

April 17, 2017

Ms. Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

**Re: Alaska Gasline Development Corporation, Docket No. CP17-\_\_\_\_-000  
Application for NGA Section 3 Authorization for AKLNG Project**

Dear Secretary Bose:

Pursuant to Section 3(a) of the Natural Gas Act (“NGA”) and Part 153 of the Federal Energy Regulatory Commission’s (“Commission”) regulations, 18 C.F.R. Part 153 (2016), Alaska Gasline Development Corporation (“AGDC”) submits for filing an application for authorization to site, construct and operate an integrated liquefied natural gas project for the exportation of natural gas produced on the North Slope of the State of Alaska, as more fully discussed in its Application.

In accordance with the Commission’s regulations regarding privileged and confidential treatment of sensitive information, 18 C.F.R. §§ 388.112 and 388.113, this Application consists of the following:

Volume I (Public)

This transmittal letter, the narrative text of the Application, and the bulk of the exhibits to the Application are being filed for inclusion in the Commission’s public record.

Volume II (Privileged and Confidential)

Certain information, including appendices to Resource Report Nos. 1, 3, 4, 5, 6, 11 and 13, filed as part of Exhibit F to the Application, are being filed as privileged and confidential under Section 388.112 of the Commission’s regulations. 18 C.F.R. § 388.112. AGDC requests that the information included in Volume II, which is customarily treated as privileged and confidential, not be released to the public. This volume is marked “Privileged and Confidential Information – DO NOT RELEASE.”

Volume III (Critical Energy Infrastructure Information (“CEII”))

Certain information, including appendices in Resource Reports Nos. 11 and 13, filed as part of Exhibit F to the Application, are being filed as CEII as defined in Section 388.113(c)(1) of the Commission’s regulations. 18 C.F.R. § 388.113(c)(1). AGDC requests that the information in Volume III, which is customarily treated as CEII, not be released to the public. This volume is marked “Critical Energy Infrastructure Information – DO NOT RELEASE.”

FERC Staff filed comments on AGDC’s second draft Resource Report Nos. 1 through 12 and first draft Resource Report No. 13 (for both the LNG facility and gas treatment plant) in October through December of 2016 in Docket No. PF14-21-000. In each of the final Resource Reports filed as Exhibit F to this Application, AGDC is submitting a matrix with its responses to Staff’s comments pertaining to each of these Resource Reports. AGDC will update its responses as more information becomes available.

This application is being submitted electronically pursuant to the Commission’s Order No. 703. Courtesy copies of the application are being provided to Commission Staff in accordance with instructions provided by Staff during the pre-filing process.

Should you have any questions about this filing, please feel free to contact the undersigned at (202) 530-8572.

Sincerely,

*Kenneth M. Minesinger*

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Kenneth M. Minesinger  
Counsel for Alaska Gasline Development  
Corporation

cc: Jim Martin, FERC  
John Katz, FERC

Enclosure

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**ALASKA GASLINE DEVELOPMENT )  
CORPORATION )**

**Docket No. CP17-\_\_\_-000**

**APPLICATION OF ALASKA GASLINE  
DEVELOPMENT CORPORATION FOR  
AUTHORIZATION UNDER SECTION 3 OF THE  
NATURAL GAS ACT**

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NATURAL GAS ACT**

Pursuant to Section 3(a) of the Natural Gas Act (“NGA”) and Part 153 of the regulations of the Federal Energy Regulatory Commission (“FERC” or “Commission”), Alaska Gasline Development Corporation (“AGDC”) submits this application for authorization to site, construct, and operate an integrated liquefied natural gas (“LNG”) project for the exportation of natural gas produced on the North Slope of the State of Alaska (the “AKLNG Project” or the “Project”). The Project includes interdependent facilities that will be used for the purpose of liquefying supplies of natural gas from Alaska, in particular the Prudhoe Bay Unit (“PBU”) and Point Thomson Unit (“PTU”) production fields on the Alaska North Slope (“North Slope”), for export in foreign commerce and for in-state deliveries of natural gas.

Specifically, the Project is comprised of the following integrated and interdependent facilities: a liquefaction facility in Southcentral Alaska designed to produce up to 20 metric tons per annum (“MMTPA”) of LNG (“Liquefaction Facility”); an approximately 807-mile, 42-inch diameter gas pipeline (“Mainline”); a gas treatment plant (“GTP”) within the PBU on the North Slope; an approximately 1-mile, 60-inch diameter gas transmission line connecting the GTP to the PBU gas production facility (“PBU Gas Transmission Line”); and an approximately 63 mile, 32-inch diameter gas transmission line connecting the GTP to the PTU gas production facility (“PTU

Gas Transmission Line”). Together, these facilities will comprise an “LNG terminal” as that term is defined in the NGA, 15 U.S.C. § 717a(11), and the Commission’s regulations, 18 C.F.R. § 153.2(d).<sup>1</sup> All of the components of this integrated Project are essential to export natural gas in foreign commerce.

The Project would be the largest LNG project constructed in the United States and has an estimated cost of \$40 to \$45 billion. If authorized, upon commencing service the Project will achieve the long-sought goal of unlocking and bringing to market the vast natural gas resources on Alaska’s North Slope and realizing the economic, environmental and security benefits that will flow from these valuable resources. As currently envisioned, AGDC intends to streamline and expedite the project development schedule to provide for initial in-service date of 2024. To allow for the construction of the Project to meet that in-service date, AGDC requests FERC to grant the requested authorization no later than December 31, 2018

## **I. DESCRIPTION OF APPLICANT**

Applicant AGDC is an independent, public corporation of the State of Alaska structured within the Department of Commerce, Community, and Economic Development, for administrative purposes. In AS 31.25.005 (which is commonly referred to as Alaska Senate Bill 138), the Alaska legislature provided AGDC with the authority and primary responsibility for developing an Alaska LNG project on the State’s behalf.<sup>2</sup>

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<sup>1</sup> See, e.g., *Shell U.S. Gas & Power, LLC*, 148 FERC ¶ 61,163, at P 43 (2014) (finding, *inter alia*, that the NGA “sets forth a very broad definition of an ‘LNG Terminal’, that encompasses ‘all natural gas facilities that are used to receive, unload, load, store, transport, gasify, liquefy, or process gas,....’”).

<sup>2</sup> AGDC is considering the formation of a subsidiary that would hold the Section 3 authorization sought herein. Should the identity of the applicant change, AGDC will file to amend its application consistent with the Commission’s regulations.



**II.**  
**COMMUNICATIONS**

AGDC requests that correspondence and communications regarding this application be directed to the following persons:

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**III.**  
**EXECUTIVE SUMMARY**

AGDC proposes an infrastructure project of major national and global significance which will create numerous long-lasting benefits to the nation, the State of Alaska and regional and local communities. As the Commission is aware, there have been several initiatives in the past intended to unlock the vast natural gas resources that have to date been stranded on Alaska's North Slope. Over the last forty years, the Nation's executive and legislative branches have recognized the enormous benefits that would inure from the construction of infrastructure that would allow these vast resources to be brought to market. Unfortunately, prior efforts at developing and advancing a project of this magnitude have failed to result in the construction of infrastructure needed to realize these benefits.

The Project for which AGDC seeks authorization herein will allow these benefits to be finally realized. By unlocking the valuable natural gas resources on the North Slope, the Project will be able to meet the demand for natural gas both globally and within parts of Alaska. In addition, the Project will have an extremely beneficial impact on national, regional and local

economies. AGDC estimates that the Project will create up to 15,000 jobs during peak construction and approximately 730 permanent jobs to operate the Project facilities. The Project will use more than 800 miles of pipeline, 647,000 tons of pipeline steel, 2.2 million horsepower of gas-fired turbines, compressors and power generation. A substantial portion of the components needed for these facilities can be produced and manufactured in the United States. The Project will increase tax revenues for state and local governments, provide additional royalty revenues to the State, improve the nation's trade balance with foreign countries and increase the energy security of the United States and our allies. In addition, the Project will result in the substitution of clean-burning natural gas for other hydrocarbon fuel, thereby reducing carbon and other greenhouse gas emissions in the countries importing the LNG, as well as in Alaska. Thus, in addition to its economic and other benefits, the Project also will have a net positive impact on the environment.

Almost fifty years after the discovery of the vast natural gas resources on Alaska's North Slope, it is finally time for the United States to realize the substantial economic and environmental benefits of these resources. Accordingly, AGDC respectfully submits that the Commission should authorize the Project under Section 3 of the NGA.

#### **IV. REQUEST FOR TIMELY DECISION**

Importantly, several unique, Alaska-specific factors strongly support the issuance of the requested authorization no later than December 31, 2018, even if that timeline might be difficult to achieve for a major project outside of Alaska. First, in addition to the two-and-a-half years this Project has already been in the Commission's pre-filing process, the Commission and/or other federal agencies have spent years studying numerous prior Alaska gas commercialization projects over the almost 50-year period since oil and gas reserves were discovered on the North Slope. Several of these prior projects – including the existing Kenai LNG plant owned by ConocoPhillips

Alaska Natural Gas Corporation,<sup>3</sup> the proposed Trans-Alaska Gas System (“TAGS”)<sup>4</sup> and AGDC’s more recent Alaska Stand Alone Pipeline Project (“ASAP”) – involve facilities similar to one or more of the major components of the AKLNG Project, located along the same right of way or at adjacent locations. Thus, the core siting issues associated with permitting an Alaska gas project are, by now, well familiar to the Commission and other permitting agencies. Accordingly, due to the substantial amount of environmental review that has already been performed by FERC and other agencies on this Project and on similar Alaska natural gas infrastructure projects, the Commission should be able to perform the required environmental analysis of the AKLNG Project in sufficient time to issue an order authorizing the Project by December 31, 2018.

Second, a unique feature of the Alaska LNG Project that should provide FERC with confidence that the environmental impact of the project will be minimized to the greatest extent possible and, if necessary, appropriately mitigated, is the central involvement of the State of Alaska in this project. This case does not involve a traditional clash between the private interests of an applicant and the public interests of various stakeholders. Rather, the applicant and sole sponsor of the Project, AGDC, is itself a state corporation, an instrumentality of the State of Alaska, which has a unique interest in preserving the environment, including its abundant cultural, land, water and other valuable resources. AGDC’s entire purpose is to benefit the State and its residents by advancing the Project (or other projects).<sup>5</sup> Thus, this case presents a unique situation where the applicant and many of the relevant stakeholders broadly share a common, public interest.

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<sup>3</sup> The Kenai LNG plant has exported LNG produced from local Cook Inlet gas supplies for almost fifty years from a site essentially adjacent to the proposed site for the Projects’ Liquefaction Facility. *Phillips Petroleum Co.*, 37 FPC 777 (1967).

<sup>4</sup> *Yukon Pacific Co., L.P.*, 72 FERC ¶ 61,226 at 62,004 (1995).

<sup>5</sup> In recognition of the importance the State places on AGDC’s mission, the State has provided AGDC with the power to exercise eminent domain if needed to advance the Project. Moreover, the State has ensured that AGDC will exercise this and other aspects of its authority in a manner consistent with the public interest by, among other things,

A third, related factor which should help to expedite this proceeding is that independent regulatory agencies within the State will be performing a significant role in the permitting and oversight of the Project. Given the long history of permitting and oversight of oil and gas facilities in Alaska, including for example the Trans-Alaska Pipeline System (“TAPS”), production infrastructure, numerous pipelines on the North Slope, the Kenai LNG facilities, and numerous gas pipelines in and around the Cook Inlet area, these state agencies have substantial experience with the environmental and other permitting issues associated with pipeline and liquefaction infrastructure in the State.<sup>6</sup> In short, AGDC submits that the Commission can rely heavily on the State itself to ensure that the AGDC will utilize best practices to preserve the Alaska landscape and environment, which in turn will enable the Commission to conclude the NEPA process for the AKLNG Project more expeditiously than for a project in which state and local interests are not aligned with those of the project sponsor.

In sum, for these Alaska-specific reasons, which distinguish this Project from any other project that is subject to the Commission’s jurisdiction under Section 3 of the NGA, AGDC requests the Commission to expedite its environmental review and issue the requested authorization no later than December 31, 2018.

**V.  
BACKGROUND**

**A. Prior Environmental Reviews of Alaska Projects**

The Mainline of the AKLNG Project will utilize a well-defined pipeline corridor for a substantial length, which in substantial part has already been thoroughly vetted from an

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empowering the Governor of the State of Alaska to appoint and remove AGDC’s Board of Directors, and AGDC’s Executive Director. *See* Alaska Stat. § 31.25.020(b). *See* Exhibit A hereto.

