Provide additional evaluation of the feasibility of co-use of the TAPS ROW for placement and operation of a high-pressure natural gas pipeline. This report builds on the report " <i>Delta Junction to Glennallen Natural Gas Pipeline Engineering Feasibility and Cost Assessment.</i> "	37,243
2009	Present ANGDA's business plan to bonding and rating agencies, secure financing, and ensuring that the business plan is consistent with the project.	N/A	No tangible report but cost of work is included in value of ROW lease.	96,000
2009	Permitting coordinator	N/A	No tangible report but cost of work is included in the value of the ROW lease.	50,000
2009	Wetlands delineation training	Report	Provides information on wetlands delineation study on the proposed project from Delta Junction to Beluga. The report contains the contractors summary, collection of data, and results of the property surveys along the pipeline route and the existing ROW to determine the accurate wetland boundaries and assess the wildlife habitats.	1,466,967
2009	Propane coordinator	N/A	No tangible report but cost of work is included in the value of the ROW lease.	150,000
2009	Provide spur line reconnaissance services, disseminating information regarding the project, and interface with potential stakeholders.	N/A	No tangible report but cost of work is included in the value of the ROW lease.	134,625
2009	Gas supply coordinator	N/A	No tangible report but cost of work is included in the value of the ROW lease.	164,000
2009	ANGDA trip report - gas plastic pipe-GVEA ROW Delta Junction to North Pole.	Report	Report of route feasibility, constructability and access reconnaissance of the GVEA power transmission line from Delta Junction to North Pole terminating in the area of the GVEA power station and Flint Hills refinery.	86,632
2009	Permitting coordinator	N/A	No tangible report but cost of work is included in value of ROW lease.	66,000
2009	ANGDA B2F contaminated sites baseline research and gap analysis	Report	Provides a summary of information on existing contaminated sites that may present an environmental liability, or might restrict land use along the B2F corridor, or might be identified as critical under the NEPA process.	218,305
2009	Delta Junction to Fairbanks natural gas pipeline: plastic pipe design	Report	Description of plastic pipe design including type of plastic and materials used.	21,600

Appendix D  
List of ANGDA Reports and Other Materials  
As of April 30, 2010  
(Continued)

Fiscal Year Work Completed	Report/Study	Format	Description	Cost
2009	Feasibility of gas spur line public private partnership	Report	Information regarding developing an intra-state natural gas spur line through a public-private partnership. Study reviewed several structures that could be used to proceed with development of the spur line through a PPP, and identifies certain regulatory, financial and operational parameters for a private sector partner for such a project	52,500
2009	Permitting coordinator	N/A	No tangible report but cost of work is included in the value of the ROW lease.	10,000
2009	Respond to informational requests from state and federal agencies related pipeline design and engineering.	N/A	No tangible report but cost of work is included in the value of the ROW lease.	10,000
2009	Cook Inlet gas study	Report	Open season simulation regarding how natural gas prices in Cook Inlet affect investment incentives under two pricing mechanisms.	46,804
2010	360 degree Immersive video	Video	Immersive video, hard drive, single frames, various clips, GEO Immersive 2.0 software for the 800 mile B2F route.	69,795
2010	Prepare EIS document, establish a B2F EIS website.	N/A	No asset as B2F project was suspended.	916,108
2010	Project Manager for in-state spur line project.	N/A	No tangible report but cost of work is included in value of ROW lease.	185,250
2010	Refine the alignment of the spur pipeline, Delta Junction to Beluga, and identify aspects of pipeline design and engineering	N/A	In progress.	128,125
2010	Update business plan, develop RFP scope for a financial advisor, and obtain funding for spur line	N/A	No tangible report but cost of work is included in the value of the ROW lease.	38,188
2010	B2F pipeline logistics study	Report	Provides information regarding the possible methods to transport pipe from the ports of Anchorage, Seward, or Valdez to the staging areas in Glennallen, Palmer, or Fairbanks. The report provides an objective comparison of the methods including barge, bulk cargo ship, or retired oil tanker that is converted to haul bulk pipe. The report also includes the cost and feasibility of moving the pipe by truck or railway.	11,440
<b>Total of Items Included in Reported ROW Value</b>				<b>5,648,854</b>

Appendix D  
List of ANGDA Reports and Other Materials  
As of April 30, 2010  
(Continued)

Fiscal Year Work Completed	Report/Study	Format	Description	Cost
<b>Reports and other items not included in the value of the conditional spur line ROW in ANGDA's financial statement</b>				
2005	NS gas benefit analysis.	Excel Spreadsheet	Various cost/benefit models related to NS gas.	50,000
2005	ANGDA competitive cost comparison: cost comparison - an analysis of delivered LNG costs into western North America	Report	Provides a preliminary analysis of the cost competitiveness of the proposed Alaskan LNG export project located at Valdez to serve potential markets located on the western coast of North America.	25,000
2005	ANGDA: all-Alaska LNG project initial report	Report	Study to determine if the most current LNG plant train sizing, module/barge construction techniques, and other technology design factors can significantly lower the cost estimate available from YPC. Assessment of the cost of the upstream and downstream components of the overall LNG supply chain from wellhead to regasification.	50,000
2005	Cook Inlet gas spur line ROW lease application report	Report	Provide the methodology and results of the effort to develop and submit a state, the ROW "Conditional Use" lease application for the State of Alaska, spur line 148-mile alignment between Palmer and Glennallen.	25,000
2005	Newspaper report: The all-Alaska LNG project <i>A Report to the People</i>	Newsletter	A report to the public containing a development plan for the LNG project from Prudhoe Bay to Valdez.	10,775
2005	Vendor cost estimate for propane extraction plant	Report	Feasibility study of installing small natural gas plants to extract propane and utility grade gas from a major gas pipeline traversing Alaska.	5,000
2005	Transport of NS natural gas to tidewater	Report	Technical study relating to the all-Alaska LNG project. Analysis and determination of design feasibility, costs, issues, labor, etc.	179,745
2006	Feasibility study of propane distribution throughout coastal Alaska (in conjunction with gas spur line to Southcentral Alaska)	Report	Desk study to determine the feasibility and economics of the distribution of liquid propane gas throughout coastal Alaska for electrical power generation and domestic heating. Concepts for transportation and distribution of propane to marine-accessible, Alaska communities was part of the study.	50,000
2006	Delta Junction to Glennallen Natural gas pipeline engineering Feasibility and cost assessment	Report	Report of engineering feasibility and cost of constructing a 24" diameter gas pipeline in close proximity to the TAPS between Delta Junction and Glennallen.	69,450
2006	Cost of moving LPG to Cook Inlet - Cook Inlet propane cost models	Summary report, CD, and Excel Spreadsheet	Spreadsheet model developed to aid in the analysis of the costs of moving propane from the NS to Alaskan coastal communities and the potential cost savings from using propane.	15,500
2007	<i>Report to the People II</i>	Newsletter	Provide information regarding ideas to solve Alaska's energy crisis, energy alternatives, pipeline routes, propane distribution, status of pipeline projects, work plan.	10,000
2007	Cost of service determination model	Excel Spreadsheet	Cost of service determination model including components of the cost of service, assumptions, summarized costs of service, rate base, components of gross plant, depreciation, etc.	3,728
2007	Computerized engineering designs	Flow Chart Drawing and CD	Provide hand drawn engineering designs transferred to AutoCAD Software.	1,605
2007	Alaska permafrost maps	Maps	Two maps showing permafrost in Alaska along the ANGDA spur line and in Southcentral.	3,475
2007	Presentations by Roger Fontes for open season workshops	PowerPoint Presentation	The PowerPoint presentation covered gas acquisition strategies, potential aggregator scenarios, etc.	4,999



