



ALASKA STATE LEGISLATURE

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CHAIR, SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

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SPONSOR STATEMENT

SB – 151: Gas Pipeline Transportation Tariffs

In 2000, the Alaska Legislature amended the [Alaska Pipeline Act](#) to make provisions for operation of a North Slope Gas Pipeline. One provision allowed for two classes of transportation service, “firm” and “interruptible.”

Basically, some shippers require “firm” availability of pipeline capacity and thus are willing to pay a guaranteed “reservation charge” to reserve the capacity. This charge is paid whether or not the space is actually used. The pipeline in turn guarantees this capacity will be constructed and made available. Others, who do not require firm service, can opt for “interruptible” service, which does not require payment of a reservation charge. The cost of this service is instead based on shipments actually made. However, these gas shipments are subject to interruption if space becomes unavailable.

When the 2000 amendments were enacted, the North Slope Gas Pipeline was the only gas transportation pipeline in the state proposing to provide such service. There is now a pipeline project in the Cook Inlet, the Kenai Kachemak Pipeline (KKPL), which proposes to provide “firm” and “interruptible” transportation service.

KKPL recently requested the Regulatory Commission of Alaska ([RCA](#)) to authorize it to provide these “firm” and “interruptible” services. The RCA declined and posed the question of whether or not a contract carriage for gas pipelines elsewhere in the State was permissible, given the recent amendment that dealt exclusively with transportation of gas from the North Slope.

[This legislation](#) is necessary to clarify that the RCA has the authority to authorize “firm” and “interruptible” services for other Alaskan gas transmission pipelines.

The bill achieves this purpose by amending the provisions regarding “firm” and “interruptible” service to make them available to any natural gas pipeline carrier operating in the State. It also adds definitions of a “natural gas pipeline” and “natural gas pipeline carrier”.

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