<sup>6</sup> Such experience includes acting as lead agency on certain projects and as cooperating and supporting agencies on other projects.

environmental permitting perspective in connection with other Alaska pipeline projects. Specially, as discussed below, two-thirds of the length of the pipeline will utilize the existing corridor of TAPS and/or Parks Highway. Other projects have also proposed routes that significantly overlap the same route as the Project's proposed route and have been thoroughly reviewed by FERC and other permitting agencies.

For example, pursuant to the Alaska Natural Gas Transportation Act ("ANGTA"), 15 U.S.C. § 719e, former President Carter selected the Alaska Natural Gas Transportation System ("ANGTS") to be the Alaska gas transportation system designed to deliver gas from the Prudhoe Bay through Canada to the lower 48, and FERC granted that project a certificate after a complete environmental review.<sup>7</sup> Then, in 1988, the Bureau of Land Management ("BLM") and the U.S. Army Corps of Engineers ("COE") issued an Environmental Impact Statement ("EIS") for the Trans-Alaska Gas System, an 800-mile pipeline from the North Slope to a proposed LNG terminal at the Port of Valdez for export to Pacific Rim nations.<sup>8</sup> Both of these projects included pipeline facilities that in significant part proposed to follow a very similar route as the pipeline that AGDC proposes to construct as part of the Project here.

More recently, commencing in 2009 the Commission reviewed the Alaska Pipeline Project ("APP") for several years in the Commission's pre-filing process at Docket No. PF09-11. Although that project was terminated in 2014, it too proposed a pipeline route and gas treatment plant that, in relevant part, were very similar to the facilities proposed here by AGDC. In fact, AGDC's Project relies in large part on the environmental and other work product generated by the APP Project. In

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<sup>7</sup> See *Alcan Pipeline Co.*, 1 FERC ¶ 61,248 (1977). The conditional certificate issued to Alcan was subsequently transferred to the *Alaskan Northwest Natural Gas Transportation Co.*, 3 FERC ¶ 61,290 (1978).

<sup>8</sup> Subsequently, Yukon Pacific Company sought Section 3 authorization to site, construct and operate an LNG plant at Valdez that would be fed by the TAGS pipeline. *Yukon Pacific Co., L.P.*, 71 FERC ¶ 61,197, *reh'g denied*, 72 FERC ¶ 61,226 (1995).

addition, the U.S. Army Corps of Engineers has performed a comprehensive environmental review of the currently proposed Alaska Stand Alone Project (“ASAP”), with the assistance of the Alaska state permitting agencies. Approximately 673 miles of the 800-mile AKLNG Project pipeline route utilizes the same alignment as the ASAP project. An EIS has been issued for the ASAP project and a draft Supplemental EIS is currently being prepared.

Likewise, the general location of the liquefaction facilities at Nikiski, including the marine terminal, has also been thoroughly vetted. In this regard, Nikiski is also the site of the existing Kenai LNG facilities that have been successfully used for natural gas liquefaction, loading, offloading and LNG carrier operations for decades. The Kenai LNG export facility, as well as the marine terminal, has operated safely for years and demonstrates that the Nikiski site is a suitable location for the AKLNG liquefaction and carrier operations in Cook Inlet.

## **B. The Pre-Filing Process for the AKLNG Project**

Pursuant to the Commission’s regulations, AGDC and the other former sponsors of the Project have been engaged in the pre-filing process for over 30 months.<sup>9</sup> Indeed, the Project began corresponding and engaging with both federal and state agencies and other groups and interested stakeholders more than a year prior to the initiation of the pre-filing process.<sup>10</sup> As evidenced in the “Summary of Public, Agency and Stakeholder Engagement” provided in Appendix D to Resource

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<sup>9</sup> The pre-filing process was initiated on September 12, 2014 in Docket No. PF14-21. At that time, the project sponsors included, in addition to AGDC, affiliates of the North Slope producers -- ExxonMobil Alaska LNG, LLC, ConocoPhillips Alaska LNG Company, BP Alaska LNG LLC -- and TransCanada Alaska Midstream L.P. Subsequently, TransCanada withdrew from the Project, and on January 4, 2017, the project sponsors informed the Commission that the producer co-applicants were withdrawing as applicants in the pre-filing docket and that AGDC would be the sole applicant.

<sup>10</sup> The federal agencies included, among others, the Commission, Bureau of Land Management, U.S. Coast Guard, U.S. Army Corps of Engineers, the National Marine Fisheries Service, the Pipeline and Hazardous Materials Safety Administration, the National Park Service, the U.S. Environmental Protection Agency, and the U.S. Fish and Wildlife Service. The state agencies included the State of Alaska Pipeline Coordinator’s Section and Office of History and Archaeology and the Alaska Departments of Environmental Conservation and Natural Resources. Other stakeholders included Alaska Native Tribes, such as the Tyonek Native Corporation, the Kenai Peninsula Borough, the Matanuska-Sustina Borough, the North Slope Borough, the West Dock Users Group, The Kenai Peninsula Economic Development District, the Cook Inlet Region Citizens Advisory Council, and the Southwest Alaska Pilots Association.

Report 1, and further detailed in 30 monthly status reports submitted in the pre-filing docket, the Project has engaged in considerable outreach to agencies and other stakeholders, including local communities and governments, Native American tribes, associations, and other governing bodies, and residents affected by the Project. In addition, the Project submitted two drafts of the required resource reports during the pre-filing process, answered numerous requests for information from Commission Staff and addressed other stakeholder comments. In sum, for over two years, the Project has addressed an extensive array of topics pertinent to the proposal with a large and diverse group of stakeholders and agencies, which has resulted in the current application.

### **C. Export Approval from the Department of Energy, Office of Fossil Energy**

On November 21, 2014, the Department of Energy, Office of Fossil Energy (“DOE/FE”) authorized Alaska LNG Project, LLC to export, on a long-term, multi-contract basis, approximately 929 Bcf per year or 2.55 Bcf per day of LNG to nations with which the United States has a Free Trade Agreement (“FTA”) requiring national treatment for trade in natural gas.<sup>11</sup> DOE/FE authorized Alaska LNG Project, LLC to export the LNG on its own behalf and as agent for other entities which hold title to the LNG at the time of export. This authorization was for a 30-year term, beginning on the earlier of the date of first exportation or 12 years from the date of DOE/FE’s authorization or November 21, 2026.<sup>12</sup>

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<sup>11</sup> The members of Alaska LNG Project, LLC are ExxonMobil Alaska LNG LLC, ConocoPhillips Alaska LNG Company and BP Alaska LNG LLC. AGDC is currently in negotiations with the producer members of Alaska LNG Project, LLC to obtain an option to purchase the LLC, which as noted above holds the DOE/FE export license and also owns the land acquired to date by that LLC for the LNG Facility site. At the appropriate time, AGDC will make the required filings at DOE/FE to authorize a change in control over ownership of the export license to AGDC. AGDC and the producers have already concluded transition agreements that facilitate and/or confirm, among other things, AGDC’s use of all project information in connection with the regulatory process for this Application. *See* joint press release issued on December 30, 2016 by AGDC and the producers entitled “Alaska LNG Becomes Alaska Gasline Development Corporation’s Project.”

<sup>12</sup> *See Alaska LNG Project LLC*, DOE/FE Order No. 3554 (FE Docket No. 14-96-LNG) (“Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Alaska LNG Project in the Nikiski Area of the Kenai Peninsula, Alaska to Free Trade Agreement Nations”).

On May 28, 2015, DOE/FE granted similar authorization with respect to the exportation of natural gas to nations that do not have an FTA with the United States.<sup>13</sup> In issuing the non-FTA authorization, DOE/FE evaluated a range of factors discussed more fully below, including economic impacts, international impacts, security of natural gas supply, and environmental impacts.<sup>14</sup>

## **VI. PROJECT DESCRIPTION**

### **A. The Liquefaction Facility**

AGDC proposes to construct the Liquefaction Facility on the eastern shore of Cook Inlet in the Nikiski area of the Kenai Peninsula, approximately 3 miles southwest of Nikiski, 8.5 miles north of Kenai and one mile from the existing Kenai LNG terminal. The Liquefaction Facility will include an LNG plant and a marine terminal constructed adjacent to the LNG plant and will occupy approximately 902 acres. It will include the structures, equipment, underlying access rights, and all other associated systems for final processing and liquefaction of natural gas, as well as storage and loading of LNG. The LNG plant will include three liquefaction trains combining to process up to approximately 20 MTPA of LNG. Two 240,000-cubic-meter tanks will be constructed to store the LNG. These tanks will provide a storage capacity of three to four days of production. The Liquefaction Facility will be capable of accommodating two LNG carriers (“LNGCs”) simultaneously. The cargo capacity of the LNGCs for which the marine terminal’s loading berths will be designed will range between 125,000–216,000 cubic meters. Based on a nominal 176,000

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<sup>13</sup> See *Alaska LNG Project, LLC*, DOE/FE Order No. 3643 (FE Docket No. 14-96-LNG) (“Order Conditionally Granting Long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Alaska LNG Project in Nikiski, Alaska, to non-Free Trade Agreement Nations”).

<sup>14</sup> *Id.* at 3-4.



cubic meter LNGC design vessel, approximately 21 vessel visits per month will be required to export the produced LNG.

## **B. The Mainline**

The Mainline will be a new 42-inch-diameter natural gas pipeline of approximately 807 miles in length. The pipeline will extend from the GTP in the PBU to the Liquefaction Facility. The Mainline will originate in the North Slope Borough; traverse the Yukon-Koyukuk Census Area, the Fairbanks North Star Borough, the Denali Borough, the Matanuska-Susitna Borough, and the Kenai Peninsula Borough; and terminate at the Liquefaction Facility. The Mainline will have a maximum allowable operating pressure of 2,075 psig, an average stream day rate of 3.1 billion standard cubic feet per day (“BSCF/D”), and a peak day capacity of 3.3 BSCF/D. The proposed design contemplates eight compressor stations, one stand-alone heater station, two meter stations, multiple Mainline block valves (“MLBVs”), and multiple pig launching and receiving stations. The proposed design for each of the eight compressor stations includes a turbo-compressor package, which typically consists of one natural gas-fueled turbine rated between 32,000 and 42,000 horsepower, driving a centrifugal compressor. Compressor station configuration may vary between single units to multi-unit configurations. The stations will be designed for remote operation and will normally be unmanned.

Along the Mainline route, there will be at least five gas interconnection points to allow for future in-state deliveries of natural gas. The approximate locations of three of the gas interconnection points have been tentatively identified: milepost (“MP”) 441 to serve Fairbanks, MP 764 to serve the Matanuska-Susitna Valley and Anchorage, and MP 807 to serve the Kenai Peninsula.

### **C. The GTP**

The GTP and associated facilities in the PBU will receive natural gas from the PBU Gas Transmission Line and the PTU Gas Transmission Line. The design for the GTP consists of three parallel treatment trains, each sized to process roughly 1.3 BSCF/D of feed gas. The process will remove the majority of carbon dioxide (“CO<sub>2</sub>”) and hydrogen sulfide (“H<sub>2</sub>S”) from the feed gas to the specification of the Liquefaction Facility, and most of the water to a dew point specification for the Mainline. The GTP will also include facilities in each treatment train to collect the CO<sub>2</sub> and H<sub>2</sub>S removed from the natural gas and return it to the PBU for reinjection.

### **D. The PBU and PTU Gas Transmission Lines**

The PBU Gas Transmission Line will be a new 60-inch natural gas transmission line extending approximately one mile from the outlet flange of the PBU gas production facility to the inlet flange of the GTP. The PBU Gas Transmission Line will include one meter station on the GTP pad. The PTU Gas Transmission Line will be a new 32-inch natural gas transmission line extending approximately 63 miles from the outlet flange of the PTU gas production facility to the inlet flange of the GTP. The PTU Gas Transmission Line will include one meter station on the GTP pad, three MLBVs, a launcher facility at the pipeline inlet at the PTU, and a receiver at the pipeline discharge at the GTP.

