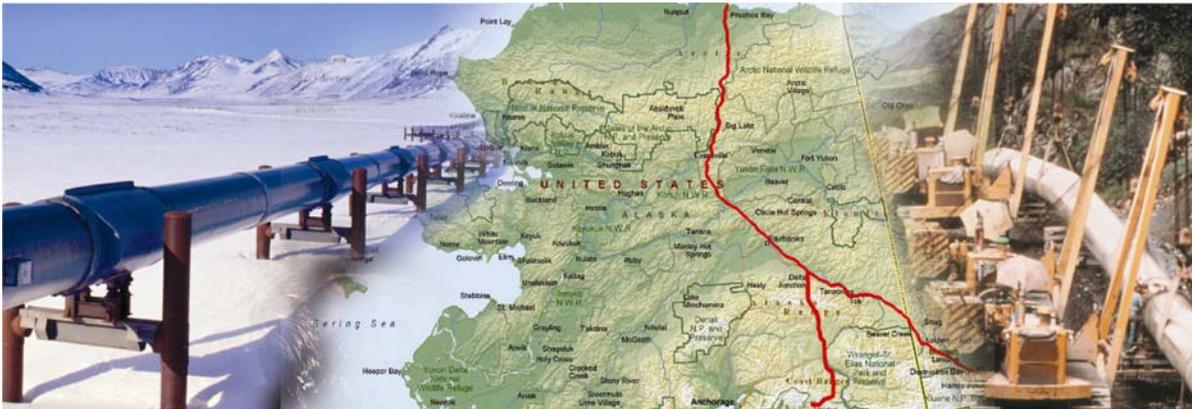


**Office of the Federal Coordinator
for
Alaska Natural Gas Transportation Projects
Congressional Budget Justification
FY 2009**



Office of the Federal Coordinator
for Alaska Natural Gas Transportation Projects
2009 Congressional Budget Justification
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Office of the Federal Coordinator
for Alaska Natural Gas Transportation Projects
2009 Congressional Budget Justification
Executive Summary

The Office of the Federal Coordinator for Alaska Natural Gas Transportation Projects (OFC), established by Public Law 108-324, is an independent agency in the Executive Branch, pursuant to the Alaska Natural Gas Pipeline Act (ANGPA) of 2004. The agency began operations in January 2007. The OFC is responsible for coordinating all Federal activities for an Alaska natural gas transportation project, including joint surveillance and monitoring with the State of Alaska during construction and for one year following the completion of the project. An Alaska natural gas transportation project could deliver significant natural gas supply to the U.S. lower 48 states.

The four main roles of the OFC are: (1) coordinate the roles of the Federal Agencies associated with an ANGPA or Alaska Natural Gas Transportation Act (ANGTA) project; (2) ensure compliance of a project with either ANGPA or ANGTA; (3) carry out the roles of the Federal Inspector under an ANGTA filing; and (4) provide a liaison function to ensure adequate communication with Congress, State of Alaska, Federal and Canadian agencies.

During FY 2009, the OFC will to increase staff from six full time employees (FTE) to 15 FTEs and up to 25 contracted, term and/ or temporary employees. The OFC will relocate to a larger and permanent office space, and purchase supplies, furniture and equipment for the newly established offices. The Budget proposes \$4.4 million in appropriated funds and up to \$4.7 million in fees, charges, and commissions to support the activities of the OFC.

In December 2007, Congress passed legislation to amend the Alaska Natural Gas Pipeline Act “to allow the Federal Coordinator for Alaska Natural Gas Transportation Projects to hire employees more efficiently, and for other purposes (P.L. 110-140 Sec 802).” The new legislation authorizes the OFC to establish reasonable filing and service fees, charges and commissions for review of the pipeline plans submitted by an applicant. It is anticipated that the fee structure will be similar to the Bureau of Land Management fee structure established by the Federal Land Policy and Management Act (Section 304) which allows the Bureau of Land Management to charge for similar reviews of permits and plans under oil and gas leases. Revenues from such fees will be designated as “mandatory funding” in the OFC’s 2009 Budget and will be used to pay for contracted, term, and temporary personnel as needed to fulfill the responsibilities of the OFC.