Appendix D  
List of ANGDA Reports and Other Materials  
As of April 30, 2010  
(Continued)

Fiscal Year Work Completed	Report/Study	Format	Description	Cost
2008	LPG/NGL extraction reports	Report	Summarize public information related to Alaskan propane, identify the likely configuration of a propane extraction facility, estimate the cost-per-gallon for extraction and storage of propane and prepare a conceptual facility layout. Identify potential business opportunities related to LPG extraction from the pipeline as well as regulatory and security-related issues related to the in-state LPG facility. The report specifically addresses a 1000 bpd PEF located at the intersection of the Dalton highway and the Yukon River.	45,385
2008	ANGDA/APA open season workshops "Can North Slope Natural Gas Energize Alaska?"	PowerPoint Presentation	PowerPoint slides regarding the ANGDA-sponsored open season workshop to allow potential participants in an in-state open season to understand the decisions and dynamics necessary to make effective decisions.	57,100
2008	Audit report	Report	FY07 financial statements.	6,460
2008	Energy scenarios study	Report	Study estimates household energy bills under six scenarios or different sets of assumptions for future natural gas and electric power supply for Cook Inlet in Southcentral Alaska. The six scenarios are: (1) NS gas scenario; (2) local gas scenario; (3) LNG scenario; (4) coal scenario; (5) renewable scenario; and (6) integrated scenario.	48,000
2008	Cook Inlet natural gas reservoir and storage	Report	Identifies potential locations for underground natural gas storage in the Cook Inlet region to achieve the capacity and deliverability required to meet the regional need for load balancing, operational balancing, and efficient management of the spur line system supply.	98,550
2008	Taps co-use URS corrections May 2008	Report	The report provided information regarding co-use issues pertaining to engineering a 24" gas pipeline in close proximity of the TAPS ROW. The report discussed the geotechnical design issues, pipeline design, seismic design criteria, seismic design ground motions, earthquake duration, pipeline routing, river crossing, and URS report revisions for the engineering of a 24" gas pipeline near TAPS.	50,000
2008	Alaska utility capacity- gas supply and infrastructure commitments interim report- 4/9/08	PowerPoint Presentation	The purpose of the presentation is to identify key financial performance measures and data requirements that are particularly relevant to the Alaska market. Presentation discussed the financial performance and debt capacity model for multiple utility companies.	50,000
2008	Alaska gas spur line proposals for AGIA application	Report	The report was prepared as an adjunct to several major gas pipeline AGIA proposals for getting NS gas to markets .	13,063
2008	Alaska gas spur line proposals for AGIA application	Report	The report was prepared as an adjunct to several major gas pipeline AGIA proposals for getting NS gas to markets.	13,550
2008	Update U.S. Department of Energy, National Energy Technology Lab report entitled "Alaska gas Needs and Market Assessment." June 4, 2008	PowerPoint Presentation	Feasibility study evaluating the level of sustainable dry gas and NGL demand there is in Southcentral Alaska.	80,200
2009	Yukon-Kuskokwim propane demonstration project implementation report.	Report	The report documents the village perspective on propane. The study documents every aspect of how villages use propane now as well as how rural Alaskans will acquire transport, and use LPG in the future. The report, in part, addresses questions asked by rural residents during village gatherings, alternative energy conferences, village corporation shareholder meetings, and tribal council gatherings.	79,093
2009	Audit Report	Report	FY08 and FY09 financial statements.	14,000
2009	Yukon-Kuskokwim propane demonstration project implementation report	Report	Study of how villages use propane now, as well as how rural Alaskans will acquire transport, and use LPG in the future. The report addresses questions asked by rural residents during village gatherings, alternative energy conferences, village corporation shareholder meetings, and tribal council gatherings.	10,500

Appendix D  
List of ANGDA Reports and Other Materials  
As of April 30, 2010  
(Continued)

Fiscal Year Work Completed	Report/Study	Format	Description	Cost
2009	Propane private-venture opportunity symposium	Excel Spreadsheet	856 page contact list. The list includes the category, company name, contact name, title, and email of all persons invited to conference.	6,000
2009	Alaska petrochemical development study	Report	Report to increase awareness and disseminate interest in petrochemical investment for use during a trade mission trip to Asia. (Anchorage Economic Development Corporation and ANGDA planned a trade delegation trip to the Asia region to meet with potential investment companies. Also includes a gas value-added technical conference held in Anchorage.)	250,000
2010	Ahtna, Inc. cultural landscape in proposed ANGDA pipeline corridor.	Report	Identify lands used by Ahtna, Inc. adjacent to the pipeline corridor and to assist in compliance with state and federal laws regarding cultural resources within the proposed pipeline corridor. The study takes a regional perspective through the concept of a <i>cultural landscape</i> . The report covers a wide geographic area and some of the sites described are miles from the proposed ROW corridor.	30,692
2010	Ahtna, Inc. wells #1-19 gas confirmation test- Copper River Basin, Alaska. July 15, 2009 ANGDA Board	PowerPoint Presentation	PowerPoint presentation evaluates Ahtna, Inc. #1-19 gas resource potential, estimate technical viability and commerciality, review geologic exploration/drilling data, estimate potential gas volumes/pressure, calculate potential field gas production rates, and calculate GIP, EUR and field life.	16,082
2010	NS propane extraction facility/Prudhoe Bay interconnection proof of concept study rev. 1	Report	Evaluates the feasibility of a propane extraction facility on the NS. Defines a viable interconnection concept between the proposed facility and existing Prudhoe Bay facilities compatible with NS operations.	36,658
2010	Glennallen Industrial Park site selection for B2F natural gas pipeline.	Report	Report designs a plan to provide specific on-site and technical information to facilitate the permit process and cost estimates for development of a large commercial industrial site to be used during the B2F natural gas line construction and indefinitely as economic driver for the Ahtna region.	49,990
2010	Desktop survey of potential wetlands on the B2F route	Report	Report identifies segments of the ROW that are wetlands as defined by the USACE, and evaluates the alternative route to Fairbanks, soil mapping, and air quality impacts of the B2F pipeline.	10,716
2010	<i>Report To The People III</i>	Video	Video on ANGDA status and plans - significant focus on propane	46,710
2010	Wetland and Water Map Atlas: wetlands and waters/project environmental data alignment sheets.	Maps	Alignment sheets and print aerial photography submitted to the USACE for B2F permitting.	19,468
2010	NS propane extraction facility, cost revision	Report	Report providing a rough-order-of-magnitude cost estimate based on a chosen process and conceptual layout for the proposed propane extraction facility.	63,888
2010	Propane extraction facility preliminary cost opinion.	Report	Report provides a cost opinion for a propane extraction facility between the central gas facility and central compressor plant at Prudhoe Bay. The report provided process flow diagrams, preliminary equipment lists, general layouts, and loading and storage facilities.	49,000
2010	B2F mapping	Maps	Maps for the B2F corridor in support of EIS and permitting efforts.	14,450
2010	B2F route video	Video	Provide post production editing of raw video of the B2F route.	80,000
2010	Research summary of proceedings	Report	Propane facility economic study for the Fairbanks area.	13,263
<b>Total of items not included in reported ROW value</b>				<b>1,757,095</b>
<b>Overall Total</b>				<b>7,405,949</b>