## **VII. SUPPLY SOURCES AND MARKET DEMAND**

### **A. Supply**

There are approximately 35 Tcf of “discovered” natural gas resources on the North Slope, over 90% of which are in Prudhoe Bay and Point Thomson.<sup>15</sup> As Alaska Governor Bill Walker

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<sup>15</sup> This figure is found in the Alaska Department of Natural Resources’ (“ADNR”) 2009 Annual Report, and is cited in the DeGolyer and MacNaughton “Report on a Study of Alaska Gas Reserves and Resources for Certain Gas Supply Scenarios as of December 31, 2012,” submitted to the DOE/FE as part of Alaska LNG, LLC’s application for export

recently stated in a letter to President Trump, Alaska’s North Slope “is . . . home to the world’s largest proven reserves of conventional, recoverable, natural gas.”<sup>16</sup> If authorized, the Project will deliver the supplies located at Prudhoe Bay and Point Thomson (and potentially other North Slope supplies in the future) to the Liquefaction Facility to meet global demand for natural gas and, to a lesser degree, to delivery points in Alaska for domestic consumption.

## **B. Global Demand for Natural Gas**

Given its proximity to Asia, the Project is ideally suited to serve the growing demand for natural gas in that part of the world. The International Energy Outlook 2016 (“IEO2016”) of the United States Energy Information Administration (“EIA”) projects greater reliance on natural gas in the years and decades to come in Eastern Asia and the Pacific Rim. In Asian nations that are members of the Organization for Economic Cooperation and Development (“OECD”), including Japan and South Korea, natural gas consumption is projected to grow by an average of 1.6% per year from 7.9 Tcf in 2012 to 12.2 Tcf in 2040.<sup>17</sup> Japan’s natural gas consumption is expected to increase by an average of 0.9% per year, with natural gas’ share of Japan’s total energy consumption projected to rise from 25% in 2020 to nearly 30% in 2040.<sup>18</sup> South Korea’s natural gas consumption is expected to grow at average rates of 2.3% per year from 2012 to 2020 and 1.7% per year from 2020 to 2040.<sup>19</sup>

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authorization in 2014. (“D&M Report”), See D&M Report. at 38, Figure 16. This report also estimates “most likely” probable and possible natural gas resources on the North Slope to be 45.2 Tcf, See D&M Report at 12, Figures 5 and 15, showing 30.2 Tcf of most likely probable resources, and 15.0 Tcf, of most likely possible resources.

<sup>16</sup> Letter from Governor Bill Walker, State of Alaska, to the Honorable Donald J. Trump, President of the United States (February 7, 2017).

<sup>17</sup> These estimates reflect the IEO2016 “Reference case” which is a projection based on a “business-as-usual trend estimate, given known technology and technological and demographic trends.” IEO2016 at ii.

<sup>18</sup> IEO2016 at 39.

<sup>19</sup> *Id.*

According to IEO2016:

Both Japan and South Korea have limited natural gas resources. Consequently, they have limited current production and limited prospects for future production. Both countries receive most of their natural gas supplies in the form of imported LNG. In 2012, natural gas production in Japan accounted for only 3% of the country's natural gas consumption, and in South Korea domestic natural gas production accounted for less than 1% of natural gas consumption.<sup>20</sup>

The future market in Asian countries that are considered non-OECD, including China and India, is even stronger:

Among all regions of the world, the fastest growth in natural gas consumption in the IEO2016 Reference case occurs in non-OECD Asia. Natural gas use in non-OECD Asia increases by an average of 4.4%/year, from 15.1 Tcf in 2012 to 50.8 Tcf in 2040 . . . Over the period, non-OECD Asia accounts for more than 40% of the total incremental growth in world natural gas use, moving from its current position as the world's fourth-largest natural gas consuming region to the second-largest natural gas consuming region in 2030 and the largest consumer in 2040. . . .<sup>21</sup>

The Project is uniquely positioned to compete for and satisfy this growing demand for natural gas. Given the Project's proximity to Asia, shipping costs from the Project to Asian markets will be very competitive. In addition, as existing LNG supply contracts expire in the next decade, a new generation of long-term LNG supply contracts will be needed. The combined amount of long-term contracted LNG deliveries for Japan, South Korea, Taiwan, and China will fall by 70 MMTPA between now and 2025 due to contract expirations. Therefore, with a projected in-service date of 2024, the Project will be able to compete to serve not only future global demand growth, but also to meet the demand currently filled by existing LNG supply contracts.

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<sup>20</sup> *Id.* at 45.

<sup>21</sup> *Id.* at 41.

**VIII.**  
**THE PROPOSED ALASKA LNG PROJECT IS IN THE PUBLIC INTEREST**

AGDC seeks Commission authorization to site, construct, and operate the Alaska LNG Project for the purpose of exporting natural gas production from Alaska’s North Slope to foreign countries. Section 3(a) of the NGA provides that “no person shall export any natural gas from the United States to a foreign country . . . without first having secured an order of the Commission authorizing it to do so.”<sup>22</sup> The Secretary of Energy has delegated to the Commission the authority to “[a]pprove or disapprove construction and operation of particular facilities, the site at which such facilities shall be located, and with respect to natural gas that involves the construction of new domestic facilities, the place of entry for imports or exit for exports.”<sup>23</sup>

Under Section 3(a) of the NGA, FERC must authorize a proposal to site, construct, and operate facilities for the exportation of natural gas unless FERC “finds that the propos[al] . . . will not be consistent with the public interest.”<sup>24</sup> The instant application clearly meets this standard. By unlocking the vast resources in the North Slope that would otherwise continue to be stranded, the Project will at long last bring to market Alaska’s abundant natural gas resource base, and produce substantial economic benefits.

The potential benefits of an Alaska infrastructure project have been recognized for years on a bipartisan basis by prior administrations and regulatory agencies. For example, DOE/FE’s predecessor agency stated more than twenty-five years ago: “North Slope natural gas is a major energy resource whose efficient development has been a goal of U.S. energy policy since its

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<sup>22</sup> 15 U.S.C. § 717b(a).

<sup>23</sup> DOE Delegation Order No. 00-004.00A (effective May 16, 2006).

<sup>24</sup> 15 U.S.C. § 717b(a).

discovery in 1968.”<sup>25</sup> Similarly, as stated in President Reagan’s Presidential Finding, “[l]eaving this resource undeveloped benefits no one.”<sup>26</sup>

More recent administrations have also extolled the benefits of natural gas exports. President Trump has enthusiastically recognized the benefits to the nation’s economy created by exports of energy products.<sup>27</sup> And in his *National Export Initiative*, former President Obama recognized that the development of new resources creates new jobs and new opportunities for American workers.<sup>28</sup> Specifically, this *Initiative* noted that “[a] critical component of stimulating economic growth in the United States is ensuring that U.S. businesses can actively participate in international markets by increasing their exports of goods, . . . Improved export performance will, in turn, create good high-paying jobs.”<sup>29</sup> The *National Export Initiative* aimed to double exports by helping businesses overcome hurdles to entering new export markets, assisting with financing, and pursuing a government-wide approach to export advocacy abroad.<sup>30</sup>

In granting export authority for the volumes to be exported by the Project, DOE/FE relied upon the substantial evidence provided by the Project sponsors of the benefits of exporting North Slope gas, including a “Socio-Economic Report” from NERA Economic Consulting (“NERA”). FERC authorization of the construction and operation of the Project is required to realize these

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<sup>25</sup> *Yukon Pacific Corporation*, ERA Docket No. 87-68-LNG, Order No. 350 at Section II (Nov. 16, 1989).

<sup>26</sup> *Presidential Finding Concerning Alaska Natural Gas*, 53 Fed. Reg. 999 (Jan. 15, 1988). In the application for DOE export authority, Alaska LNG Project, LLC explained that President Reagan’s finding under Section 12 of ANGTA continues to be valid today and should be applied to the AKLNG Project in satisfaction of ANGTA’s requirements. As stated above, DOE granted the project export authority as requested. Thus, to the extent FERC finds that a Presidential finding under ANGTA is required for this project, it has already been made.

<sup>27</sup> Press Release, Donald J. Trump, President of the United States, President Trump Congratulates Exxon Mobil for Job-Creating Investment Program (March 6, 2017), <https://www.whitehouse.gov/the-press-office/2017/03/06/president-trump-congratulates-exxon-mobil-job-creating-investment>.

<sup>28</sup> Exec. Order No. 13534, 75 Fed. Reg. 12,433 (Mar. 11, 2010).

<sup>29</sup> *Id.*

<sup>30</sup> *Id.*

benefits. The evidence cited by the DOE/FE in support of its export authorization included the following:

1. Economic Benefits

Exporting Alaska natural gas will generate growth in local, regional, and national economies through resource development, an enhanced tax base, creation of thousands of jobs, and an increase in overall economic activity. Construction of the Project will be the single largest investment in Alaska's history, and one of the largest infrastructure projects ever to be constructed in the United States. It is anticipated to create up to 15,000 jobs during construction and approximately 730 jobs for operation of the Project. Additionally, the creation of these jobs will create a ripple effect in the economy that generates additional jobs. The Socio-Economic Report finds that the Project will improve consumer welfare, gross state product for Alaska, gross domestic product ("GDP") for the United States, and personal income, as represented by consumption.<sup>31</sup> NERA concluded in the Socio-Economic Report that the Project will have "unequivocally positive" economic impacts in Alaska and the United States as a whole,<sup>32</sup> and will have strong positive economic impacts on all key indicators of Alaska's economy as compared to the no-Project scenario.<sup>33</sup>

Additionally, the Socio-Economic Report finds that the Project will lead to lower natural gas prices in Alaska. As determined by NERA, during the period 2048 to 2053, the market price of natural gas in Alaska is projected to be \$5.02/MMBtu lower in the Expected Demand scenario than in the no-Project scenario, a 39% price difference.<sup>34</sup> NERA finds that the decrease in natural gas prices over time compared to the no-Project scenario will induce additional consumption of natural

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<sup>31</sup> Socio-Economic Report at 5.

<sup>32</sup> *Id.* at 4.

<sup>33</sup> *Id.* at 6.

<sup>34</sup> *Id.* at 2.

gas in Alaska's economy, such that by the 2048-2053 period, total Alaska natural gas domestic consumption, as indicated below, will be about 10% higher in the Expected scenario than the no-Project scenario.<sup>35</sup> DOE/FE agreed with NERA's finding, stating: "[B]ecause the Alaska LNG Project will access stranded gas, the Project will improve rather than worsen the supply of gas available to consumers in Alaska."<sup>36</sup> The Project's impact on natural gas prices, as estimated by NERA, lends further support to the conclusion that FERC should authorize the construction of the Project under Section 3 of the NGA.

## 2. Improved Balance of Trade and Energy Security

Granting the requested authorizations will improve the United States' balance of trade. In 2012, the national trade deficit was approximately \$540 billion, with \$291 billion (over half) resulting from a negative balance in the trade of petroleum products.<sup>37</sup> If authorized, the Project will enable the exportation of 20 MTPA of LNG for at least a 30-year term, impacting the balance of trade favorably. Furthermore, as the DOE/FE noted in its order authorizing the Project to export to non-FTA nations:

[A]n efficient, transparent international market for natural gas with diverse sources of supply provides both economic and strategic benefits to the United States and our allies. Indeed, increased production of domestic natural gas has significantly reduced the need for the United States to import LNG. In global trade, LNG shipments that would have been destined to U.S. markets have been redirected to Europe and Asia, improving energy security for many of our key trading partners. To the extent U.S. exports can diversify global LNG supplies, and increase the volumes of LNG available globally, it will improve energy security for many U.S. allies and trading partners. As

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<sup>35</sup> *Id.* at 30.

<sup>36</sup> DOE/FE Order No. 3643 at 33.

<sup>37</sup> Bureau of Economic Analysis, United States Department of Commerce, "U.S. International Trade in Goods and Services: Annual Revision for 2012," (June 4, 2013) at 11, *available at* [http://www.census.gov/foreign-trade/Press-Release/2012pr/final\\_revisions/final.pdf](http://www.census.gov/foreign-trade/Press-Release/2012pr/final_revisions/final.pdf). In 2012, the United States exported only \$123 billion in petroleum products while importing over \$413 billion.



such, authorizing U.S. exports may advance the public interest for reasons that are distinct from and additional to their economic benefits.<sup>38</sup>

Moreover, consistent with the aims of the *National Export Initiative*, the export of LNG from Alaska will help to improve economic trade and relations between the United States and the destination countries.

