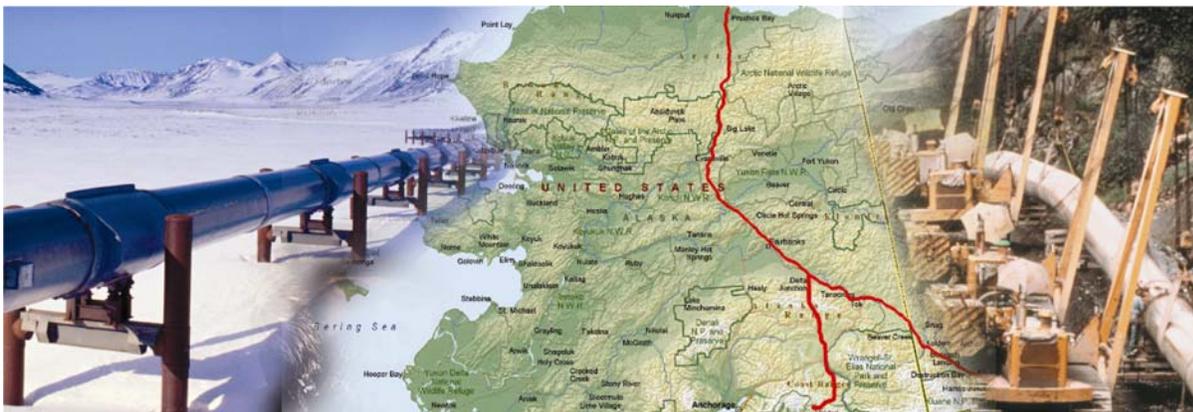


**Office of the Federal Coordinator  
for  
Alaska Natural Gas Transportation Projects  
Congressional Budget Justification  
FY 2010**



Office of the Federal Coordinator  
for Alaska Natural Gas Transportation Projects  
2010 Congressional Budget Justification  
Table of Contents

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Executive Summary .....	3
Summary Table of Funding by Program Activity .....	4
Highlights of Program Activities .....	5
Summary Table of Funding by Object Classification .....	8
Narrative of Funding by Object Classification .....	9

Office of the Federal Coordinator  
for Alaska Natural Gas Transportation Projects  
2010 Congressional Budget Justification  
Executive Summary

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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 OFC is responsible for coordinating all Federal activities for an Alaska natural gas transportation project (Project), including joint surveillance and monitoring with the State of Alaska during construction and for one year following the completion of the Project.

The five main functions of the OFC are to: (1) coordinate the expeditious discharge of all activities by all Federal agencies with respect to an Alaska natural gas transportation project; (2) ensure compliance of a project with ANGPA and the Alaska Natural Gas Transportation Act (ANGTA); (3) ensure that implementation or enforcement actions do not exceed the limitations established in ANGPA; (4) enter into a joint surveillance and monitoring agreement with the State of Alaska for the purpose of monitoring the construction of the Project; and (5) provide a liaison function to ensure adequate communication with Congress, the State of Alaska, U.S Federal Government and Canadian agencies.

The FY 2010 budget proposes \$4.47 million in discretionary appropriated funds and up to \$4.68 million in mandatory reimbursable fees, charges, and commissions. In FY 2009 two entities proposed gas line projects through two separate processes. The two proposals resulted in a slower progression of the overall Project. Consequently, several OFC program activities planned for 2009 are now projected to occur in 2010. Some of the projected activities for FY 2010 include:

- Continuing the design and development of a geographic information and data management system that will allow for communication, collaboration, and integration of hardware, software, and relevant permitting and geographical data to be shared among the participating federal agencies, the State of Alaska, and the project sponsor(s);
- Continuing to interact closely with federal agencies under the terms of a Memorandum of Understanding developed in 2006 to ensure alignment and maximized delivery of information to the public and key decision makers; and,
- Working with the State of Alaska to negotiate the statutorily required State-Federal Joint Surveillance and Monitoring Agreement.