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## GLOSSARY OF ABBREVIATIONS

AGIA	Alaska Gas Line Inducement Act - State
AGPA	Alaska Gas Port Authority
AGSC	Alaska Gas Supply Company
ANCSA	Alaska Native Claims Settlement Act - Federal
ANGDA	Alaska Natural Gas Development Authority
ANGPA	Alaska Natural Gas Pipeline Act - Federal
APA	Alaska Power Association
AS	Alaska Statute
B2F	A Beluga to Fairbanks pipeline project proposal
BIA	Bureau of Indian Affairs
BLM	Bureau of Land Management
Bcf	Billion cubic feet
Bpd	Barrel per day
CEO	Chief executive officer
CIP	Capital improvements projects
DGS	Division of General Services
DNR	Department of Natural Resources
DOA	Department of Administration
DOP	Division of Personnel
DOR	Department of Revenue
DOTPF	Department of Transportation and Public Facilities
EIS	Environmental impact statement
ENSTAR	ENSTAR Natural Gas Company
ETS	Enterprise Technology Services
EUR	Estimated ultimate recovery
FERC	United States Federal Energy Regulatory Commission
GIP	Gas in place
GIS	Geographic information system
GPSL	Glennallen to Palmer spur line
GTP	Gas treatment plant
GVEA	Golden Valley Electric Association
HB	House Bill
ISER	Institute of Social and Economic Research
LAW	Department of Law
LNG	Liquefied natural gas
LPG	Liquefied petroleum gas
MOU	Memorandum of understanding
NEPA	National Environmental Policy Act - Federal
NGL	Natural gas liquids
NS	North Slope

PEF	Propane extraction facility
RCA	Regulatory Commission of Alaska
RFP	Request for proposal
ROW	Right-of-way
RSA	Reimbursable services agreement
SAGP	Stand Alone Gas Pipeline
SGDA	Alaska Stranded Gas Development Act - State
SLA	Session Laws of Alaska
TAGS	Trans-Alaska Gas System
TAPS	Trans-Alaska Pipeline System
UA	University of Alaska
USACE	United States Army Corps of Engineer
YPC	Yukon-Pacific Corporation

**State of Alaska**  
**Department of Revenue**  
*Commissioner's Office*



**SEAN PARNELL, GOVERNOR**  
333 Willoughby Avenue, 11<sup>th</sup> Floor  
P.O. Box 110400  
Juneau, Alaska 99811-0405  
Phone: (907) 465-2300  
Fax: (907) 465-2394

November 19, 2010

RECEIVED

NOV 18 2010

LEGISLATIVE AUDIT

Pat Davidson, Legislative Auditor  
Division of Legislative Audit  
P.O. Box 113300  
Juneau, AK 99811-3300

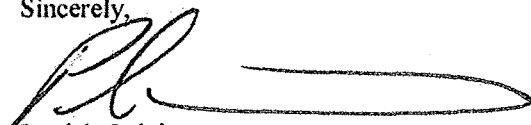
Dear Ms. Davidson:

Thank you for conducting a thorough audit of the Alaska Natural Gas Development Authority (ANGDA) and giving me the opportunity to respond to your preliminary report. As you know, ANGDA has chosen to submit a separate response. Because they responded to you directly, their response is considered confidential and I have not read it. I will respond to Recommendation No. 2-ANGDA should work with DOR accounting staff to properly present assets in its financial statements and note disclosures.

The Department of Revenue (DOR), Division of Administrative Services annually coordinates ANGDA's financial statements preparation and audit. Neither ANGDA nor DOR has a professional CPA on staff to assist with maintaining proper valuation criteria of ANGDA's capital assets. Therefore, ANGDA has contracted with a separate third party accounting firm to assist them with making this determination. The DOR accounting staff will continue to coordinate with ANGDA staff and contracted third party CPA to ensure that costs related to the ROW are properly presented and any necessary adjustments are made for COA2011 financial statements.

ANGDA contracted with Elgee Rehfeld Mertz, LLC to conduct the 2011 financial audit. During this audit, it was discovered that ANGDA has misclassified their conditional Right of Way (ROW) lease as construction in progress. The ROW was first capitalized in COA2007 by ANGDA's contracted accountant using the ROW valuation criteria under the then-current accounting standards. GASB 51, effective July 1, 2009, clarifies that a ROW should be classified as an intangible asset. Therefore, ANGDA's capital asset was reclassified to an intangible asset in COA2010. It was also discovered that ANGDA has not established criteria or procedures related to the amortization or impairment of its capital assets and the assets are therefore overstated. Due to changes recently implemented in GASB 51, Elgee Rehfeld Mertz, LLC found that ANGDA has a material weakness with internal control over capital assets. ANGDA agrees with their finding and has taken steps to properly identify their capital assets.

Sincerely,

  
Patrick Galvin  
Commissioner

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## **ALASKA NATURAL GAS DEVELOPMENT AUTHORITY**

TELEPHONE: (907) 265-6501

November 19, 2010

**RECEIVED**

**NOV 19 2010**

**LEGISLATIVE AUDIT**

Mark Lundahl, CPA  
Division of Legislative Audit  
PO Box 113300  
Juneau, Alaska 99811

RE: LB & A Preliminary Audit Report 04-30054

Dear Mr. Lundahl,

This letter summarizes the ANGDA Board's major concern related to the confidential LB&A Preliminary Audit Report 04-30054-10 dated October 8, 2010, "Alaska Natural Gas Authority – Selected Operational Issues" transmitted to me by Pat Davidson on October 29, 2010.

As expanded on in the remainder of this letter, the ANGDA Board strongly disagrees with the LB&A staff's, Finding and Recommendation #1 that the Legislature "sunset" ANGDA. The Board's primary grounds for disagreement are due to the certainty that;

- ANGDA does play a unique and key role in the acquisition and delivery of North Slope natural gas to in-state markets, communities, and citizen-consumers.
- ANGDA has remained true to the original goals set by Ballot Measure #3 (November 2002 general election), while avoiding duplicative efforts with a myriad of public agencies and private sector entrepreneurs involved with North Slope and in-state energy issues.
- ANGDA has adjusted its work program to complement and respond to the ever-changing direction, policy, priorities, and funding of the Governor and the Legislature.
- ANGDA's pursuit of projects separate from the mainstream gas supply projects and as alternatives is meaningful to a significant minority of Alaskans and is essential to ensuring statewide energy solutions. Furthermore, it provides for an evenhanded distribution of our State's resources.



ANGDA has and continues to play multiple roles in helping get North Slope gas to market to assure that Alaskans receive the maximum benefit from the State's efforts to provide energy security.

A Legislative discussion aimed at improving the State of Alaska efforts on gas lines, in-state gas, and meeting citizen-consumer energy needs, requires more than a simplistic elimination of an organization, particularly one that has consistently and steadily represented the interests of Alaska's citizens as consumers. Especially, while many other gas supply initiatives funded with substantially more dollars have come and gone over the last 5 years.

ANGDA remains the only organization that consistently measures alternative opportunities in terms of the consumer's monthly energy bill. Frankly, the in-state energy decisions of the next few years are of such high importance and impact, that the loss of ANGDA's objective voice would be a costly and potentially irrevocable mistake.