### 3. Environmental Benefits

By enabling the export and in-state delivery of cleaner burning natural gas relative to other fossil fuels, the Project will have a net positive impact on the environment in both Alaska and in foreign countries. According to the United States Environmental Protection Agency, compared to the average air emissions from coal-fired generation, natural gas-fired generation produces half as much carbon dioxide, less than a third as much nitrogen oxides, and one percent as much sulfur oxides at a power plant.<sup>39</sup> Accordingly, an increased supply of natural gas made possible through LNG export can help China, India and other coal-reliant countries reduce their reliance on more environmentally harmful fuels. To the extent the 20 MMTA of LNG are used in foreign countries as a substitute for coal and fuel oil, these volumes will reduce emissions significantly over the period the Alaska LNG Project is operating.<sup>40</sup>

The Project will also minimize the impact the construction and operation of the facilities will have on the environment by using the latest and best technology and co-locating approximately two-thirds of the length of the pipeline within existing corridors. Specifically, between Prudhoe

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<sup>38</sup> DOE/FE Order No. 3643 at 34.

<sup>39</sup> See <http://www.epa.gov/cleanenergy/energy-and-you/affect/natural-gas.html>.

<sup>40</sup> With regard to environmental benefits in the United States, NERA found that due to fuel-switching from non-gas fuels to natural gas, particularly in the electric sector, emissions will decline in the long-run, although changes in total United States emissions are small at approximately -0.01%. Socio-Economic Report at 46-47, 51.

Bay and Livengood, the pipeline will use the utility corridor for the Trans-Alaska Pipeline and then will continue generally adjacent to the Parks Highway corridor.<sup>41</sup>

In sum, and based on the evidence submitted in support of the Project's application for export approval, DOE/FE found:

- That the exports proposed by Alaska LNG Project “are likely to generate significant local and regional economic benefits” in the form of “direct and indirect job creation, increased economic activity, and tax revenues.”<sup>42</sup>
- That Alaska LNG Project’s “evidence demonstrat[ed] that there is sufficient natural gas supply within the State . . . to meet both anticipated regional demand and the demand” resulting from the authorized exportation; DOE/FE pointed out that the Project will improve rather than worsen the supply of gas available to Alaska consumers as the Project will enable now-stranded gas to reach a market.<sup>43</sup>
- That the Alaska LNG Project is consistent with the *National Export Initiative* which has, as its mission, “stimulating economic growth in the United States [to] ensur[e] that U.S. businesses can actively participate in international markets by increasing their exports of goods, services, and agricultural products” toward the end of “creat[ing] good high-paying jobs.”<sup>44</sup>
- That authorizing U.S. exports will “diversify global LNG supplies, and increase the volumes of LNG available globally, [thereby] improve[ing] energy security for many U.S. allies and trading partners.”<sup>45</sup>

To realize these benefits, the natural gas on Alaska’s North Slope must be treated, delivered and liquefied for export to foreign markets where the demand for natural gas exists. Upon construction and operation of the facilities proposed in this Application, the Alaska LNG Project will deliver these benefits, and is therefore in the public interest.

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<sup>41</sup> In Public Land Order (PLO) 5150, promulgated pursuant to in the Alaska Native Claims Settlement Act (“ANSCA”), the Secretary of the Interior withdrew federal land for the purpose of providing a transportation and utility corridor for the Trans-Alaska Pipeline.

<sup>42</sup> *Id.* at 32.

<sup>43</sup> *Id.* at 33.

<sup>44</sup> DOE/FE Order No. 3643 at 33-34 (citing 75 Fed. Reg. at 12,433).

<sup>45</sup> *Id.* at 34.

## **IX. REGULATORY REQUIREMENTS**

Section 153 of the Commission's regulations implements Section 3 of the NGA. These regulations specify several requirements that applicants seeking authorization under Section 3 of the NGA must satisfy in their applications. AGDC addresses these requirements below.

**1. Department of Energy.** Section 153.6(a) of the Commission's regulations requires an applicant to state whether authorization from DOE/FE to export natural gas is required and whether DOE/FE has granted all required authorizations for the export of natural gas. As set forth in this Application, AGDC seeks to construct facilities to enable the export of natural gas, which requires authorization from DOE/FE. As indicated above, DOE/FE has authorized the export of LNG to FTA nations and to non-FTA nations.<sup>46</sup>

**2. Timing of Application with Respect to Pre-Filing Procedure.** Section 153.6(c) of the Commission's regulations requires that an applicant subject to the Commission's pre-filing procedures as set out in Section 157.21 of the Commission's regulations cannot submit an application for authorization until 180 days have elapsed following the notice by the Director of the Office of Energy Projects that the pre-filing procedure has commenced. As indicated above, the Director of the Office of Energy Projects issued such notice on September 12, 2014 and thus more than 180 days have passed since the Project initiated the pre-filing process.

**3. Information, Demonstrations and Statements Required by Section 153.7(c) of the Commission's Regulations.**

Section 153.7(c)(1)(i) of the Commission's regulations requires the applicant to demonstrate that its proposal "[w]ill improve access to supplies of natural gas, serve new market demand, enhance the reliability, security, and/or flexibility of the applicant's pipeline system, improve the

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<sup>46</sup> See *supra* at nn. 12-13, citing DOE/FE Order Nos. 3554 and. 3643 and noting that AGDC will comply with DOE/FE's change of control regulations after acquiring rights to the export license.

dependability of international energy trade, or enhance competition within the United States for natural gas transportation or supply; . . .” As discussed more fully above, AGDC has made this demonstration.

Section 153.7(c)(1)(ii) of the Commission’s regulations requires the applicant to demonstrate that its proposal “[w]ill not impair the ability of the applicant to render transportation service in the United States at reasonable rates to its existing customers; . . .” This does not apply to AGDC’s proposal as the proposal is for a new system and therefore there are no existing customers. Furthermore, the Alaska LNG Project will not operate in “interstate commerce” within the meaning of the NGA.<sup>47</sup>

Section 153.7(c)(1)(iii) of the Commission’s regulations requires the applicant to demonstrate that its proposal “[w]ill not involve any existing contract(s) between the applicant and a foreign government or person concerning the control of operations or rates for the delivery or receipt of natural gas which may restrict or prevent other United States companies from extending their activities in the same general area, . . .” AGDC’s proposal does not involve any contracts of that character.

Section 153.7(c)(2) of the Commission’s regulations requires the applicant to state whether the proposal will be used to render transportation services under parts 157 or 284 of the Commission’s regulations, private transportation, or service that is exempt under sections 1(b) or (c) of the NGA. AGDC states that the Alaska LNG Project will provide terminal services pursuant to negotiated commercial agreements under the Commission’s *Hackberry* policy.<sup>48</sup>

**4. Presidential Permit.** Section 153.15 of the Commission’s regulations requires an applicant proposing to construct facilities at the border of the United States and Canada or Mexico

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<sup>47</sup> 15 U.S.C § 717a(7).

<sup>48</sup> *Hackberry LNG Terminal, LLC*, 101 FERC ¶ 61,294 (2002).

to file with the Commission an application for a Presidential Permit. The proposed Alaska LNG Project will not include facilities at the border of the United States and Canada or Mexico. Consequently, AGDC does not require a Presidential Permit for the proposed Alaska LNG Project and neither Section 153.15 of the Commission's regulations nor Executive Order No. 10485, as amended by Executive Order No. 12038, applies.

**X.  
REQUIRED EXHIBITS**

In support of this Application, AGDC submits the following additional information, as required by Section 153.8 of the Commission's regulations.

- Exhibit A Certified Copy of Article of Incorporation, Partnership or Joint Venture Agreement
- Exhibit B Statement of Financial and Corporate Relationships
- Exhibit C Opinion of Counsel Regarding Authorized Powers
- Exhibit D Border Interconnection Facilities (not applicable)
- Exhibit E Report Containing Detailed Engineering and Design Information
- Exhibit E-1 Report on Earthquake Hazards and Seismic Information
- Exhibit F Environmental Report
- Exhibit G Geographical Map
- Exhibit H Federal Authorizations

**XI.  
NOTICE**

A form of notice suitable for publication in the *Federal Register* is attached.

**XII.**  
**CONCLUSION**

For the reasons set forth herein, AGDC respectfully requests the Commission to authorize AGDC to site, construct and operate the Alaska LNG Project under Section 3 of the NGA by December 31, 2018.

Dated: April 17, 2017

Respectfully submitted,

*Howard L. Nelson*

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# **EXHIBITS**

**Certified Copy of Article of Incorporation, Partnership or Joint Venture Agreement**

Alaska Gas Development Corporation (“AGDC”) was initially incorporated in 2010 as a subsidiary of the Alaska Housing Finance Corporation. In 2013, the Alaska Legislature passed HB4 as chapter 11 of the 2013 Session Laws of Alaska, which resulted in AGDC being a stand-alone public corporation of the State of Alaska, located for administrative purposes in the Department of Commerce, Community and Economic Development. The legislation provided that the change of AGDC from a subsidiary of the Alaska Housing Finance Corporation to a stand-alone public corporation of the State of Alaska was to be treated as a change of placement within the state and not as the creation of a new public corporation of the state. In 2014, the Alaska Legislature amended AGDC’s governing statute to provide AGDC with the primary responsibility for developing an Alaska liquefied natural gas project.

As a result of these legislative changes, AGDC is now a stand-alone public corporation of the State of Alaska whose organization, administration and powers are governed by Title 31, Chapter 25 of the Alaska Statutes, a copy of which is attached hereto.



## **Chapter 31.25. ALASKA GASLINE DEVELOPMENT CORPORATION**

### **Article 01. ORGANIZATION, ADMINISTRATION, AND POWERS**

#### **Sec. 31.25.005. Purpose.**

The corporation shall, for the benefit of the state, to the fullest extent possible,

(1) develop and have primary responsibility for developing natural gas pipelines, an Alaska liquefied natural gas project, and other transportation mechanisms to deliver natural gas in-state for the maximum benefit of the people of the state;

(2) when developing natural gas pipelines, an Alaska liquefied natural gas project, and other transportation mechanisms to deliver natural gas in-state, provide economic benefits in the state and revenue to the state;

(3) assist the Department of Natural Resources and the Department of Revenue to maximize the value of the state's royalty natural gas, natural gas delivered to the state as payment of tax, and other natural gas received by the state;

(4) advance an in-state natural gas pipeline as described in the July 1, 2011, project plan prepared under former AS 38.34.040 by the corporation while a subsidiary of the Alaska Housing Finance Corporation, with modifications determined by the corporation to be appropriate to develop, finance, construct, and operate an in-state natural gas pipeline in a safe, prudent, economical, and efficient manner, for the purpose of making natural gas, including propane and other hydrocarbons associated with natural gas other than oil, available to Fairbanks, the Southcentral region of the state, and other communities in the state at the lowest rates possible;

(5) advance an Alaska liquefied natural gas project by developing infrastructure and providing related services, including services related to transportation, liquefaction, a marine terminal, marketing, and commercial support; if the corporation provides a service under this paragraph to the state, a public corporation or instrumentality of the state, a political subdivision of the state, or another entity of the state, the corporation may not charge a fee for the service in an amount greater than the amount necessary to reimburse the corporation for the cost of the service;

(6) endeavor to develop natural gas pipelines and other transportation mechanisms to deliver natural gas, including propane and other hydrocarbons associated with natural gas other than oil, to public utility and industrial customers in areas of the state to which the natural gas, including propane and other hydrocarbons associated with natural gas other than oil, may be delivered at commercially reasonable rates; and

(7) endeavor to develop natural gas pipelines and other transportation mechanisms that offer commercially reasonable rates for shippers and access for shippers who produce natural gas, including propane and other hydrocarbons associated with natural gas other than oil, in the state.

**Sec. 31.25.007. Expedited review and action by state agencies or entities.**

A state agency or entity conducting a review or taking action relating to a project under this chapter shall expedite the review or action in a manner consistent with the timely completion of the project.

**Sec. 31.25.010. Structure.**

The Alaska Gasline Development Corporation is a public corporation and government instrumentality acting in the best interest of the state for the purposes required by AS 31.25.005, located for administrative purposes in the Department of Commerce, Community, and Economic Development, but having a legal existence independent of and separate from the state. The corporation may not be terminated as long as it has bonds, notes, or other obligations outstanding. The corporation may dissolve when no bonds, notes, or other obligations of the corporation or a subsidiary of the corporation are outstanding and the corporation or a subsidiary of the corporation is no longer engaged in the development, financing, construction, or operation of an in-state natural gas pipeline or an Alaska liquefied natural gas project. Upon termination of the corporation, its rights and property pass to the state.