The OFC is authorized 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 2010 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

In FY 2009 two entities proposed gas line projects through two separate processes. The two proposals resulted in a slower progression of the overall Project. Consequently, several OFC program activities planned for 2009 are now projected to occur in 2010. Continuing a number of the planned activities from 2009, the OFC 2010 Budget is organized into three program areas: (1) Coordination; (2) Compliance and Oversight; and (3) Administration and Program Support. The Budget designates \$4.47 million as discretionary funding and up to \$4.68 million in mandatory funding from collected fees, charges, and commissions, for a total of up to \$9.14 million.

PROGRAM ACTIVITY	FY2008 ACTUAL APPROPRIATION	FY2009 DISCRETIONARY APPROPRIATION	FY2009 MANDATORY APPROPRIATION	FY2009 TOTAL APPROPRIATION	FY2010 DISCRETIONARY REQUEST	FY2010 MANDATORY REQUEST	FY2010 TOTAL REQUEST
<b>COORDINATION</b>							
Project Planning and Implementation	\$327,222	\$159,238	\$260,188	\$419,426	\$339,784	\$250,000	\$589,784
Data and Information Management	\$584,000	\$1,000,000	\$0	\$1,000,000	\$50,000	\$1,000,000	\$1,050,000
Liaison and Coordination	\$273,628	\$399,414	\$109,050	\$508,464	\$485,916	\$210,000	\$695,916
<b>COMPLIANCE</b>							
Reviews	\$393,766	\$291,590	\$2,014,745	\$2,306,335	\$642,232	\$1,290,000	\$1,932,232
Monitoring and Surveillance	\$0	\$198,945	\$218,775	\$417,720	\$152,480	\$160,000	\$312,480
<b>ADMINISTRATION AND POLICY SUPPORT</b>							
Policy Support and Information Dissemination	\$130,442	\$239,438	\$583,289	\$822,727	\$358,586	\$540,000	\$898,586
Administrative Program Support	\$551,942	\$2,111,375	\$1,473,953	\$3,585,328	\$2,437,002	\$1,233,000	\$3,670,002
<b>TOTAL BUDGET</b>	<b>\$2,261,000</b>	<b>\$4,400,000</b>	<b>\$4,660,000</b>	<b>\$9,060,000</b>	<b>\$4,466,000</b>	<b>\$4,683,000</b>	<b>\$9,149,000</b>

Office of the Federal Coordinator  
for Alaska Natural Gas Transportation Projects  
Highlights of 2010 Program Activities

Following are highlights of planned FY 2010 activities for the OFC. The activities are summarized by program area. Several 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 2010 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 \$4.47 million as discretionary funding for base activities and up to \$4.68 million in reimbursable fees, charges, and commissions to be designated as mandatory funding, for a total of up to \$9.15 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***

In accordance with *PL 108-778, Section 106(c)*, the OFC has the statutory mandate to ensure federal agencies act in a manner that leads to expedited pipeline permitting, construction, and operation, within the requirements of applicable law. To carry out these mandates, the OFC 2010 Budget includes \$339,784 in discretionary funds and up to \$250,000 in mandatory funds (up to \$589,784 total) for implementing consolidated project plans. With professional FTE's, detailed agency authorized officers, contracted resources and/or subject matter experts, based upon the participating agency's individual project plans, the OFC will develop and execute project implementation plans that will provide oversight and guidance to the participating federal agencies regarding their specific agency roles in accomplishing the Project. The project plans will describe program management activities and will address legal and regulatory concerns, timelines, roles, and responsibilities, data collection procedures, information management, and interagency communication requirements. The plans will address compliance with permitting guidelines, as well as other requirements delineated 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.

***b. Data and Information Management***

Data and information management are important to monitor and oversee the design, construction, and operation of a pipeline system. The OFC 2010 Budget includes a total of up to \$1,050,000 of which, \$50,000 is discretionary funds to maintain an interagency agreement for an interim data management and information collaboration program; and \$1,000,000 in mandatory funds for designing and implementing a permanent comprehensive information and data management system.

The 2009 budget request included \$1M in discretionary funding for the design, construction, and implementation of a data and information management system. In 2009, work began on a comprehensive data management and geographic information system that will allow for the integration of hardware, software, and relevant geographical data to be shared among the federal participating federal agencies, the State of Alaska, and the project sponsor(s). The development of the system is largely contingent upon the project sponsor(s) developing their systems, as a result, the OFC may delay work on its system, which would shift some of the \$1M

expenditure from 2009 to 2010. If the work is conducted with 2009 funds, then some or all of the \$1M of mandatory funds for data and information management in 2010 would not be needed.

