

ALASKA STATE LEGISLATURE

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Representative William K. Williams

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AIDEA Bonds Authorized by House Vote **HB 236 is Next Step in Natural Gas Service for Southeast Alaska**

(JUNEAU) – The House today unanimously passed a bill to help pave the way for bringing natural gas utility service to 17 Southeast Alaska communities.

House Bill 236, sponsored by the House Finance Committee, would give the Alaska Industrial Development and Export Authority (AIDEA) the authorization to issue \$76 million in bonds through its Development Finance Program to support the Southeast and Gulf of Alaska (SEAGA) gas project.

“SEAGA will bring the benefits of gas utility service to the people and communities of Southeast Alaska and the Gulf of Alaska,” said Rep. Bill Williams (R-Saxman), co-chair of the House Finance Committee. “If these communities can replace expensive fuel oil with gas service, they could potentially save 15 percent to 40 percent.”

The Alaska Intrastate Gas Company, the utility firm managing the SEAGA project, has been working for several years to obtain authorization to provide gas utility service in Southeast Alaska. In 1998, the firm received certification for the project from the Regulatory Commission of Alaska.

The company hopes to use AIDEA funds to build natural gas storage and distribution systems in Juneau, Sitka, Haines, Ketchikan, Petersburg, Wrangell, Valdez, Cordova, Kodiak and other smaller Southeast communities, and to install gas lines from these systems to residential, commercial and industrial customers.

Following final legislative approval of HB 236 and SEAGA’s submission of a formal application to AIDEA, the state development authority would perform a thorough due diligence review to certify the project’s economic feasibility and the project owner’s ability to repay the bonds. The utility company hopes to begin providing gas to Juneau, Ketchikan and Sitka as early as 2002, and extend service to the remaining communities by 2009. The project could provide 200 jobs during the construction phase, and 35 permanent full-time jobs upon its completion.

“Consumers will see immediate economic benefits from the availability of clean, efficient natural gas service that could satisfy their heating and hot water needs,” said Williams.

HB 236 moves next to the Senate for consideration.

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