Office of the Federal Coordinator
for Alaska Natural Gas Transportation Projects
Summary of Funding by Program Activity

To carry out its role as defined in the Alaska Natural Gas Pipeline Act, OFC 2009 Budget is organized into three program categories: (1) Coordination; (2) Compliance and Oversight; and (3) Administration and Program Support. The Budget designates \$4.4million as discretionary funding and up to \$4.7 million in collected fees, charges and commissions to be designated as mandatory funding, for a total of up to \$9.1 million.

PROGRAM ACTIVITY	FY2007 ACTUAL	FY2008 ESTIMATE	FY 2009 DISCRETIONARY REQUEST	FY2009 MANDATORY REQUEST	FY2009 TOTAL REQUEST
COORDINATION					
a. Project Planning and Implementation	\$230,305	\$327,222	\$159,238	\$260,188	\$419,426
b. Data and Information Management	\$0	\$584,000	\$1,000,000	\$0	\$1,000,000
c. Liaison and Coordination	\$126,202	\$273,628	\$399,414	\$109,050	\$508,464
SUBTOTAL COORDINATION	\$356,507	\$1,184,850	\$1,558,652	\$369,238	\$1,927,890
COMPLIANCE					
a. Reviews	\$0	\$393,766	\$291,590	\$2,014,745	\$2,306,335
b. Monitoring and Surveillance	\$0	\$0	\$198,945	\$218,775	\$417,720
SUBTOTAL COORDINATION	\$0	\$393,766	\$490,535	\$2,233,520	\$2,724,055
ADMINISTRATION AND POLICY SUPPORT					
a. Policy Support and Information Dissemination	\$74,297	\$130,442	\$239,438	\$583,289	\$822,727
b. Administrative Program Support	\$456,580	\$551,942	\$2,111,375	\$1,473,953	\$3,585,328
SUBTOTAL ADMINISTRATION AND POLICY SUPPORT	\$530,877	\$682,384	\$2,350,813	\$2,057,242	\$4,408,055
Total Budget	\$877,384	\$2,261,000	\$4,400,000	\$4,660,000	\$9,060,000

Office of the Federal Coordinator
for Alaska Natural Gas Transportation Projects
Highlights of 2009 Program Activities

Following are highlights of planned FY 2009 activities for the OFC. The activities are summarized by program area. Many aspects of the permitting process are outside the control of the OFC in particular and the federal government in general. While there are some basic activities that the OFC anticipates performing in FY 2009 under most reasonable scenarios, the intensity and nature of some activities will depend on the rate of progress and other specifics of the permitting process. With this potentially variable level of effort in mind, the Budget designates \$4.4million as discretionary funding for base activities and up to \$4.7 million in collected fees, charges and commissions to be designated as mandatory funding, for a total of up to \$9.1 million. The OFC is authorized to establish reasonable filing and service fees, charges and commissions, which will depend on the level of permitting activity.

I. Coordination

a. Project Planning and Implementation

To carry out the duties specified in *PL 108-778, Section 106(c)*, the OFC 2009 Budget includes \$159,238 in discretionary funds and up to \$260,188 in mandatory funds (up to \$419,426 total) for implementing a project plan developed based upon the findings of the gap analysis conducted in 2008. The OFC will prepare and issue advice to 19 federal agencies on preparation of their specific project implementation plans. With professional FTE's, detailed agency authorized officers, contracted resources and/or subject matter experts, the OFC will consolidate the individual plans and will develop a comprehensive project implementation plan that covers all of the involved federal agencies. The project plan will describe program management activities to address legal and regulatory concerns, timelines, roles and responsibilities of the federal, State, and Canadian agencies, data collection, and information and communication requirements. The plans will address compliance with permitting guidelines, and all requirements provided for in the ANGPA. Throughout the implementation phase, the OFC will place special emphasis on risk management, quality assurance, cost and schedule control, baselines, and change management. To ensure timely and successful project implementation, the OFC will coordinate with federal agencies, Congress, various stakeholders, State of Alaska agencies, Canadian agencies and project sponsors. At the initial project planning phase, the OFC may employ term or temporary expert Project Managers to assist in the facilitation and coordination of the project plans.