In considering the LB&A staff's report, the Committee should take note of the current ANGDA activity related to the big gas pipeline open seasons. ANGDA is the only entity that has stepped forward to participate in the time critical open seasons held by APP and Denali to address in-state gas needs. ANGDA, on behalf of the rail belt electric utilities, is currently negotiating with both the BP-ConocoPhillips and TransCanada-ExxonMobil gas pipeline sponsor groups for shipping capacity in their respective projects.

By bidding in the open seasons, ANGDA and the residents of Alaska become eligible for "negotiated" shipping rates that will provide an estimated one-third discount on future natural gas purchases. ANGDA anticipates that discount will amount to at least a \$75 million savings to the Alaska consumer and could easily reach 5 or 10 times that savings.

As we have previously advised the committee, these sensitive negotiations are clearly jeopardized by any threat to ANGDA's continuity and creditworthiness.

The committee should also consider that the audit report does not encompass the depth and breadth of ANGDA's activities. For example, while the AGIA licensee is guiding the building of a large-diameter pipeline, it is only ANGDA that has worked on the key connector pipeline bringing gas to the local electric utilities.

The audit makes no attempt to gauge success and as such it is incomplete as a basis for judging the public's best interest. In comparing ANGDA's activities to other public entities, the expectation is that the same level of scrutiny would be applied to counter views. In particular, ANGDA provided detailed records on the work relationship with the Governor's Office, yet the report singles out ANGDA's activities without performing comparable review of other entity's files. We sense that the conclusion on ANGDA's future may have been written before the audit started.

Exception is also taken to the audit interpretation that ANGDA has operated outside its statutory framework. The Department of Law has been involved in all ANGDA project decisions and applications, as well as providing advice to the Board at all meetings. The Department of Law has consistently held that the actions are proper. The Legislature has reviewed and supported ANGDA's actions several times, including the passage of clarifying amendments to AS 41.41. ANGDA was created by public initiative and the Board has remained responsive to the public's needs. As a public corporation, ANGDA must at times operate at the boundaries if progress is to be made. If ANGDA always stayed safely centered within the bureaucratic box, then it would not be a meaningful or needed contributor to the public good.

ANGDA is already working with the Department of Revenue to restate its asset accounts to reflect the new GASB 51 standards. An outside CPA firm was retained to prepare financial reporting guidelines for ANGDA that recognizes GASB standards, State accounting and reporting requirements, and general pipeline industry financial reporting standards.

The ANGDA Board is ready to participate in the public discussion of this report and would like the opportunity to participate in Legislative consideration of in-state energy roles and responsibilities.

Sincerely,



Scott Heyworth  
Board Chairman, ANGDA

cc: ANGDA Board members  
ANGDA Board Chairman Emeritus Andy Warwick  
ANGDA CEO Harold Heinze  
ANGDA Administrative Officer Kirsten Sikora

Attachments: Appendix A  
Appendix B

Alaska Natural Gas Development Authority

November 19, 2010

APPENDIX A

# MEMORANDUM

State of Alaska

Department of Law

TO: Pat Galvin  
Commissioner  
Dept. of Natural Resources

DATE: April 7, 2009

FILE NO.: 661-09-0121

TEL. NO.: 269-5211

FROM: Lisa Weissler  
Larry Ostrovsky  
Assistant Attorneys General  
Oil, Gas & Mining

SUBJECT: Review of Authority to Seek  
Professional Services forms  
submitted by ANGDA

You asked us to review several proposed contracts that ANGDA submitted to the Department of Revenue for approval. In particular, you asked whether those contracts are consistent with ANGDA's statutory framework.

### Short answer

Our review of the "Authority to Seek Professional Services" forms supplied by your administrative director, as well as a cost recovery agreement between ANGDA and the BLM concludes that these agreements are within the scope of ANGDA's authority.

### Background

ANGDA was created in 2002 by voter initiative and codified in Title 41.

Title 41 sets out a broad list of purposes for the Authority, but appears to contain some internal inconsistencies, or at least ambiguities.

AS 41.41.010 sets out the overarching purpose of ANGDA - to bring natural gas from the North Slope to market. Subsumed within that broader purpose are the specific services and functions provided by ANGDA, such as acquiring North Slope natural gas; designing and constructing a pipeline system; designing, constructing and operating other facilities necessary for delivering "the gas" -- presumably this article refers to North Slope gas -- to market and to Southcentral Alaska; and acquiring a natural gas share sufficient to ensure the long-term feasibility of the pipeline system.

By comparison, AS 41.41.200 (7) gives the Authority the power to issue bonds or incur indebtedness to pay for the costs of a "project." "Project," in turn, is defined somewhat more narrowly than the purpose described above:

"[P]roject" means the gas transmission pipeline, together with all related property and facilities, to extend from the Prudhoe Bay area on the North Slope of Alaska either to tidewater at a point on Prince William Sound and the spur line from Glennallen to the Southcentral gas distribution grid or to tidewater at a point on Cook Inlet, and includes planning, design, and construction of the pipeline and facilities as described in AS 41.41.010 (a)(1) - (5). AS 41.41.990 (3).

AS 41.41.070(d) provides broad authority to ANGDA to "contract for and engage the services of bond counsel, consultants, experts, and financial advisors the authority considered necessary for the purpose of developing information, furnishing advice, or conducting studies, investigations, hearings, or other proceedings."

Finally, ANGDA is given the power "in furtherance of its corporate purpose" to "make and execute contracts and other instruments" without any limiting language as to the project. AS 41.41.200(4).

"It is a basic rule of statutory construction that courts must attempt to harmonize the specific provisions of an act with the legislature's expression of its intent." *Commercial Fisheries Entry Com'n v. Apokedak*, 680 P.2d 486, 490 (Alaska 1984). Because ANGDA's authority to make and execute contracts is broad and not specifically limited to the defined "project," in our view the Authority's power to make and execute such contracts applies to the broader purposes expressed in AS 41.41.010.

With that in mind, we have reviewed the "Authority to Seek Professional Services" forms provided by your director of Administrative Services to determine whether they are consistent with the broad purposes of ANGDA, as expressed in AS 41.41.010.

#### Analysis

- 1. Authority to Seek Professional Services for Pipeline Alignment and Construction Engineer. Agency reference number: Asps 09-0030 RFP 2009-0400-8336.**

This contract involves hiring a contractor to refine alignment of a high pressure gas spur line connecting Delta Junction to Beluga. The form states that this contract is sought "[i]n conjunction with ANGDA's "on-going work to bring natural gas to market."

Entering into a contract related to delivering natural gas to the Alaska market clearly fits within the broad authority of ANGDA if the gas is North Slope natural gas, as

specified in AS 41.41.010. If the gas is not North Slope gas, the connection is more problematic and the Department of Revenue may want to request additional information from ANGDA to determine whether work under this contract will ultimately relate to delivering North Slope natural gas.

**2. Authority to Seek Professional Services for Enterprise Coordinator.  
Agency reference number: Asps 09-0031 RFP 2009-0400-8363.**

This contract involves hiring a contractor to develop a business and financial management framework to deliver natural gas to the Alaskan market. This includes management of a financial plan to include a combination of utility rates, bonding and legislative funding to finance the project.