**Sec. 31.25.020. Governing body.**

(a) The corporation shall be governed by a board of directors consisting of

(1) five public members; and

(2) two individuals designated by the governor that are each the head of a principal department of the state, except that the commissioner of natural resources and the commissioner of revenue may not be designated to serve on the board.

(b) Public members of the board shall be appointed by the governor and are subject to confirmation by the legislature. When appointing a public member to the board, the governor shall consider an individual's expertise and experience in natural gas pipeline construction, operation, and marketing; finance; large project management; and other expertise and experience that is relevant to the purpose, powers, and duties of the corporation. Public members of the board serve staggered five-year terms. A public member serves at the pleasure of the governor. A vacancy shall be filled in the same manner as the original appointment. Notwithstanding AS 39.05.100, a public member appointed under (a)(1) of this section is not required to be a registered voter or a resident of the state. If the governor appoints a public member to the board who is not a registered voter in the state or a resident of the state, the governor shall send a written statement to the legislature with the notice of appointment explaining the governor's reasons for making the appointment.

(c) Notwithstanding AS 39.05.055, the terms of the initially appointed public members of the board shall be set by the governor to be two years for two members, three years for two members, and five years for one member.

(d) The public members of the board receive \$400 compensation for each day spent on official business of the corporation and may be reimbursed by the corporation for actual and necessary expenses at the same rate paid to members of state boards under AS 39.20.180.

**Sec. 31.25.030. Meetings of board.**

(a) The board shall elect a chair, secretary, and treasurer from among its membership at each annual meeting. A majority of the members constitutes a quorum for organizing the board, conducting its business, and exercising the powers of the corporation. The board shall meet at the call of the chair. The board shall meet at least once every three months.

(b) The board may meet and transact business by electronic media if

(1) public notice of the time and locations where the meeting will be held by electronic media has been given in the same manner as if the meeting were held in a single location;

(2) participants and members of the public in attendance can hear and have the same right to participate in the meeting as if the meeting were conducted in person; and

(3) copies of pertinent reference materials, statutes, regulations, and audio-visual materials are reasonably available to participants and to the public.

(c) A meeting by electronic media as provided in this section has the same legal effect as a meeting in person.

(d) For the purposes of this chapter, public notice of 24 hours or more is adequate notice of a meeting of the board at which the issuance of corporation bonds is authorized.

(e) An affirmative vote of at least four members of the board is required to approve

(1) the sale and issuance of bonds;

(2) the sale or other disposition of a substantial asset or substantial amount of the assets of the corporation; the corporation shall adopt a regulation that defines a substantial asset and a substantial amount of assets for the purposes of this paragraph;

(3) the ownership structure for a pipeline project of which the corporation is a participant;

(4) an action committing the corporation to an additional natural gas pipeline project; and

(5) action on other matters identified in a regulation adopted by the corporation as being subject to this subsection.

**Sec. 31.25.035. Minutes of meetings.**

The board shall keep minutes of each meeting and send certified copies to the governor and to the Legislative Budget and Audit Committee.

**Sec. 31.25.040. Administration of affairs; program directors.**

(a) The board shall manage the assets and business of the corporation and may adopt, amend, and repeal bylaws and regulations governing the manner in which the business of the corporation is conducted

and the manner in which its powers are exercised. The board shall delegate supervision of the administration of the corporation to the executive director, appointed in accordance with AS 31.25.045.

(b) The board shall adopt and publish procedures to govern the procurement by the corporation of supplies, services, professional services, and construction. The procurement procedures must provide for an Alaska veterans' preference that is consistent with the Alaska veterans' preference in AS 36.30.175.

(c) To the maximum extent practicable, the board shall

(1) maximize the efficient use of state resources; and

(2) establish appropriate separation within the corporation by separating personnel and functions and by other means to the extent that separation may be required by contract or applicable law for the purpose of screening and preventing the exchange of commercially sensitive information when developing an in-state natural gas pipeline, an Alaska liquefied natural gas project, and other transportation mechanisms to deliver natural gas in the state.

(d) The board may appoint a program director for an Alaska liquefied natural gas project. The board may appoint a separate program director for an in-state natural gas pipeline as described in the July 1, 2011, project plan prepared under former AS 38.34.040 and defined in AS 31.25.390. A program director appointed under this section shall

(1) serve at the pleasure of the board; and

(2) report to the executive director of the corporation.

**Sec. 31.25.045. Executive director.**

The corporation shall employ an executive director who may not be a member of the board. The executive director shall be appointed by the board and serves at the pleasure of the board.

**Sec. 31.25.050. Legal counsel.**

(a) Except as provided in (b) of this section, the corporation shall retain legal counsel to advise the corporation in legal matters and represent it in litigation.

(b) The attorney general shall

(1) be the legal counsel for the corporation for legal services related to the development of contracts and agreements by the corporation that relate to an Alaska liquefied natural gas project; and

(2) consult with the corporation when procuring outside counsel for legal services for the corporation related to an Alaska liquefied natural gas project.

**Sec. 31.25.060. Employment of personnel.**

The board may appoint other officers and engage professional and technical advisors as independent contractors. The executive director may hire employees of the corporation and engage professional and

technical advisors under contract with the corporation. The board shall prescribe the duties and compensation of corporation personnel, including the executive director.

**Sec. 31.25.065. Personnel exempt from State Personnel Act.**

The personnel of the corporation are exempt from AS 39.25.

**Sec. 31.25.080. Powers and duties.**

(a) In addition to other powers granted in this chapter, the corporation may

(1) determine the form of ownership and the operating structure of an in-state natural gas pipeline developed by the corporation and may enter into agreements with other persons for joint ownership, joint operation, or both of an in-state natural gas pipeline or an Alaska liquefied natural gas project;

(2) plan, finance, construct, develop, acquire, maintain, and operate a pipeline system and other transportation mechanism, including pipelines, compressors, storage facilities, and other related facilities, equipment, and works of public improvement, in the state to facilitate production, transportation, and delivery of natural gas or other related natural resources to the point of consumption or to the point of distribution for consumption;

(3) lease or rent facilities, structures, and properties;

(4) exercise the power of eminent domain and file a declaration of taking under AS 09.55.240 - 09.55.460 to acquire land or an interest in land that is necessary for an in-state natural gas pipeline or an Alaska liquefied natural gas project; the exercise of powers by the corporation under this paragraph may not exceed the permissible exercise of the powers by the state;

(5) acquire, by purchase, lease, or gift, land, structures, real or personal property, an interest in property, a right-of-way, a franchise, an easement, or other interest in land, or an interest in or right to capacity in a pipeline system determined to be necessary or convenient for the development, financing, construction, or operation of an in-state natural gas pipeline project or an Alaska liquefied natural gas project or part of an in-state natural gas pipeline project or an Alaska liquefied natural gas project;

(6) transfer or otherwise dispose of all or part of an in-state natural gas pipeline project, an Alaska liquefied natural gas project, or an interest in an asset of the corporation;

(7) elect to provide transportation of natural gas as a contract carrier, common carrier, or otherwise;

(8) provide light, water, security, and other services for property of the corporation;

(9) conduct hearings to gather and develop data consistent with the purpose and powers of the corporation;

(10) advocate for new pipeline capacity before the Federal Energy Regulatory Commission;

(11) make and execute agreements, contracts, and other instruments necessary or convenient in the exercise of the powers and functions of the corporation under this chapter, including a contract with a person, firm, corporation, governmental agency, or other entity;

(12) sue and be sued in its own name;

(13) adopt an official seal;

(14) adopt bylaws for the regulation of its affairs and the conduct of its business and adopt regulations and policies in connection with the performance of its functions and duties;

(15) employ fiscal consultants, engineers, attorneys, appraisers, and other consultants and employees that may, in the judgment of the corporation, be required and fix and pay their compensation from funds available to the corporation;

(16) procure insurance against a loss in connection with its operation;

(17) borrow money as provided in this chapter to carry out its corporate purposes and issue its obligations as evidence of borrowing;

(18) include in a borrowing the amounts necessary to pay financing charges, to pay interest on the obligations, and to pay the interest, consultant, advisory, and legal fees, and other expenses that are necessary or incident to the borrowing;

(19) receive, administer, and comply with the conditions and requirements of an appropriation, gift, grant, or donation of property or money;

(20) do all acts and things necessary, convenient, or desirable to carry out the powers expressly granted or necessarily implied in this chapter;

(21) invest or reinvest, subject to its contracts with noteholders and bondholders, money or funds held by the corporation, including funds in the in-state natural gas pipeline fund (AS 31.25.100) and the Alaska liquefied natural gas project fund (AS 31.25.110), in obligations or other securities or investments in which banks or trust companies in the state may legally invest funds held in reserves or sinking funds or funds not required for immediate disbursement, and in certificates of deposit or time deposits secured by obligations of, or guaranteed by, the state or the United States;

(22) enter into, as it determines to be necessary or appropriate, any swap or hedge, cap, or other contract providing for payments based on levels of or changes in interest rates or indices or in the cost or price of any commodity, supply, or expense expected to be used or incurred in connection with the acquisition, construction, or operation of any facility or property owned, leased, or operated by the corporation, or an option with respect to any of the foregoing;

(23) except as provided in (g) of this section, acquire an ownership or participation interest in an Alaska liquefied natural gas project, natural gas treatment facilities, natural gas pipeline facilities, liquefaction facilities, marine terminal facilities related to the infrastructure of an Alaska liquefied natural gas project, or an entity or joint venture that has an ownership interest in or is engaged in the planning,

financing, acquisition, maintenance, construction, and operation of an Alaska liquefied natural gas project;

(24) after consultation with the commissioner of revenue and the commissioner of natural resources, enter into contracts relating to an Alaska liquefied natural gas project, including contracts for services related to operation, marketing, transportation, gas treatment, marine terminal operation, or liquefaction.

(b) Upon commencement of construction of an in-state natural gas pipeline, the corporation shall analyze potential natural gas pipelines and other transportation mechanisms connecting to industrial, residential, or utility customers in other regions of the state. If the corporation finds that a natural gas pipeline or other transportation mechanism analyzed under this subsection is in the best interest of the state and can meet the needs of industrial, residential, or utility customers at commercially reasonable rates, the corporation may finance, construct, or operate the natural gas pipeline or other transportation mechanism as necessary. When developing or constructing a connecting line or other transportation mechanism, the corporation shall, to the maximum extent feasible, use existing land, structures, real or personal property, rights-of-way, easements, or other interests in land acquired by the corporation.

(c) The corporation may not develop or construct a natural gas pipeline that is a competing natural gas pipeline project for purposes of AS 43.90.440.

(d) The corporation shall establish a schedule of reasonable fees, rental rates, and other charges, and collect fees, rentals, and other charges for use of the facilities of the corporation.

(e) If commitments to acquire firm transportation capacity for the in-state natural gas pipeline are received in an open season conducted by the corporation, the corporation shall, within 10 days after accepting and executing the written commitments received during the open season, report the results of the open season to the president of the senate and the speaker of the house of representatives and inform the public of the results of the open season through publication on the Internet website of the corporation and in a press release or other announcement to the media. The results made public must include the name of each prospective shipper, the amount of capacity allocated, and the period of the commitment. If the corporation determines that the commitments received during the open season are not sufficient to permit the corporation to continue the development or construction of the natural gas pipeline, the corporation shall report that to the legislature within 30 days.

(f) [Repealed, Sec. 71 ch 14 SLA 2014].

(g) The power in (a)(23) of this section may not be exercised by an entity or subsidiary of the corporation that is advancing the development of an in-state natural gas pipeline.

**Sec. 31.25.090. Confidentiality; interagency cooperation.**

(a) The corporation shall have access to information of departments, agencies, and public corporations of the state that is directly related to the planning, financing, development, acquisition, maintenance, construction, or operation of an in-state natural gas pipeline. The corporation shall avoid duplicating studies, plans, and designs that have already been provided or obtained by other state entities. All departments, agencies, and public corporations of the state shall cooperate with and shall provide

information, services, and facilities to the corporation upon its request and, except for requests from the Alaska Gasline Inducement Act coordinator appointed under AS 43.90.250, give priority to processing authorization applications and other requests of the corporation.