b. Data and Information Management

The OFC 2009 Budget includes \$1,000,000 in discretionary funds for implementing the information and data management system based on the findings and recommendation of the formal assessment gap analysis conducted in 2008. Many of the 19 signatory federal and Alaska state agencies will have permitting responsibilities for an Alaska natural gas transportation project. Coordination among the various federal and State agencies will enable the participating agencies to discharge their responsibilities in an expeditious manner. The OFC's implementation of a data collection and information management system will enable the OFC to coordinate communication among the agencies, receive and report upon agency progress throughout all phases of the program; report on permit status; perform ad hoc queries; detect threshold alerts through an early warning detection system; identify schedule conflicts

and risks; and view agency produced artifacts such as permits, leases, certificates, right-of-way documents, and various types of support documentation. The data collection and information management component of the OFC's role in the project will help expedite the project.

c. Liaison and Coordination

The OFC 2009 Budget includes \$399,414 in discretionary funds and up to \$109,050 in mandatory funds (up to \$508,464 total) to enable the OFC to execute its role as liaison and coordinator for the federal agencies, the State of Alaska, Canadian agencies, and the project sponsors. The OFC will interact closely with federal agencies and a number of Alaskan state agencies where joint approval is required under a Memorandum of Understanding. The OFC will also coordinate with the Canadian Federal and provincial authorities to improve consistency in approach and approvals on a project-wide basis.

II. Compliance and Oversight

a. Reviews and Studies

To carry out the duties specified in *PL 108-778, Section 106(d)(1)*, the 2009 Budget includes \$291,590 in discretionary funds and up to \$2,014,745 in mandatory funds (up to \$2,306,335 total) for ensuring expedited reviews and other actions of other federal agencies. With professional FTEs, contracted, term, and/or temporarily employed subject matter experts, the OFC will review all proposed federal permits, right-of-way authorizations, certificates, and leases prior to their final issuance in order to ensure no unnecessary environmental reviews and restrictions are imposed by other federal agencies that will impair, delay, or prevent the successful completion of an Alaska natural gas transportation project. The OFC will evaluate a range of issues, processes and procedures that may have an impact on the issuance of the various permits, authorizations, and certificates required to complete the natural gas pipeline project. The OFC will employ professional FTEs, contracted, term, and/or temporarily employed technical experts with disciplines in areas such as pipeline design, arctic civil design and facilities, environmental engineering and science, and geotechnical engineering. The experts will conduct reviews, and when warranted, studies to enable the OFC to respond quickly to ensure no unnecessary environmental reviews and restrictions are imposed by other federal agencies that will impair, delay, or prevent the successful completion of an Alaska natural gas transportation project. Also, the studies will assist in determining the financial viability of decisions made by other federal agencies.

b. Monitoring and Surveillance MOU

To carry out the Federal Coordinator duties specified in *PL 108-778, Section 106(e)*, the OFC 2009 Budget includes \$198,945 in discretionary funds and up to \$218,775 in mandatory funds (up to \$417,720 total) to develop and negotiate a joint surveillance and monitoring agreement with the State of Alaska. The federal government will have primary surveillance and monitoring responsibility in areas where the Alaska natural gas transportation project crosses Federal land or private land and the Alaska state government will have primary surveillance and monitoring responsibility in areas where the project crosses State land. to the OFC will craft a complete and timely agreement considering topics such as, intergovernmental coordination with federal, State of Alaska, and local agencies; Alaska Natives, including Native institutions and government-to-government consultations; oil and gas industry; and environmental groups, with special attention to which topics to include in negotiations and how they should be structured. Further, the OFC will ensure the appropriate regulatory provisions are addressed in the agreement.