We understand ANGDA's general plan is to tap into a main line to Canada with a spur line that would bring some of the North Slope gas to markets in Southcentral Alaska. The contract's purpose appears consistent with both the broad purposes of ANGDA, set out in AS 41.41.010, as well as the definition of project in AS 41.41.900(4).

**3. Authority to Seek Professional Services for Permitting Coordinator.  
Agency reference number: Asps 09-0029 RFP 2009-0400-8335.**

This contract involves hiring a permitting coordinator to execute a pipeline permitting plan to "bring North Slope natural gas to market in Alaska." This purpose appears consistent with both the broad purposes of ANGDA, set out in AS 41.41.010, as well as the definition of project in AS 41.41.900(3).

**4. Standard Agreement Form for Professional Services. Agency  
Encumbrance Number 491017**

This is an agreement with EJJ Enterprises, awaiting signature of the DOR director of administrative services.

This contract for EJJ Enterprises is to revise and update a business plan for ANGDA programs. This contract, under which EJJ is to assist ANGDA in, among other things, work with a financial advisor in pursuit of project financing, is within the scope of ANGDA's authority to acquire gas, and design and build a pipeline.

**5. Cost Recovery Agreement between ANGDA and the BLM.**

Your administrative director also provided us with a copy of a cost recovery agreement between ANGDA and BLM for payment of costs for processing an ANGDA

right-of-way application for a natural gas pipeline between Palmer, Glennallen and Delta Junction and Fairbanks.

We understand that ANGDA's plan is to tap into a main line to Canada with a spur line that would bring some of the North Slope gas to markets in Southcentral Alaska, and, in this case, Fairbanks. This purpose appears consistent with both the broad purposes of ANGDA, set out in AS 41.41.010, as well as the definition of project in AS 41.41.900(4), though not necessarily consistent with the definition of "project" in AS 41.41.990(3). Accordingly, if ANGDA gets to a point where it may issue bonds "in order to pay for costs of the project" we recommend that the definition of project in AS 41.41.990(3) be amended to remove any ambiguity as to whether bonds can be issued for purposes of a line to interior Alaska.

We hope this answers your questions. If you have any questions, or if there are additional authorizations that you would like us to review, please let us know.

cc Harold Heinze

LZO:kp

# Alaska Natural Gas Development Authority

November 19, 2010

## APPENDIX B



Library #	Date	Contract No.	OS # (if needed)	ANGDA LIBRARY ANGDA REPORTS	Area	Topic 1-10	Topic 11-20	Topic 21-33	Electronic copy available	Preparer / Author
100.00	8/16/2004	04-0423		24-Inch Spur Line from Glennallen to Palmer Conceptual Alignment & Budget Level Cost Estimate	G	3	15		yes	Michael Baker, Jr.
100.05	6/1/2004	04-0436		Cook Inlet Gas Spur Line Project Right of Way & Permitting Issues	C	8	11			Land Field Services
100.10	4/5/2005	04-0435		Cook Inlet Gas Spur Line-State Right of Way Lease Application Report (24 Inch 2500 psi 148 mile Spur Line-Palmer to Glennallen)	G	11				Odsather International Mktg
100.15	9/1/2004	04-0437		Financial Plan for the Cook Inlet Spurline	C	3				First Southwest Company
100.20	7/1/2004	04-0438		ANGDA Spur Line Report on Utility Regulation - 3rd Quarter, 2004 (Glennallen to Palmer) (2 copies)	G			24	yes	Steve Pratt Enterprises
100.21	9/1/2004			Interim Feasibility Report-All Alaska LNG Project (2 copies)					yes	ANGDA
100.25	3/31/2005	05-0417		Glennallen to Palmer Spur Line Engineering Report (3 Copies)	G	2	11		yes	Michael Baker, Jr, Inc.
100.30	2/23/2006	05-0418		Revised Alignment Data-Chitna Pass -Realignment	R		16			Enstar
100.35	2/22/2006	05-0418		Revised Alignment Date-Chickaloon River Crossing-Realignment	U	16	17			Enstar
100.40	4/15/2005	05-0418		Glennallen to Palmer Spur Line-Alignment-Lands	G		15		yes	Enstar
100.45	2/27/2006	05-0418		ANGDA Land Data Reports - Spur Line - Glennallen to Palmer - Moose Creek Crossing	G	11	17			Enstar
100.50	4/8/2005	05-0418		ANGDA Alignment Lands Binder One -Primary Alignment-Trans Alaska Pipeline to Glenn Hwy MP 173 +/- Supporting Documents	G		15			Enstar
100.55	4/8/2005	05-0418		ANGDA Alignment Lands Binder Two -Primary Alignment-Glenn Hwy MP 173 +/- to Glenn Hwy MP 122 +/- Supporting Documents	G		15			Enstar
100.60	4/8/2005	05-0418		ANGDA Alignment Lands Binder Three-Primary Alignment-Glenn Hwy MP 122 +/- to Caribou Creek Trail/Chickaloon-Knik-Nelchina Trail INTX Supporting Documents	G		15			Enstar
100.65	4/8/2005	05-0418		ANGDA Alignment Lands Binder Four-Primary Alignment-Caribou Creek Trail/Chickaloon-Knik-Nelchina Trail INTX to Parks Hwy/Glenn Hwy INTX Supporting Documents	G		15			Enstar
100.70	4/8/2005	05-0418		ANGDA Alignment Lands Binder Five-Alternate Alignment: Route One Glenn Hwy MP189 +/- to Glenn Hwy MP 173 +/- Supporting Documents	G		14			Enstar
100.75	4/8/2005	05-0418		ANGDA Alignment Lands Binder Six-Alternate Alignment: Route Two Glenn Hwy MP 122 +/- to Glenn Hwy MP 66 +/- Supporting Documents	G		14			Enstar
100.80	4/8/2005	05-0418		ANGDA Alignment Lands Binder Seven-Alternate Alignment: Route Three-Glenn Hwy MP 66 +/- to Glenn Hwy/Parks Hwy INTX Supporting Documents	G		14			Enstar
100.85	3/31/2005	05-0418		ANGDA Alignment Lands Binder Eight- Part 1- ADL & RS 2477 Supporting Documents	G		15			Enstar
100.90	3/31/2005	05-0418		ANGDA Alignment Lands Binder Eight - Part II ADL &RS 2477 Supporting Documents	G		15			Enstar
100.91	2/28/2006			ANGDA Requested Revised Alignment Land Data	G					Enstar
100.95	4/12/2005	05-0419		Environmental Report-Glennallen to Palmer Spur Gas Pipeline	G	2			yes	ASRC Energy Services
101.00	10/1/2005	05-0420		Recreational Use Research Report Glennallen to Anchorage Natural Gas Spur Line (3 copies)	G		20		yes	Bristol Environment & Engineering Service

