

ALASKA STATE LEGISLATURE

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Sponsor Statement HB 235

Rail Road Bonds to Finance Community Natural Gas

This legislation would authorize the Alaska Railroad Corporation (ARRC) to issue bonds for the construction of natural gas distribution systems in Southeast Alaska and the Gulf of Alaska. The Railroad would not be required to issue the bonds but could issue them following due diligence analysis and a vote by the ARRC Board of Directors. The bonds would be non-recourse financing which would be based entirely upon the revenues of the project and would not constitute a general obligation debt of the State of Alaska or ARRC.

The Regulatory Commission of Alaska (RCA) has issued certificates of convenience to Alaska Intrastate Gas Corporation (AIGC) to provide gas for 17 Alaskan communities in Southeast Alaska and the Gulf of Alaska. The financing would facilitate construction of receiving facilities, holding tanks and distribution lines.

An initial feasibility study has been conducted by CH2Mhill and it shows substantial savings to consumers compared to their current energy supplies. Additional benefits to the public would be reduced pollution due to the cleaner burning nature of gas, reduced maintenance on heating systems and reduced risks of individual fuel tanks at each site.

The original source of supply of gas will be from Canada and will be delivered by hydro train on barge-transported rail cars. A minimal rail receiving structure will be required at each community receiving gas. There are potential savings to governmental units who purchase heating fuel including the State of Alaska.

Access to the tax exempt financing of the ARRC would result in lower project costs and lower costs to consumers. As a regulated utility, any cost savings result in lower tariffs set by the RCA.

I would ask your support for [this legislation](#).