### **c. Liaison and Coordination**

To ensure efficient communication and coordination among the Project participants, the OFC 2010 Budget includes \$485,916 in discretionary funds and up to \$210,000 in mandatory funds (up to \$695,916 total). As the operational pace of the Project increases and becomes more complex, the OFC's role as liaison and coordinator will ensure alignment among the various involved entities and maximize delivery of information to the public and key decision makers. The OFC will interact closely with federal agencies under the terms of a Memorandum of Understanding developed in 2006 and will work with the State of Alaska to negotiate the statutorily required State-Federal Joint Surveillance and Monitoring Agreement. In addition, the OFC will work with a number of Alaskan state agencies in order to improve consistency in approach and to minimize delays.

## ***II. Compliance and Oversight***

### **a. Reviews and Studies**

For ensuring expedited reviews as specified in *PL 108-778, Section 106(d)(1)*, the 2010 Budget includes \$642,232 in discretionary funds and up to \$1,290,000 in mandatory funds (up to \$1,932,232 total). 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 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 that will impair, delay, or prevent the successful completion of an Alaska natural gas transportation project. In addition, the studies will assist in determining the financial viability of decisions made by other federal agencies.

### **b. Monitoring and Surveillance MOU**

To negotiate, develop and implement a joint surveillance and monitoring agreement with the State of Alaska and to carry out the Federal Coordinator duties specified in *PL 108-778, Section 106(e)*, the OFC 2010 Budget includes \$152,480 in discretionary funds and up to \$160,000 in mandatory funds (up to \$312,480 total). 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. The OFC will create a complete and timely agreement that will address topics such as, intergovernmental coordination with Federal, State of Alaska, and local agencies; Alaska

Natives, including Native institutions; oil and gas industry; and environmental groups; the OFC will also ensure the appropriate regulatory provisions are addressed in the agreement.

### ***III. Administration and Policy Support***

#### ***a. Policy Support and Information Dissemination***

The OFC 2010 Budget includes \$358,586 in discretionary funds and up to \$540,000 in mandatory funds (up to \$898,586 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 and legislative initiatives and will ascertain 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. The OFC will confer with key officials from the State of Alaska, the Federal Government, the Canadian government, Alaska Natives, and the general public on legislative matters, policies, problems, or major concerns regarding a natural gas transportation project.

#### ***b. Administrative Program Support***

The OFC 2010 Budget includes \$2,437,002 in discretionary funds and up to \$1,233,000 in mandatory funds (up to \$3,670,002 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, telecommunications, procurement of furniture, equipment, miscellaneous supplies, publications, and online legal, environmental, and professional research database subscriptions.

Office of the Federal Coordinator  
for Alaska Natural Gas Transportation Projects  
FY 2010 Summary of Funding By Object Classification

The Budget designates \$4.47 million as discretionary funding and up to \$4.68 million in collected fees, charges and commissions to be designated as mandatory funding, for a total of up to \$9.14 million. Mandatory funding in the 2010 budget will be used to pay for contracted, term, and temporary personnel and associated costs.