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101.05		05-0422		Transport of North Slope Natural Gas to Tidewater	B	3	5		yes	Michael Baker Jr., Inc
101.10	8/1/2005	05-0425		Feasibility Study of Propane Distribution throughout Coastal Alaska (in conjunction with a Gas Spur Line to Southcentral AK)	T	3			yes	PND Inc Consulting Engineers
101.15	3/4/2005	05-0435		Public Outreach Report-Interview of Local Opinion Leaders/Cook Inlet Spur Line	C			21		Ruth LP Adams, Public Outreach Consultant
101.20	9/1/2005	05-0447		Cook Inlet Gas Spur Line Project--Interim Alignment, Economic & Regulatory Feasibility	C	8	11			Odsather International Mktg
101.25	12/1/2005	05-0448		Spur Line Re-routes-Agency & Utility Applications, Stipulations & Contacts (2 copies)		8		23		Land Field Service, Inc.
101.30	10/1/2005	06-0401		Permitting Comparison of Parks Highway & Glenn Hwy Natural Gas Pipeline Rights-of-Way	P	8	11		yes	Bristol Environmental & Engineering Services Corp
101.40	4/14/2006	06-0402		Cook Inlet Energy Supply Alternatives Study Final Report	C				yes	Dunmire Consulting Team
101.45	9/1/2005	06-0403		Delta Junction to Glennallen Natural Gas Pipeline Engineering Feasibility & Cost Assessment	D	3			yes	URS
101.50	10/1/2005	06-0404		Glennallen to Palmer Spur Line Native Landowner Right of Way Report	G		11		yes	Natural Resource Group, Inc
101.55	10/1/2005	06-0405		Glennallen to Palmer Spur Line Soils Studies-1 of 2-Main Report	G		12		yes	R & M Consultants, Inc.
101.60	4/1/2006	06-0406		Commercial Future of Kenai LNG Plant	L	3	5		yes	Shaw Group-Stone & Webster
101.65	10/1/2004	06-0406		All Alaska LNG Project Initial Report	L	5			yes	Shaw-Stone & Webster Consultants Inc.
101.70	11/1/2005	06-0407		Glennallen to Palmer Gas Spur Line Archaeological Studies	G	1			yes	Shaw Group-Stone & Webster
101.71	11/1/2006	06-0408A		PMP 84-94 Field Reconnaissance Proposed Realignment-Glennallen to palmer Gas Spurline -- Final Report (2 copies)	G		16		yes	Shaw Alaska, Inc.
101.72	1/1/2008	06-0408B		Moose Creek Crossing Profile Report	V			17	yes	Shaw Alaska, Inc.
101.75	6/1/2005	06-0409		Glennallen to Palmer Gas Spur Line - Field Reconnaissance Segment 7	G			22		Ruth Adams RL & A
101.80	10/1/2005	06-0411		Engineering-Fault Zone Crossing Design Glennallen to Palmer Spur Line-Final Report	G		18		yes	URS
101.85	10/17/2005	06-0412		Glennallen to Palmer Spur Line Bored River Crossing Investigation	G		17		yes	Michael Baker, Jr., Inc
101.90	10/1/2005	06-0413		ANGDA Environmental Permitting Plan-Glennallen to Palmer Natural Gas Pipeline (2 copies)	G	2	8		yes	Hoefler Consulting Group
101.96	5/18/2006	06-0414		Spurline Terminal Conceptual Design				27	yes	Shaw-Stone & Webster
102.00	3/31/2006	06-0425		New Technology Applications For Gas Pipeline	Y	3			yes	Oceaneering International, Inc.
102.05	10/3/2005	X		Helicopter Reconnaissance Glennallen to Palmer Spur Line	G				yes	Odsather International Mktg
102.10	2006-2007	07-0404		PLG & NGL Extraction Reports						Whitmore
102.15	11/1/2007			Alaska Spur Pipeline - Doe-Netl Study - Geotechnical Design Review	D		17			Manikian

Library #	Date	Contract No.	OS # (if needed)	ANGDA LIBRARY				Electronic copy available	Preparer / Author	
				Area	Topic 1-10	Topic 11-20	Topic 21-33			
102.20	12/31/2007	08-0412					28	yes	SAIC	
102.25	3/7/2008	08-0409						yes	Ecology and Environment, Inc. Carolyn Dunmire	
102.30	8/1/2006							yes	Michael Baker, Jr. Inc.	
102.35	6/07-4/08						18	26	Manikian	
102.35 a	6/07-4/08								Manikian	
102.35 b	6/07-4/08								Manikian	
102.40	5/1/2008	X					17	26	Manikian	
102.45	9/4/2008	08-0447					11	33	yes	Odsather International Mktg
102.50	9/25/2008	08-0447					15		yes	Odsather International Mktg
102.55	9/25/2008	08-0447					15		yes	Odsather International Mktg
102.60	11/1/2008	09-0011					2	32	yes	Dowl HKM
102.62	11/1/2008							33		Manikian
102.65	12/31/2008	08-0447					14		yes	Odsather International Mktg
102.70	12/31/2008	08-0447					15		yes	Odsather International Mktg
102.75	12/31/2008	08-0447					14	26	yes	Odsather International Mktg
102.80	12/31/2008	08-0447					14		yes	Odsather International Mktg
102.85	1/1/2009	07-0429					3	26	yes	URS Alaska
102.90	5/16/2008	08-0435					2			Shaw Alaska, Inc.
102.95	2/1/2009	09-0011					2		yes	Dowl HKM
103.00 a	4/1/2009	08-0435					2, 8	11	yes	Shaw
103.00 b	4/1/2009	08-0435	OS 1				2, 8	11	yes	Shaw
103.00 c	4/1/2009	08-0435	OS 2				2, 8	11	yes	Shaw
103.00 d	4/1/2009	08-0435					2, 8	11	yes	Shaw
103.00 e	4/1/2009	08-0435					2, 8	11	yes	Shaw
103.00 f	4/1/2009	08-0435					2, 8	11	yes	Shaw

Library #	Date	Contract No.	OS # (if needed)	ANGDA LIBRARY	Area	Topic 1-10	Topic 11-20	Topic 21-33	Electronic copy available	Preparer / Author
103.00 g	4/1/2009	08-0435		Delineation of Wetlands & Water Report for B2F Natural Gas Pipeline - attachment 11	C	2, 8	11		yes	Shaw
103.00 h	4/1/2009	08-0435		Delineation of Wetlands & Water Report for B2F Natural Gas Pipeline - supplemental data	C	2, 8	11		yes	Shaw
103.05	5/31/2009	08-0419 09-0048		Yukon-Kuskokwim Propane Demonstration Project Implementation Report	M	9			yes	Bartz Englishhoe & Associates
103.10	6/30/2009	09-0060		ANGDA Spur Line Alternative Route - Desktop Survey of Potential Wetlands	C	2, 8	11		yes	Oasis Environmental
103.12	6/30/2009	08-0445		ANGDA B2F Field Work Final Report (July 2008 to June 2009)	G	2		21		Anna von Reitz of Alaska Recon
103.15	7/8/2009	09-0046		B2F Pipeline Logistics Study	C	3		32	yes	Teddy Pease
103.20	8/1/2009	09-0049		North Slope Propane Extraction Facility/Prudhoe Bay Interconnection Proof of Concept Study Rev. 1	I	9			yes	NANA WorleyParsons
103.22	10/1/2009	09-0015		Ahtna Cultural Landscape in Proposed ANGDA Pipeline Corridor - 2 copies	G	1				AK Dept. of Fish and Game
103.25	11/1/2009	09-0051		Glennallen Industrial Park Site Selection For Beluga to Fairbanks Natural Gas Pipeline	G	3		32	yes	Ahtna, Incorporated
103.30	11/11/2009	10-012		Alaska Natural Gas Development Authority Propane Extraction Facility Preliminary Cost Opinion	I	9			yes	CH2M Hill
103.35	Fall 2009	09-0060		ANGDA Potential Air Pollutant Emission Reductions	Y	2			yes	Hoefler Consulting Group
103.40	4/9/2009	09-0023		Feasibility of Gas Spur Line Public-Private Partnership	Y	3			yes	Scott Balice Strategies, LLC
103.45	11/1/2009	MOU		Alaska Petrochemical Development Study	H	5			yes	CMAI Global
				<b>OTHER REPORTS &amp; RESOURCES</b>						
200.00	6/1/2004	DE-AM 26-99 FT 40575		Southcentral Alaska Natural Gas Study-Final Report (2 copies)	T	3				National Energy Technology Lab-Arctic Energy Office
200.05	1/20/2005			Natural Gas Market in East Asia: Present Situations & Challenges	Z			27		Inst Energy Economics, Japan
200.10	1/31/2002			State Financial Participation in an Alaska Natural Gas Pipeline	Y	3				State of AK, Dept of Revenue
200.15	1/23/2002	ASP 2001-1000-2650		Alaska Natural Gas In-State Demand Study--Volume 1: Technical Report	Y	3				Econ One Research, Inc & Arcadian Consulting Group
200.20	6/15/1978			Report to Congress-Lessons Learned from Constructing the Trans-Alaska Oil Pipeline						US Controller General
200.25	1/1/2004			Prospect of Natural Gas Market in East Asia (Summary)	Z			27		Inst Energy Economics, Japan
200.30	10/26/1983			Use in Alaska of North Slope Natural Gas; A Survey of Prospects & Their Likely Impacts on an Alaska Gas Pipeline	Y	3				ARTA ALASKA, Inc