III. Administration and Policy Support

a. Policy Support and Information Dissemination

The OFC 2009 Budget includes \$239,438 in discretionary funds and up to \$583,289 in mandatory funds (up to \$822,727 total) for policy support and information dissemination. To ensure the expeditious completion of an Alaska natural gas pipeline project, the OFC will analyze major administrative policy issues. The OFC will analyze policies and legislative initiatives and their impact on the mission of the OFC and the overall Alaska natural gas transportation project. The OFC will employ professional FTEs, term and/or temporary employees to advise the Federal Coordinator, members of the OFC staff, and other federal agencies, and to consult with Alaska State officials and the public on legislative matters and policies or problems or major concerns regarding a natural gas transportation project.

b. Administrative Program Support

The OFC 2009 Budget includes \$2,111,375 in discretionary funds and up to \$1,473,953 in mandatory funds (up to \$3,585,328 total) for administrative program support. The OFC administrative program support activities will include human resource management, accounting, payroll, background investigations, credentialing of employees, travel, contract management, space management, equipment, and telecommunications. During FY 2008, the OFC occupied a temporary space. The 2009 Budget includes funding to relocate the OFC to a permanent space. The 2009 Budget also includes funding to secure furniture, and equipment, and build-out of the new space. The OFC will ensure flexibility in its procurement of space, because the total number of staff working at the OFC facility, beyond the 15 OFC FTEs, will depend on the specific progress of the permit process.

Office of the Federal Coordinator
for Alaska Natural Gas Transportation Projects
FY 2009 Summary of Funding By Object Classification

The Budget designates \$4.4million as discretionary funding and up to \$4.7 million in collected fees, charges and commissions to be designated as mandatory funding, for a total of up to \$9.1 million. Mandatory funding in the 2009 Budget will be used to pay for contracted, term, and temporary personnel and associated costs.

OBJECT CODE	EXPENSES	FY2007 ACTUAL	FY2008 ESTIMATE	FY2009 DISCRETIONARY REQUEST	FY2009 MANDATORY REQUEST	FY2009 TOTAL REQUEST
11.	Compensation	\$329,755	\$485,986	\$1,585,292	\$2,451,136	\$4,036,428
12.	Benefits	\$65,329	\$145,986	\$429,000	\$651,567	\$1,080,567
21.	Travel	\$88,000	\$120,000	\$500,000	\$200,000	\$700,000
22.	Transportation of Things	\$2,000	\$5,000	\$25,000	\$0	\$25,000
23.	Communications and Utilities	\$9,000	\$10,000	\$35,000	\$58,000	\$93,000
23.	Rent	\$110,000	\$300,000	\$229,000	\$382,000	\$611,000
24.	Printing and Reproduction	\$4,000	\$25,000	\$25,000	\$0	\$25,000
25.	Consulting and Other Service	\$253,000	\$1,119,028	\$1,271,708	\$522,297	\$1,794,005
25.	Training	0	\$10,000	\$50,000	\$20,000	\$70,000
26.	Supplies and Materials	\$6,300	\$15,000	\$55,000	\$50,000	\$105,000
31.	Equipment and Furniture	\$20,000	\$25,000	\$195,000	\$325,000	\$520,000
Total		\$887,384	\$2,261,000	\$4,400,000	\$4,660,000	\$9,060,000
Total FTEs		1	6	15	25*	40 Total

* Contracted, term, and temporary personnel

Office of the Federal Coordinator
for Alaska Natural Gas Transportation Projects
FY 2009 Budget by Object Classification

