

House Bill 449 Sponsor Statement

The Southeast and Gulf of Alaska (SEAGA) gas project will bring the benefits of gas utility service to the people and communities of Southeast Alaska and the Gulf of Alaska. On December 31, 1998 Alaska Intrastate Gas Company was granted Certificates of Public Convenience and Necessity by the Alaska Public Utilities Commission, now the Regulatory Commission of Alaska, to provide regulated gas utility service to homes and businesses in the unified municipalities of Juneau and Sitka, the boroughs of Haines, Ketchikan, Kodiak, and Yakutat, the cities of Angoon, Cordova, Craig, Kake, Klawock, Petersburg, Skagway, Valdez, and Wrangell, and the communities of Klukwan and Metlakatla. Gas utility service to these boroughs, cities and communities will be initiated in 2004 and completed by 2009. In the first two years gas utility service will be initiated in Juneau, Ketchikan, Sitka, and Wrangell, and then expanded rapidly to cover the remaining communities. The overall cost to bring gas utility service to these 17 communities will exceed \$100,000,000. The project will result in over 200 jobs during construction, and more than 35 permanent full time jobs within the region.

The project is based on the bulk movement of liquefied natural and petroleum gases by barge and/or ship throughout the service area. The utility gas is stored in each community as a liquid until needed. It is then regasified and distributed via buried pipeline to utility customers on demand. Gas supplies will initially be obtained from Canadian sources and shipped from the Port of Prince Rupert, BC, Canada. However, after initiation of gas utility service in the first four communities, utility service will transition to both Canadian and Alaskan gas supplies as additional communities are brought on line.

The AIDEA Development Finance Program focuses on the development, ownership, and operation of facilities within Alaska such as roads, ports and utilities which are essential to the economic well-being of an area; are financially feasible; and are supported by the communities in which they are located. The legislature must approve any project over \$10,000,000. AIDEA must be given this approval in order to consider assisting with financing any communities within the SEAGA Gas Project or those that may wish to join in the future. [House Bill 449](#) provides legislative approval for AIDEA to evaluate the SEAGA Gas Project as required by [AS 44.88.095\(g\)](#). If AIDEA decides to move forward with project financing for any of the communities, this bill places a limit of \$76,000,000 on the amount of bonding provided to the project. HB 449 provides a sunset date of July 1, 2009, for issuing bonds for this project.