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200.35	5/9/2005			Cook Inlet Gas Supply and Demand	B	3				State of AK, Dept of Nat. Resources
200.40	4/1/1991			Chickaloon Community Plan - Amended in 1995	V	3				Mat-Su Borough Planning Dept
200.45	1/1/2000			Sutton Comprehensive Plan	W	3				Mat-Su Borough Planning Dept
200.50	1/1/1998			Alaska North Slope Gas Commercialization Team - Report to the Governor	I	3				State of AK-Commissioner Condon, Dept of Revenue - Commissioner Shively, Natural Resources - Atty General Botelho
200.55	1/1/1997			Relative Economic Impact of a Major Gas Sale on the Prudhoe Bay Participating Areas	I	3				State of AK, Dept of Revenue
200.60	6/30/2005	ADL 229297		Commissioner's Analysis, Proposed Decision & Action for ANGDA Right of Way Lease (Application)	G		11			State of AK, Dept of Nat. Resources
200.65	6/1/1980			Report to St of AK-Feasibility of Petrochemical Industry-Volume 1 of 10	Q	3				Dow-Shell Group
200.70	2/24/2006			DNR Commissioner's Analysis-Conditional Right -of-Way Lease-Glennallen to Palmer	G		11			First Southwest Company
200.75	6/1/2005	07-79-05414		Technical Assistance to Address Issues for Fisheries Impacted Communities	F	3				Lake & Peninsula Borough
200.80	1/15/2001			Economic Impact of the Oil & Gas Industry on Alaska	Y	3				McDowell Group
200.85	9/1/2003			Balancing Natural Gas Policy - Vol 1-Summary of Findings & Recommendations	Y			30		National Petroleum Council
200.90										
200.95	11/1/2005	05-0448-1		Purinton Creek Access	G		11			Land Field Services
201.00	6/1/2006			Quantifying Energy						British Petroleum
201.05	3/1/2005			Basin Oriented Strategies for CO2 Enhanced Oil Recovery						Advanced Resources Intl, Inc
201.10	9/1/1992			Natural Gas Pipelines - Greater Use of Instrumented Inspection Technology Can Improve Safety				32		GAO Report
201.15				Alaska Gas Development Strategies						
201.20	12/1/2003	DOE-EIA 0637		Global Liquefied Natural Gas Market: Status & Outlook	L	5				Energy Information Adm-US Dept of Energy
201.25				Alaska & North Slope Natural Gas Development Issues & US & Canadian Implications						Doug Reynolds
201.30	3/1/2003			Report on the Railbelt						AK Energy Policy Task Force
201.40				Renewable Energy Atlas of Alaska						AK Energy Authority
201.45				Public Land Laws of Alaska						Odsather-LAWS

Library #	Date	Contract No.	OS # (if needed)	ANGDA LIBRARY	Area	Topic 1-10	Topic 11-20	Topic 21-33	Electronic copy available	Preparer / Author
201.50	3/22/2006			Everything You wanted to know about Natural Gas Storage but Were Afraid to Ask				28		Pickering Energy Partners, Inc By David Pursell
201.55	10/1/2006			Alaska Native Awareness Workshop						Anchorage Economic Development Corporation
201.65	9/22/2006			Alaska Dialogue VII-The Transition Team - Briefing Book						Institute of the North
201.70	8/1/2005			Ice Island Study						C-Core
201.75	2006-2007			Alaska Energy Policy Advisor Reports & Documents						Various
201.80	3/2/2007			Alaska Gasline Inducement Act	H			32		State of AK, Gov. Palin
201.81	7/2/2007			Request for Applications - Alaska Gasline Inducement Act	Y			32		State of AK, Gov. Palin
201.82	11/28/2007			Alaska Gas Spur Line Proposals Delta Junction to Beluga, Glennallen to Beluga	D, G			32		ANGDA
201.83	5/28/2008			Alaska Gasline Inducement Act (AGIA) Public Forum	Y			32		State of AK, Gov. Palin
201.90	11/10/2006			ANGDA Business Plan-FINAL				32		ANGDA
202.00	5/12/2008			Fuel Costs, Migration, and Community Viability	H		19			Institute of Social and Economic Research – UAA
202.05	12/1/2007			Cost Assessment for Diesel Fuel Transition in Western and Northern Alaska Communities	H		19			Northern Economics, Inc.
202.10	12/1/1977			Alaska Pipeline Technical Services - Summary Report on TAPS - Pipeline Design, River/Flood Crossings, Fuel Gas Line Design	J		17	26		Robert Anderson, Richard Wolf, Vic Manikian
202.11	4/1/1981			CRREL Report 81-4 - Movement Study of the Trans-Alaska Pipeline (TAPS) at Selected Sites (Note: Shared Binder)	J			26		USACE
202.12	2/8/2007			Alyeska Pipeline Service Company (APSC) - 2007 Major Maintenance Projects - Offsite	J			26		APSC
202.13	3/9/2007			Alyeska Pipeline Service Company (APSC) - Project Controls - Process Overview	J					APSC
202.11	7/5/2002			Trans Alaska Pipeline System (TAPS) Right-of-Way (ROW) Renewal (Note: Shared Binder)	J			26		JPO, ASAP
202.15	1976-2007			Gasline Impact Studies	H			26, 31		Various authors
202.20	3/1/1989			Alaska Wilderness Trails (2 copies)	G	2				S& R Publishing - James Riley and Ted Schachle
202.25	8/1/2005			Liquefied Natural Gas: Understanding the Basic Facts	L	5				United States of America Department of Energy
202.30	1/16/2007			Alaska Gas Line Review - Alaska Legislature Session January thru May 2007	H					Capital Information Group - Judith and Gregg Erickson
202.35	1/21/2008			Fuel Costs, Migration, and Community Viability	Y			32		Capital Information Group - Judith and Gregg Erickson
202.40	10/1/2008			Structural Analysis of the Alaska Economy: What are the Drivers?	H			31		Scott Goldsmith of UAA/ISER
202.45	8/1/2004			Mackenzie Valley Pipeline (2 copies)	Y			32		Imperial Oil Resources Ventures Ltd