(b) Upon request by the corporation, a state entity shall provide water, sand and gravel, other nonhydrocarbon natural resources, and a permit or a lease to the corporation at the usual and customary rates, except as provided in (d) of this section. Review of and action on a request shall be conducted and taken as provided in AS 38.34.020. In this subsection, "state entity" means a state department, authority, or other administrative unit of the executive branch of state government, a public university, or a public corporation of the state.

(c) That part of the cost of providing, under (b) of this section, water, sand and gravel, or other nonhydrocarbon natural resources, or of entering into a lease or issuing a permit, that is borne by the corporation for an in-state natural gas pipeline project that is owned in whole or in part by the corporation may not be included in the rate base in a proceeding under AS 42 or before the Federal Energy Regulatory Commission.

(d) Notwithstanding any contrary provision of law, the Department of Natural Resources shall grant the corporation a right-of-way lease under AS 38.35 for the gas pipeline transportation corridor at no appraisal or rental cost if

(1) a complete right-of-way lease application under AS 38.35.050 is submitted;

(2) the lease application is made the subject of notice and other reasonable and appropriate publication requirements under AS 38.35.070; and

(3) the corporation submits the application for the right-of-way lease and agrees to be bound by those right-of-way lease covenants set out in

(A) AS 38.35.120 for an in-state natural gas pipeline that the corporation intends to be a common carrier; or

(B) AS 38.35.121 for an in-state natural gas pipeline that the corporation intends to be a contract carrier.

(e) After approval by the commissioner of natural resources, a right-of-way lease received by the corporation under (d) of this section may be transferred to a successor in interest under the same terms and conditions applicable to the right-of-way lease granted to the corporation.

(f) The corporation may enter into confidentiality agreements necessary to acquire or provide information to carry out its functions. If a state agency determines that a law or provision of a contract to which the state agency is a party requires the state agency to preserve the confidentiality of the information and that delivering the information to the corporation would violate the confidentiality provision of that law or contract, the state agency shall

(1) identify the applicable law or contract provision to the corporation; and



(2) obtain the consent of the person who has the right to waive the confidentiality of the information under the applicable law or contract provision before the state agency transfers the information to the corporation.

(g) The portions of records containing information acquired or provided by the corporation under a confidentiality agreement are not subject to AS 40.25.100 - 40.25.295. The corporation may enter into confidentiality agreements with a public agency, as defined in AS 40.25.220, to allow release of confidential information. The portions of the records and files of a public agency bound by a confidentiality agreement that reflect, incorporate, or analyze information subject to a confidentiality agreement under this subsection are not public records. Confidentiality agreements entered into under this subsection are valid and binding against all parties in accordance with the terms of the confidentiality agreement.

(h) Information and trade secrets of the corporation are confidential and not subject to AS 40.25.100 - 40.25.295 if the corporation determines that disclosure would cause commercial or competitive harm or damage to the corporation. Information that discloses the particulars of a business or the affairs of a private enterprise, investor, advisor, consultant, counsel, or manager that is developed or obtained by the corporation and related to the development, financing, construction, or operation of an in-state natural gas pipeline project by the corporation is confidential and not subject to AS 40.25.100 - 40.25.295. The corporation may waive the confidentiality described in this subsection, except for information that is confidential under another provision of state law or under a federal law or regulation and except for information acquired from another person that is subject to a confidentiality agreement, if the waiver is consistent with the interests of the state and will facilitate the development, financing, or construction of an in-state natural gas pipeline. On the date that the in-state natural gas pipeline project becomes operational, the corporation shall make available, upon request under AS 40.25.100 - 40.25.295, records that were exempt from AS 40.25.100 - 40.25.295 under this subsection or (g) of this section, unless the corporation determines that

(1) maintaining the confidentiality of the information is necessary to protect the economic interests of the corporation or the state; or

(2) disclosure of the information will violate another provision of state law, a federal law or regulation, or the terms of a confidentiality agreement or other agreement to which the corporation is a party or that is binding on the corporation.

(i) Subject to limitations on the disclosure of confidential information in (g) and (h) of this section, the corporation shall provide to the commissioner of natural resources and the commissioner of revenue access to information that is related to the development of contracts under AS 38.05.020(b)(10) and (11).

### **Sec. 31.25.100. In-state natural gas pipeline fund.**

The in-state natural gas pipeline fund is established in the corporation and consists of money appropriated to it. The corporation shall determine fund management and may contract with the Department of Revenue for fund management. Unless otherwise provided by law, money appropriated to the fund lapses into the general fund on the day this section is repealed. Interest and other income received on money in

the fund shall be separately accounted for and may be appropriated to the fund. The corporation may use money appropriated to the fund without further appropriation for the cost of managing the fund and for the planning, financing, development, acquisition, maintenance, construction, and operation of the in-state natural gas pipeline described in AS 31.25.005(4) and for the purposes in AS 31.25.005(4), (6), and (7).

**Sec. 31.25.110. Alaska liquefied natural gas project fund.**

The Alaska liquefied natural gas project fund is established in the corporation and consists of money appropriated to it. The corporation shall determine fund management and may contract with the Department of Revenue for fund management. If money is appropriated to the fund to finance the cost of an Alaska liquefied natural gas project, the corporation shall create an account in the fund for that purpose and hold the money appropriated for that purpose in that account. Interest and other income received on money in the fund shall be separately accounted for and may be appropriated to the fund. The corporation may use money appropriated to the fund without further appropriation for the purpose of managing the fund, for purposes related to an Alaska liquefied natural gas project, and for the purpose of transferring net revenue received by the corporation related to equity interests, contracts, and other activities to the appropriate fund of the state as determined by the commissioner of revenue in consultation with the commissioner of natural resources.

**Sec. 31.25.120. Creation of subsidiaries.**

The corporation may create subsidiary corporations for the purpose of developing, constructing, operating, and financing in-state natural gas pipeline projects or other transportation mechanisms; for the purpose of aiding in the development, construction, operation, and financing of in-state natural gas pipeline projects; or for the purpose of acquiring natural gas from the North Slope, and natural gas from other regions of the state, including the state's outer continental shelf, and making that natural gas available to markets in the state, including the delivery of natural gas, including propane and other hydrocarbons associated with natural gas other than oil, to coastal communities in the state, or for export. Subject to the limitations for the use of money appropriated to the in-state natural gas pipeline fund (AS 31.25.100) and the Alaska liquefied natural gas project fund (AS 31.25.110), the corporation may transfer assets of the corporation to a subsidiary created under this section. A subsidiary created under this section may borrow money and issue bonds as evidence of that borrowing and has all the powers of the corporation that the corporation grants to it. Unless otherwise provided by the corporation, the debts, liabilities, and obligations of a subsidiary corporation created under this section are not the debts, liabilities, or obligations of the corporation.

**Sec. 31.25.130. Administrative procedure; regulations.**

(a) Except for AS 44.62.310 - 44.62.319 (Open Meetings Act), AS 44.62 (Administrative Procedure Act) does not apply to this chapter. The corporation shall make available to members of the public copies of the regulations adopted under (b) - (e) of this section. Within 45 days after adoption, the chair of the board shall submit a regulation adopted under (b) - (e) of this section to the chair of the Administrative Regulation Review Committee under AS 24.20.400 - 24.20.460.

(b) The board may adopt regulations by motion or by resolution or in another manner permitted by its bylaws.

(c) The board may adopt regulations to carry out the purposes of this chapter.

(d) Except as provided in (e) of this section, at least 15 days before the adoption, amendment, or repeal of a regulation, the board shall give public notice of the proposed action by posting notice on the corporation's Internet website and on the Alaska Online Public Notice System and by mailing a copy of the notice to every person who has filed a request for notice of proposed regulations with the board or the corporation. The public notice must include a statement of the time, place, and nature of the proceedings for the adoption, amendment, or repeal of the regulation and must include an informative summary of the proposed subject of the regulation. On the date and at the time and place designated in the notice, the board shall give each interested person or an authorized representative, or both, the opportunity to present statements, arguments, or contentions in writing and shall give members of the public an opportunity to present oral statements, arguments, or contentions for a total period of at least one hour. The board shall consider all relevant matter presented to it before adopting, amending, or repealing a regulation. At a hearing under this subsection, the board may continue or postpone the hearing to a time and place that it determines. A regulation that is adopted, or its amendment or repeal, may vary in content from the informative summary specified in this subsection if the subject matter of the regulation, or its amendment or repeal, remains the same and the original notice was written to ensure that members of the public are reasonably notified of the proposed subject of the board's action in order for them to determine whether their interests could be affected by the board's action on that subject.

(e) A regulation or order of repeal may be adopted as an emergency regulation or order of repeal if the board makes a finding in its order of adoption or repeal, including a statement of the facts that constitute the emergency, that the adoption of the regulation or order of repeal is necessary for the immediate preservation of the orderly operation of the corporation's bonding programs. Upon adoption of an emergency regulation, the board shall, within 10 days after adoption, give notice of the adoption in accordance with (d) of this section. An emergency regulation adopted under this subsection does not remain in effect more than 120 days unless the board complies with (d) of this section during the 120-day period.

(f) A regulation adopted under (b) - (e) of this section becomes effective immediately upon its adoption by the board, unless otherwise specifically provided by the order of adoption.

**Sec. 31.25.140. Exemption from the State Procurement Code; application of the Executive Budget Act; corporation finances.**

(a) The corporation and its subsidiaries are exempt from the provisions of AS 36.30 (State Procurement Code).

(b) The operating budget of the corporation and a subsidiary of the corporation are subject to AS 37.07 (Executive Budget Act).

(c) To further ensure effective budgetary decision making by the legislature, the board shall

(1) annually review the corporation's assets, including the assets of the in-state natural gas pipeline fund under AS 31.25.100 and the Alaska liquefied natural gas project fund under AS 31.25.110, to determine whether assets of the corporation exceed an amount required to fulfill the purposes of the corporation as defined in this chapter; in making its review, the board shall determine whether, and to

what extent, assets in excess of the amount required to fulfill the purposes of the corporation during the next fiscal year are available without

(A) breaching an agreement entered into by the corporation;

(B) materially impairing the operations or financial integrity of the corporation; or

(C) materially affecting the ability of the corporation to fulfill the purposes of the corporation as defined in this chapter;

(2) specifically identify in the corporation's assets the amounts that the board believes are necessary to meet the requirements of (1)(C) of this subsection; and

(3) present to the legislature by January 10 of each year a complete accounting of all assets of the corporation, including assets of the in-state natural gas pipeline fund under AS 31.25.100 and the Alaska liquefied natural gas project fund under AS 31.25.110, and a report of the review and determination made under (1) and (2) of this subsection; the accounting shall be audited by an independent outside auditor.

## **Article 02. BONDS AND NOTES**

### **Sec. 31.25.160. Bonds and notes.**

(a) The corporation may, by resolution, issue bonds and bond anticipation notes to provide funds to carry out its purposes.

(b) The principal of and interest on the bonds or notes are payable from corporation funds. Bond anticipation notes may be payable from the proceeds of the sale of bonds or from the proceeds of sale of other bond anticipation notes or, in the event bond or bond anticipation note proceeds are not available, from other funds or assets of the corporation. Bonds or notes may be additionally secured by a pledge of a grant or contribution from the federal government, or a corporation, association, institution, or person, or a pledge of money, income, or revenue of the corporation from any source.

(c) Bonds or bond anticipation notes may be issued in one or more series and shall be dated, bear interest at the rate or rates a year or within the maximum rate, be in the denomination, be in the form, either coupon or registered, carry the conversion or registration provisions, have the rank or priority, be executed in the manner and form, be payable from the sources in the medium of payment and place or places within or outside the state, be subject to authentication by a trustee or fiscal agent, and be subject to the terms of redemption with or without premium, as the resolution of the corporation may provide. Bond anticipation notes shall mature at the time or times that are determined by the corporation. Bonds shall mature at a time, not exceeding 50 years from their date, that is determined by the corporation. Before the preparation of definitive bonds or bond anticipation notes, the corporation may issue interim receipts or temporary bonds or bond anticipation notes, with or without coupons, exchangeable for bonds or bond anticipation notes when the definitive bonds or bond anticipation notes have been executed and are available for delivery.

(d) Bonds or bond anticipation notes may be sold in the manner and on the terms the corporation determines.

(e) If an officer whose signature or a facsimile of whose signature appears on bonds or notes or coupons attached to them ceases to be an officer before the delivery of the bond, note, or coupon, the signature or facsimile is valid the same as if the officer had remained in office until delivery.