Object Class 11.1 Full Time Staff \$ 1,585,292 (Discretionary Funding)

Includes funding for 15 full-time permanent staff. Activities of the staff include but are not limited to preparing and issuing advice to federal agencies on implementing a project implementation plan; providing analyses of major administrative policy issues to support OFC's consultations with Canadian and State regulatory authorities; responding to Congress, and federal agencies with information and data requests; reviewing all proposed federal permits, right-of-way authorizations, certificates, and leases prior to their final issuance to ensure no unnecessary environmental reviews and restrictions are imposed by other federal agencies that will impair, delay, or prevent the successful completion of an Alaska natural gas transportation project; and, acting as point of contact and liaison for federal agencies, Alaska State officials, Canadian officials, project sponsors and other stakeholders.

Object Class 11.3 Other than Full Time Staff up to \$ 2,451,136 (Mandatory Funding)

Mandatory funds for up to 25 term, temporary, and/or contracted employees. The OFC may employ contracted, term, and/or temporary employees with technical expertise in various areas such as pipeline design, arctic civil design, environmental engineering, and geotechnical engineering. The experts may conduct reviews, and if warranted, studies to enable the OFC to respond quickly to ensure no unnecessary environmental reviews and restrictions are imposed by other federal agencies that will impair, delay, or prevent the successful completion of an Alaska natural gas transportation project. Also, the studies may assist in determining the financial viability of decisions made by other federal agencies.

Object Class 12.1 Benefits for Full Time Staff \$429,000 (Discretionary Funding)

Funding for benefits for 15 full time staff.

Object Class 12.1. Benefits for Other than Full Time Staff up to \$651,567 (Mandatory Funding)

Funding for benefits for up to 25 term, temporary and/or contracted employees.

Object Class 21.0 Program Travel \$500,00 (Discretionary Funds); up to \$200,000 (Mandatory Funds)

Funding provides for travel to Alaska, Canada, project proponent's headquarters and associated project locations.

Object Class 22.0 Transportation of Things \$25,000 (Discretionary Funds)

Funding for relocating furniture and equipment from temporary space to permanent office space.

Object Class 23.0 Rent and Associated Costs \$264,000 (Discretionary Funds)

Funding for leased office space, communications, IT services and other related services to support 15 full time staff.

Object Class 23.0 Rent and Associated Costs up to \$440,000 (Mandatory Funds)

Funding for leased office space, communications, IT services and other related services to support up to 25 contracted, term and/or temporary employees.

Object Class 24.0 Printing and Reproduction \$25,000 (Discretionary Funds)

Funding for printing studies, publications, reports, vacancy announcements and other program related materials.

Object Class 25.0 Consulting and Other Services \$1,321,708 (Discretionary Funds)

Funding to provide for consultants to support and supplement OFC permanent staff with specific guidance on IT database design and other technical issues; and to provide for staff training and administrative support services such as payroll, accounting, personnel, background investigations, credentialing, automated travel program support, and other miscellaneous interagency agreements.

Object Class 25.0 Consulting and Other Services up to \$542,297 (Mandatory Funds)

Funding to provide for staff training and for administrative support services such as payroll, accounting, personnel, background investigations, credentialing, automated travel program support, and other miscellaneous interagency agreements to support up to 25 contracted, term and/or temporary employees.

Object Class 26.0 Supplies and Materials \$55,000 (Discretionary Funds); up to \$50,000 (Mandatory Funds)

Funding to provide for routine office supplies, subscriptions, newspapers, periodicals and other technical and professional publications.

Object Class 31.0 Equipment \$195,000 (Discretionary Funds); up to \$325, 000 (Mandatory Funds)

Funding to provide for furnishing a new office space, for providing new computer equipment, software, copiers, faxes, and printers for 15 full time permanent staff, and up to 25 additional term, contracted and/or temporary employees. Funding also provides for routinely scheduled computer network maintenance, security, and upgrades.