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				Area	Topic 1-10	Topic 11-20	Topic 21-33		
202.50	10/1/2008						26	Petroleum News	
202.55	2/1/2009						26	Alaska Oil and Gas Conservation Commission	
202.60	12/30/2009							SPCO	
202.65	12/31/1975						32	USACE	
202.70	12/31/1990						32	USACE	
202.75	12/31/1996						32	USACE	
202.80	12/31/1999						32	USACE	
202.85	11/1/1991						32	Frederick Crory, CRREL	
202.90	1/1/1983				3	13		Governor's Economic Committee	
203.00	1/1/1987						29	Petroleum Extension Services - UTAustin	
203.05	1/1/1991	DOE/ID/01 570-H1					32	US Dept of Energy	
203.10	5/1/1993						30	Committee on Energy and Commerce - US House	
203.15	4/1/1997							State of AK, Dept of Nat. Resources	
203.20	10/1/1999	TR-113836						EPRI	
203.25	11/30/2001						32	Alaska Highway Natural Gas Policy Council	
203.30	9/1/2002				3			McDowell Group	
203.30	1/30/2003				3			Alaska Dept of Community and Economic Development	
203.30					3		yes	USGS	
203.35	9/10/2003						32	ANGDA	
203.40	5/11/2005							Tristone Capital	
203.45	2/12/2007							Various authors - Prepared by Heinze	
203.50	7/18/2008						19	Fairbanks Economic Development Corporation	
203.50	2/5/2009						32	Fairbanks Economic Development Corporation	
203.60	12/1/2009							State of AK, Dept of Nat. Resources, Div of Oil & Gas	

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203.65	7/1/2007			Alaska Oil and Gas Report	H	3				State of AK, Dept of Nat. Resources, Div of Oil & Gas
203.70	1/1/2009			Alaska Energy – A first step toward energy independence A Guide for Alaskan Communities to Utilize Local Energy Resources	H		29, 30		yes	Alaska Energy Authority
203.75	3/7/1974			TAPS Right-of-Way Lease	J			26		State of AK, Dept of Nat. Resources and APSC
<b>LPG BOOKS</b>										
300.00				International LP Gas Seminar 2006-Tokyo	M	6				LPG Center of Japan
300.05	11/1/2005			LP Gas (General Information)	M	6				Canadian Institute
<b>SGA PIPELINE CONTRACT (Stranded Gas)</b>										
400.00	5/10/2006			Economic, Fiscal & Workforce Impacts of AK Natural Gas Projects						Information Insights, Inc
400.05	5/10/2006			Preliminary Findings & Determination - Stranded Gas Development Act						State of AK, Dept of Revenue
400.05a	10/20/2006			Appendix R to the Interim Fiscal Interest Finding: Summary of Public Comments- Preliminary Findings & Determination (2 copies)						State of AK, Dept of Revenue
400.05b	5/10/2006			Stranded Gas Contract between State of Alaska and BP, ConocoPhillips, and ExxonMobil						State of AK
400.05c	6/12/2006			Governor Murkowski Stranded Gas Contract - ANGDA Comments						ANGDA
400.05d	11/16/2006			Appendix T to the Interim Fiscal Interest Finding: Chronology of Negotiations (Gov. Murkowski Stranded Gas Contract)						State of AK, Dept of Revenue
400.10	6/1/2006			15 Questions About Natural Gas Pipelines						Discussion Group - KTUU News
400.15	8/1/2006			Study of Proposed Contract Between St of AK & Major North Slope Producers						Staser
<b>PROJECT EVALUATIONS &amp; PRESENTATIONS</b>										
500.00	8/23/2006			Analysis of the Port Authority Proposal						Econ One Research
500.05	1/1/2003			Alaska & North Slope Natural Gas-Development Issues & US & Canadian Implications						Douglas B Reynolds-U of AK
500.10	6/1/2006			Alternative Project Description & Evaluations						Various authors
500.15	5/11/2005			Tristone Capital-Project Comparisons						Canadian Energy Investment Research
500.20	3/17/2006			Assessment of the Alaska Gasline Port Authority LNG Project						PFC Energy
500.25	8/19/2002			NERA Economic Modeling						Harold Heinze





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<b>ADMINISTRATIVE BOOKS</b>										
900.00	1/21/1999			Yukon Pacific Corp -White Paper-Trans Alaska Gas System (TAGS) Permits-White Paper		8	13			Yukon Pacific Corp
900.05	5/11/2005			BC Natural Gas Symposium--May 11-12, 2006						Canadian Institute
900.10	2004-current	08-0448		ANGDA Financial Statements		3			yes	Altman, Rogers & Co.
900.35	11/8/2005			ANGDA Authority Board Meeting Minutes 7-19-04 thru 11-18-05						ANGDA
900.40	11/8/2005			ANGDA Authority Board Meetings-Agenda Material 1-1-05 thru 11-18-05						ANGDA
900.41	11/18/2005			ANGDA Authority Board Meeting Minutes 7-19-04 thru 11-18-05						ANGDA
900.42	12/31/2006			ANGDA Authority Board Meeting Minutes 2006						ANGDA
900.42a	12/31/2006			ANGDA Authority Board Meeting Materials 1-06 thru 6-06						ANGDA
900.42b	12/31/2006			ANGDA Authority Board Meeting Materials 2006 7-06 thru 12-06						ANGDA
900.43	12/31/2007			ANGDA Authority Board Meeting Materials 2007						ANGDA
900.44	12/31/2008			ANGDA Authority Board Meeting Materials 2008						ANGDA
900.45	12/31/2009			ANGDA Authority Board Meeting Materials 2009						ANGDA
900.55	7/1/2002			Statistical Report of Power Cost Equalization Program 7-1-2002 thru 6-30-2003						Alaska Energy Authority
900.60	4/26/1977			A Proposed Model-Alaskan Petrochemical Complex						Harvey Dougherty
900.70	6/1/2006			Alaska Natural Gas Needs & Market Assessment						National Energy Tech Lab-US Dept of Energy-Strategic Center for Nat. Gas & Oil
900.75	8/30/2004			Memorandum of Understanding Between Regulatory Commission of Alaska & Federal Energy Regulatory Commission						
900.80	3/6/2003			Interpreting the New Deepwater Port Act Amendments: How to Implement Your Offshore Natural Gas Terminal Under the DWPA						Ecology & Environment, Inc
900.85	2/16/2007			FERC BRIEF in Response to Challenge from Anadarko & Tesoro Re: Trans Alaska Pipeline System Settlement Methodology						FERC

NOTES: X in the Contract column means that no contract number was issued for the contract

(Intentionally left blank)

# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



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November 29, 2009

Members of the Legislative Budget  
and Audit Committee

We have reviewed the response to our audit report. Nothing contained in the response causes us to reconsider our conclusions or recommendation.

Therefore, we affirm the report conclusions and recommendations.

A handwritten signature in black ink that reads "Pat Davidson". The signature is fluid and cursive, with a large loop on the letter "D".

Pat Davidson, CPA  
Legislative Auditor