(f) In a resolution of the corporation authorizing or relating to the issuance of bonds or bond anticipation notes, the corporation has power by provisions in the resolution that will constitute covenants of the corporation and contracts with the holders of the bonds or bond anticipation notes

(1) to pledge to a payment or purpose all or a part of its revenue to which its right then exists or may thereafter come into existence the money derived from the revenue and the proceeds of the bonds or notes;

(2) to covenant against pledging all or a part of its revenue or against permitting or suffering a lien on the revenue of its property;

(3) to covenant as to the use and disposition of payments of principal or interest received by the corporation on investments held by the corporation;

(4) to covenant as to establishment of reserves or sinking funds and the making of provision for and the regulation and disposition of the reserves or sinking funds;

(5) to covenant with respect to or against limitations on a right to sell or otherwise dispose of property of any kind;

(6) to covenant as to bonds and notes to be issued, and their limitations, terms, and condition, and as to the custody, application, and disposition of the proceeds of the bonds and notes;

(7) to covenant as to the issuance of additional bonds or notes or as to limitations on the issuance of additional bonds or notes and the incurring of other debts;

(8) to covenant as to the payment of the principal of or interest on the bonds or notes, as to the sources and methods of the payment, as to the rank or priority of the bonds or notes with respect to a lien or security, or as to the acceleration of the maturity of the bonds or notes;

(9) to provide for the replacement of lost, stolen, destroyed, or mutilated bonds or notes;

(10) to covenant against extending the time for the payment of bonds or notes or interest on the bonds or notes;

(11) to covenant as to the redemption of bonds or notes and privileges of their exchange for other bonds or notes of the corporation;

(12) to covenant to create or authorize the creation of special funds of money to be held in pledge or otherwise for operating expenses, payment or redemption of bonds or notes, reserves, or other purposes, and as to the use and disposition of the money held in the funds;

(13) to establish the procedure, if any, by which the terms of a contract or covenant with or for the benefit of the holders of bonds or notes may be amended or abrogated, the amount of bonds or notes the holders of which must consent to amendment or abrogation, and the manner in which the consent may be given;

(14) to covenant as to the custody of any of its properties or investments, the safekeeping and insurance of its properties or investments, and the use and disposition of insurance money;

(15) to covenant as to the time or manner of enforcement or restraint from enforcement of any rights of the corporation arising by reason of or with respect to nonpayment or violation of the terms of an agreement to which the corporation is a party or with respect to which the corporation has enforcement rights;

(16) to provide for the rights, liabilities, powers, and duties arising upon the breach of a covenant, condition, or obligation, and to prescribe the events of default and the terms and conditions on which any or all of the bonds, notes, or other obligations of the corporation become or may be declared due and payable before maturity and the terms and conditions on which a declaration and its consequences may be waived;

(17) to vest in a trustee or trustees within or outside the state the property, rights, powers, and duties in trust as the corporation may determine, which may include any or all of the rights, powers, and duties of a trustee appointed by the holders of the bonds or notes, and to limit or abrogate the right of the holders of the bonds or notes of the corporation to appoint a trustee under this chapter or limit the rights, powers, and duties of the trustee;

(18) to pay the costs or expenses incident to the enforcement of the bonds or notes or of the provisions of the resolution or of a covenant or agreement of the corporation with the holders of its bonds or notes;

(19) to agree with a corporate trustee, which may be a trust company or bank having the powers of a trust company within or outside the state, as to the pledging or assigning of revenue or funds to which or in which the corporation has any rights or interest; the agreement may further provide for other rights and remedies exercisable by the trustee as may be proper for the protection of the holders of the bonds or notes of the corporation and not otherwise in violation of law and may provide for the restriction of the rights of an individual holder of bonds or notes of the corporation;

(20) to appoint and provide for the duties and obligations of any paying agent or paying agents, or other fiduciaries as the resolution may provide within or outside the state;

(21) to limit the rights of the holders of the bonds or notes to enforce a pledge or covenant securing bonds or notes;

(22) to make covenants other than and in addition to the covenants expressly authorized in this section, of like or different character, and to make covenants to do or refrain from doing acts and things as may be necessary, or as may be convenient and desirable, to better secure bonds or notes or that, in the absolute discretion of the corporation, would tend to make bonds or notes more marketable, notwithstanding that the covenants, acts, or things may not be enumerated in this section.

**Sec. 31.25.170. Independent financial advisor.**

In negotiating the sale of bonds or bond anticipation notes to an underwriter, the corporation may retain a financial advisor. A financial advisor retained under this section must be independent from the underwriter.

**Sec. 31.25.180. Validity of pledge.**

The pledge of assets or revenue of the corporation to the payment of the principal of or interest on an obligation of the corporation is valid and binding from the time the pledge is made, and the assets or revenue are immediately subject to the lien of the pledge without physical delivery or further act. The lien of the pledge is valid and binding against all parties having claims of any kind in tort, contract, or otherwise against the corporation, regardless of whether those parties have notice of the lien of the pledge. This section does not prohibit the corporation from selling assets subject to a pledge, except that the sale may be restricted by the trust agreement or resolution providing for the issuance of the obligations.

**Sec. 31.25.190. Capital reserve funds.**

(a) The corporation may not establish a capital reserve fund as described in this section except as expressly authorized by law. The enactment of this section does not express that authorization. Upon enactment of a law expressly authorizing the establishment of a capital reserve fund described in this section and for the purpose of securing one or more issues of its obligations, the corporation may establish one or more special funds, called "capital reserve funds," and shall pay into those capital reserve funds

- (1) money appropriated and made available by the state for the purpose of any of those funds;
- (2) proceeds of the sale of its obligations, to the extent provided in the resolution or resolutions of the corporation authorizing their issuance; and
- (3) other money that may be made available to the corporation for the purposes of those funds from another source.

(b) All money held in a capital reserve fund, except as provided in this section, shall be used as required, solely for the payment of the principal of obligations or of the sinking fund payments with respect to those obligations; the purchase or redemption of obligations; the payment of interest on obligations; or the payment of a redemption premium required to be paid when those obligations are redeemed before maturity. However, money in a fund may not, at any time, be withdrawn from the fund in an amount that would reduce the amount of that fund to less than the capital reserve requirement set out in (c) of this section, except for the purpose of making, with respect to those obligations, payment, when due, of principal, interest, redemption premiums, and the sinking fund payments for the payment of which other money of the corporation is not available. Income or interest earned by, or increment to, a capital reserve fund, because of the investment of the fund or other amounts in it, may be transferred by the corporation to other funds or accounts of the corporation to the extent that the transfer does not reduce the amount of the capital reserve fund below the capital reserve fund requirement.

(c) If the corporation decides to issue obligations secured by a capital reserve fund, the obligations may not be issued if the amount in the capital reserve fund is less than a percentage, not exceeding 10 percent of the principal amount of all of those obligations secured by that capital reserve fund then to be issued and then outstanding in accordance with their terms, as may be established by resolution of the corporation (called the "capital reserve fund requirement"), unless the corporation, at the time of issuance of the obligations, deposits in the capital reserve fund from the proceeds of the obligations to be issued or from other sources an amount that, together with the amount then in the fund, would not be less than the capital reserve fund requirement.

(d) In computing the amount of a capital reserve fund for the purpose of this section, securities in which all or a portion of the funds are invested shall be valued at par or, if purchased at less than par, at amortized costs as the term is defined by resolution of the corporation authorizing the issue of the obligations, or by some other reasonable method established by the corporation by resolution. Valuation on a particular date shall include the amount of interest earned or accrued to that date.

(e) The chair of the corporation shall annually, not later than January 2, make and deliver to the governor and chairs of the house and senate finance committees a certificate stating the sum, if any, required to restore a capital reserve fund to the capital reserve fund requirement. The legislature may appropriate that sum, and the corporation shall deposit all sums appropriated by the legislature during the then current fiscal year for the restoration in the proper capital reserve fund. Nothing in this section creates a debt or liability of the state.

#### **Sec. 31.25.200. Remedies.**

A holder of obligations or coupons attached to them issued under this chapter, and a trustee under a trust agreement or resolution authorizing the issuance of the obligations, except as restricted by a trust agreement or resolution, either at law or in equity,

(1) may enforce all rights granted under this chapter, under the trust agreement or resolution, or under another contract executed by the corporation under this chapter; and

(2) may enforce and compel the performance of all duties required by this chapter or by the trust agreement or resolution to be performed by the corporation or by an officer of the corporation.

#### **Sec. 31.25.210. Negotiable instruments.**

All obligations and interest coupons attached to them are negotiable instruments under the laws of this state, subject only to applicable provisions for registration.

#### **Sec. 31.25.220. Obligations eligible for investment.**

Obligations issued under this chapter are securities in which all public officers and public bodies of the state and its political subdivisions and all insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees, and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. Those obligations may be deposited with a state or municipal officer of an agency or political subdivision of the state for any purpose for which the deposit of bonds, notes, or obligations of the state is authorized by law.



**Sec. 31.25.230. Refunding obligations.**

(a) The corporation may provide for the issuance of refunding obligations for the purpose of refunding obligations then outstanding that have been issued under this chapter, including the payment of the redemption premium on them and interest accrued or to accrue to the date of redemption of the obligations. The issuance of the obligations, the maturities and other details of them, the rights of the holders of them, and the rights, duties, and obligations of the corporation with respect to them are governed by the provisions of this chapter that relate to the issuance of obligations, insofar as those provisions may be appropriate.

(b) Refunding obligations may be sold or exchanged for outstanding obligations issued under this chapter, and, if sold, the proceeds may be applied, in addition to other authorized purposes, to the purchase, redemption, or payment of the outstanding obligations.

**Sec. 31.25.240. Credit of state not pledged.**

(a) Obligations issued under this chapter do not constitute a debt, liability, or obligation of the state or of a political subdivision of the state or a pledge of the faith and credit of the state or of a political subdivision of the state but are payable solely from the revenue or assets of the corporation. Each obligation issued under this chapter shall contain on its face a statement that the corporation is not obligated to pay the obligation or the interest on the obligation except from the revenue or assets of the corporation and that neither the faith and credit nor the taxing power of the state or of any political subdivision of the state is pledged to the payment of the principal of or the interest on the obligation. This subsection applies to all debt, obligations, and liabilities of the corporation regardless of how the debt, obligations, or liabilities are created, including by contract, tort, or bond or note issuance. Except as provided in this subsection, a person may not bring suit against the state or a political subdivision of the state other than the corporation in the courts of the state to enforce or seek a remedy with respect to a debt, obligation, or liability of the corporation.

(b) Expenses incurred by the corporation in carrying out the provisions of this chapter are payable from funds provided under this chapter, and liability may not be incurred by the corporation in excess of those funds.

**Article 03. GENERAL PROVISIONS**

**Sec. 31.25.250. Limitation on personal liability.**

A member of the board or other officer of the corporation or a subsidiary of the corporation is not subject to personal liability or accountability because the member or officer executed or issued an obligation.

**Sec. 31.25.260. Tax exemption.**

(a) The exercise of the powers granted by this chapter is, in all respects, for the benefit of the people of the state, for their well-being and prosperity, and for the improvement of their social and economic conditions, and the corporation is not required to pay a tax or assessment on any property owned by the corporation under the provisions of this chapter or on the income from it, including state taxes levied or authorized under AS 43.56.010(a) and municipal taxes under AS 43.56.010(b) as provided in AS 43.56.020.

(b) All obligations issued under this chapter are declared to be issued by a body corporate and public of the state and for an essential public and governmental purpose, and the obligations, and the interest and income on and from the obligations, and all fees, charges, funds, revenue, income, and other money pledged or available to pay or secure the payment of the obligations, or interest on the obligations, are exempt from taxation except for transfer, inheritance, and estate taxes.

**Sec. 31.25.270. Annual report; final report.**

(a) The corporation shall prepare and transmit annually a report to the governor accounting for the efficient discharge of all responsibility assigned by law or by directive to the corporation. The corporation shall notify the legislature that the report is available.

(b) By January 10 of each year, the board shall prepare a report of the corporation. The board shall notify the governor and the legislature that the report is available, and publish notice to the public on the Alaska Online Public Notice System under AS 44.62.175 that the report is available on the corporation's Internet website. The report shall be written in easily understandable language. The report must include a financial statement audited by an independent outside auditor and any other information the board believes would be of interest to the governor, the legislature, and the public. The annual income statement and balance sheet of the corporation shall be published on the Internet. The board may also publish electronically or in print, at the corporation's discretion, other reports it considers desirable to carry out its purpose.

(c) After a decision of the corporation to dissolve under AS 31.25.010, the corporation shall provide a final report to the governor, the legislature, and the public that summarizes the reasons for the dissolution of the corporation and a statement by an independent outside auditor that the corporation and the subsidiaries of the corporation, if any, have no bonds, notes, or other obligations outstanding.

**Sec. 31.25.390. Definitions.**

In this chapter, unless the context clearly indicates a different meaning,

(1) "Alaska liquefied natural gas project" means a natural gas project as described in AS 31.25.005(5) that includes collectively, the Prudhoe Bay unit gas transmission line, the Point Thomson unit gas transmission line, a gas pipeline, the gas treatment plant, a liquefied natural gas plant, and a marine terminal; in this paragraph,

(A) "gas pipeline"

(i) means the main natural gas pipeline from the outlet flange of the gas treatment plant on the North Slope to the inlet flange of the liquefied natural gas plant located in the Southcentral region of the state, which shall have offtake points along the pipeline for deliveries of gas in the state;

(ii) does not include any gas lines downstream of any offtake point between the gas treatment plant and the liquefied natural gas plant;

(B) "gas treatment plant" means those facilities and related activities required to receive natural gas from the Prudhoe Bay unit gas transmission line, the Point Thomson unit gas transmission line, and other facilities, treat the natural gas to pipeline specifications, dispose of or deliver by-products, deliver liquid products for further transportation, and deliver treated natural gas for transportation through the gas pipeline;

(C) "liquefied natural gas plant" means the facility for liquefying natural gas and includes structures, equipment, underlying land rights, other associated systems, storage, and facilities for off-loading liquefied natural gas;

(D) "marine terminal" means the terminal and those facilities required to receive liquefied natural gas from the boundary of the liquefied natural gas plant for marine transportation, including auxiliary vessels used in the operation of the terminal;

(E) "Point Thomson unit gas transmission line" means a natural gas transmission line from the outlet flange of the Point Thomson unit production facility to the inlet flange of the gas treatment plant; and

(F) "Prudhoe Bay unit gas transmission line" means a natural gas transmission line from the outlet flange of the Prudhoe Bay unit central gas facility to the inlet flange of the gas treatment plant;

(2) "board" means the board of directors of the corporation;

(3) "bond" or "obligation" means a bond, bond anticipation note, or other note of the corporation authorized to be issued by the corporation under this chapter;

(4) "corporation" means the Alaska Gasline Development Corporation;

(5) "governmental agency" means a department, division, public agency, political subdivision, or other public instrumentality of the state or the federal government;

(6) "in-state natural gas pipeline" means a natural gas pipeline for transporting natural gas in the state;

(7) "natural gas pipeline" means a total system of pipe and connected facilities for the transportation, treatment or conditioning, delivery, storage, or further transportation of natural gas, including all pipe, compressor stations, station equipment, and all other facilities used or necessary for an integral line of pipe to carry out the transportation of the natural gas.

**Statement of Financial and Corporate Relationships**

AGDC is a stand-alone public corporation of the State of Alaska. See Exhibit A.

Exhibit C  
§ 153.8(a)(3)

**Opinion of Counsel Regarding Authorized Powers**



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Law**

CIVIL DIVISION

1031 West 4<sup>th</sup> Avenue, Suite 200  
Anchorage, Alaska 99501  
Main: 907-269-5100  
Fax: 907-276-3697

April 14, 2017

Ms. Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: Alaska Gasline Development Corporation  
Application for Authorization under Section 3 of the Natural Gas Act

Dear Ms. Bose:

The Alaska Gasline Development Corporation ("AGDC") is applying to the Federal Energy Regulatory Commission ("Commission") pursuant to Section 3(a) of the Natural Gas Act for authorization to site, construct and operate an integrated LNG project for the purpose of liquefying supplies of natural gas from Alaska for export in foreign commerce and for in-state deliveries of natural gas. The facilities will be located in the State of Alaska.

I furnish this opinion pursuant to 18 C.F.R. § 153.8(a)(3), which requires that AGDC, as Exhibit C to its application, provide an opinion of counsel that the proposal embodied within the application is within the authorized powers of AGDC and that AGDC has complied with the laws and regulations of the states in which it operates. For the purposes of this opinion, I have examined all relevant documents and made examinations of law as I deemed necessary.

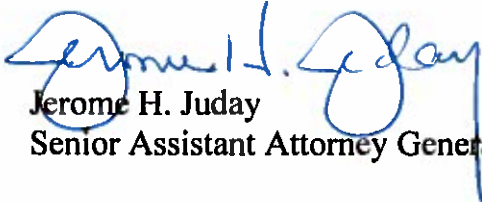
Based on the foregoing, I am of the opinion that the proposal is within the authorized powers of AGDC and that AGDC is in compliance with the laws and regulations of the states in which it will operate.

Ms. Kimberley D. Bose  
*Alaska Gasline Development Corporation*

April 14, 2017  
Page 2

Sincerely,

JAHNA LINDEMUTH  
ATTORNEY GENERAL

By:   
Jerome H. Juday  
Senior Assistant Attorney General

JHJ/jhj

**Border Interconnection Facilities**

Not applicable.



Exhibit E  
§ 153.8(a)(5)

**Report Containing Detailed Engineering and Design Information**

See Resource Report Nos. 11 and 13 included as Exhibit F to this Application.

Exhibits E-1  
§ 153.8(a)(6)

**Report on Earthquake Hazards and Seismic Information**

See Resource Report Nos. 6 and 13 included as Exhibit F to this Application.

Exhibit F  
§ 153.8(a)(7)

## **Environmental Report**

The Environmental Report is submitted separately as Exhibit F.

**Geographical Map**



**LEGEND**

- Alaska Place Names
- Major Highways
- Pre-FEED Rev A Base Corridor
- Major Rivers
- Pre-FEED Rev A Alternate Corridor
- Federal Lands
- Borough/ Census Area Boundary
- State Lands

0 25 50 100 Miles

**DATA SOURCES**

- (1) Alaska Project Data
- (2) AKDOT
- (3) AKDNR
- (4) USGS

PREPARED BY:	EXP ENERGY SERVICES INC.
SCALE:	1:5,000,000
DATE:	2014-09-15
SHEET:	1 of 1

**FIGURE 1.1-1  
PROJECT OVERVIEW  
MAP**

### **Federal Authorizations**

A chart showing the status of federal authorizations needed is provided in Appendix C of Resource Report No. 1.

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**ALASKA GASLINE DEVELOPMENT )  
CORPORATION )**

**Docket No. CP17-\_\_\_-\_\_\_**

**NOTICE OF APPLICATION FOR AUTHORIZATION  
UNDER SECTION 3 OF THE NATURAL GAS ACT**

Take notice that, on April \_\_\_, 2017, Alaska Gasline Development Corporation (“AGDC”), with a principal place of business at 3201 C Street, Anchorage, AK 99503, filed an application pursuant to Section 3 of the Natural Gas Act and Part 153 of the Commission’s Regulations, to site, construct, and operate an integrated liquefied natural gas (“LNG”) project for the exportation of natural gas produced on the North Slope of the State of Alaska (the “Project”). The Project includes interdependent facilities that will be used for the purpose of liquefying supplies of natural gas from Alaska, in particular the Prudhoe Bay Unit (“PBU”) and Point Thomson Unit (“PTU”) production fields on the Alaska North Slope (“North Slope”), to export in foreign commerce. Additionally, AGDC anticipates that the proposed facilities will be used to effectuate in-state deliveries of natural gas.

More specifically, the Project will be comprised of the following integrated and interdependent facilities: a liquefaction facility in Southcentral Alaska designed to produce up to 20 metric tons per annum (“MMTPA”) of LNG (“Liquefaction Facility”); an approximately 807-mile, 42-inch diameter gas pipeline (“Mainline”); a gas treatment plant (“GTP”) within the PBU on the North Slope; an approximately 1-mile gas transmission line connecting the GTP to the PBU gas production facility (“PBU Gas Transmission Line”); and an approximately 63 mile gas transmission line connecting the GTP to the PTU gas production facility (“PTU Gas Transmission Line”). Together, these interdependent facilities will comprise an “LNG terminal” as that term is defined in the NGA, 15 U.S.C. § 717a(11), and the Commission’s regulations, 18 C.F.R. § 153.2(d). All of the Project components of this integrated facility are essential to export natural gas in foreign commerce.

Further information on the Alaska LNG Project is more fully set forth in the application which is on file with the Commission and open to public inspection. This filing may also be viewed on the Commission’s website at <http://www.ferc.gov> using the “eLibrary” link. Enter the docket number, excluding the last three digits, in the docket number field to access the document. There is an eSubscription link on the website that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance, call (202) 502-8659 or TTY, (202) 208-3676.

Any questions regarding this application should be directed to (1) Frank T. Richards, P.E., Senior V.P., Program Management, Alaska Gasline Development Corporation, Suite 200, 3201 C Street, Anchorage, AK 99503, phone: (907) 330-6532 or e-mail: FRichards@agdc.us and (2) Howard L. Nelson and Kenneth M. Minesinger, Greenberg Traurig, 2001 L Street, N.W., Suite 1000, Washington, D.C. 20037, phone (202) 331-3163 and (202) 530-8572, or e-mail: nelsonh@gtlaw.com or [minesingerk@gtlaw.com](mailto:minesingerk@gtlaw.com).

On September 12, 2014, the Commission staff granted the Alaska LNG Project's request to utilize the Pre-Filing Process and assigned Docket No. PF14-21 to staff activities involving the Alaska LNG Project. Now, as of filing the April 17, 2017 application, the Pre-Filing Process for the Alaska LNG Project has ended. From this time forward, this proceeding will be conducted in Docket No. CP17-\_\_\_ as noted in the caption of this Notice.

Pursuant to section 157.9 of the Commission's rules, 18 CFR §157.9, within 90 days of this Notice, the Commission staff will issue a Notice of Schedule for Environmental Review. If a Notice of Schedule for Environmental Review is issued, it will indicate, among other milestones, the anticipated date for the Commission staff's issuance of the final environmental impact statement ("FEIS") for this proposal. The issuance of a Notice of Schedule for Environmental Review will serve to notify federal and state agencies of the timing for the completion of all necessary reviews, and the subsequent need to complete all federal authorizations within 90 days of the date of issuance of the Commission staff's FEIS.

There are two ways to become involved in the Commission's review of this project. First, any person wishing to obtain legal status by becoming a party to the proceedings for this project should, on or before the below listed comment date, file with the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426, a motion to intervene in accordance with the requirements of the Commission's Rules of Practice and Procedure (18 CFR 385.214 or 385.211) and the Regulations under the NGA (18 CFR 157.10). A person obtaining party status will be placed on the service list maintained by the Secretary of the Commission and will receive copies of all documents filed by the applicant and by all other parties. A party must submit 7 copies of filings made with the Commission and must mail a copy to the applicant and to every other party in the proceeding. Only parties to the proceeding can ask for court review of Commission orders in the proceeding.

However, a person does not have to intervene in order to have comments considered. The second way to participate is by filing with the Secretary of the Commission, as soon as possible, an original and two copies of comments in support of or in opposition to this project. The Commission will consider these comments in determining the appropriate action to be taken, but the filing of a comment alone will not serve to make the filer a party to the proceeding. The Commission's rules require that persons filing comments in opposition to the project provide copies of their protests only to the party or parties directly involved in the protest.

Persons who wish to comment only on the environmental review of this project should submit an original and two copies of their comments to the Secretary of the Commission. Environmental commenters will be placed on the Commission's environmental mailing list, will receive copies of the environmental documents, and will be notified of meetings associated with the Commission's environmental review process. Environmental commenters will not be



required to serve copies of filed documents on all other parties. However, the non-party commenters will not receive copies of all documents filed by other parties or issued by the Commission (except for the mailing of environmental documents issued by the Commission) and will not have the right to seek court review of the Commission's final order.

Motions to intervene, protests and comments may be filed electronically via the internet in lieu of paper; see 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's web site under the "e-Filing" link. The Commission strongly encourages electronic filings.

Comment Date: 5:00 pm Eastern Time on [month] \_\_\_\_, 2017

Kimberly D. Bose, Secretary.