OBJECT CODE	EXPENSES	FY2008 ACTUAL	FY2009 DISCRETIONARY APPROPRIATION	FY2009 MANDATORY APPROPRIATION	FY2009 TOTAL APPROPRIATION	FY2010 DISCRETIONARY REQUEST	FY2010 MANDATORY REQUEST	FY2010 TOTAL REQUEST
11.	Compensation	\$485,986	\$1,585,292	\$2,451,136	\$4,036,428	\$1,628,095	\$1,672,000	\$3,300,095
12.	Benefits	\$145,986	\$429,000	\$651,567	\$1,080,567	\$439,586	\$528,000	\$ 967,586
21.	Travel	\$120,000	\$500,000	\$200,000	\$700,000	\$200,000	\$500,000	\$700,000
22.	Transportation of Things	\$5,000	\$25,000	\$0	\$25,000	\$25,000	\$0	\$25,000
23.	Communications and Utilities	\$10,000	\$35,000	\$58,000	\$93,000	\$50,000	\$25,000	\$75,000
23.	Rent	\$300,000	\$229,000	\$382,000	\$611,000	\$903,000 <sup>2</sup>	\$0	\$903,000
24.	Printing and Reproduction	\$25,000	\$25,000	\$0	\$25,000	\$25,000	\$15,000	\$40,000
25.	Consulting and Other Service	\$1,119,028	\$1,271,708	\$522,297	\$1,794,005	\$710,319	\$1,493,000	\$2,203,319
25.	Training	\$10,000	\$50,000	\$20,000	\$70,000	\$80,000	\$75,000	\$155,000
26.	Supplies and Materials	\$15,000	\$55,000	\$50,000	\$105,000	\$55,000	\$25,000	\$80,000
31.	Equipment and Furniture	\$25,000	\$195,000	\$325,000	\$520,000	\$350,000	\$350,000	\$700,000
<b>Total</b>		<b>\$2,261,000<sup>1</sup></b>	<b>\$4,400,000</b>	<b>\$4,660,000</b>	<b>\$9,060,000</b>	<b>\$4,466,000</b>	<b>\$4,683,000</b>	<b>\$9,149,000</b>
<b>Total FTEs</b>		<b>6</b>	<b>15</b>	<b>25<sup>3</sup></b>	<b>40 Total</b>	<b>15</b>	<b>15<sup>3, 4</sup></b>	<b>30 Total</b>

1. FY 2008 funding was entirely discretionary, no mandatory funds were collected.
2. For the first three quarters of FY 2009, the OFC was located in temporary space. The increase in discretionary funding for rent in the FY 2010 budget request provides for rent for two permanent spaces in Anchorage, Alaska and in Washington, DC.
3. Contracted, term, and temporary personnel.
4. The unexpected number of competing project sponsors has delayed the progression of the Project; as a result, some program activities have been projected to occur in subsequent fiscal years. The number of anticipated contracted/term and or temporary staff hires have been reduced/delayed to support planned program activities for FY 2010.

Office of the Federal Coordinator  
for Alaska Natural Gas Transportation Projects  
FY 2010 Budget by Object Classification

***Object Class 11.1 Full Time Staff \$1,628,095 (Discretionary Funding)***

Includes funding for 15 full-time permanent staff. Projected staff activities include but are not limited to, preparing and issuing advice to federal agencies on executing project implementation plans; providing analyses of major administrative policy issues to support OFC's consultations with Canadian and State of Alaska 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 conditions or 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 \$ 1,672,000 (Mandatory Funding)***

Mandatory funds for up to 15 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 Benefits for Full Time Staff \$439,586 (Discretionary Funding) and Benefits for Other than Full Time Staff up to \$528,000 (Mandatory Funding).***

Funding for benefits for 15 full time staff; and up to 15 temporary, term or contracted employees.

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

Funding provides for travel to Alaska, Canada, project proponents' headquarters, and other associated project related program travel.

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

Shipping, mailing, and related equipment.

***Object Class 23.0 Rent and Associated Costs \$953,000 (Discretionary Funds); and up to \$25,000 (Mandatory Funds)***

The increase in discretionary funding for rent, communications, and utilities in the 2010 budget request provides for rent for two permanent offices: in Anchorage, Alaska and in Washington, DC. Funding in 2009 provided for temporary office space for three quarters of the fiscal year.

***Object Class 24.0 Printing and Reproduction \$25,000 (Discretionary Funds); and up to \$15,000 (Mandatory Funds)***

Funding for agency letterhead, printing, and copying services for studies, publications, reports, vacancy announcements and other program related materials.

***Object Class 25.0 Training, Consulting, and Other Services \$580,300 (Discretionary Funds); and up to \$1,568,000 (Mandatory Funds)***

Discretionary funding to provide for training, conferences, administrative support services such as payroll, accounting, human resource services and support, background investigations, credentialing, automated travel program support, and other miscellaneous interagency support agreements. Mandatory funding to conduct special studies, regulatory research, analysis, and design, construction, and implementation of a data management system.

***Object Class 26.0 Supplies and Materials \$55,000 (Discretionary Funds); and up to \$25,000 (Mandatory Funds)***

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

***Object Class 31.0 Equipment \$350,000 (Discretionary Funds); and up to \$350, 000 (Mandatory Funds)***

Funding for furniture, computer equipment, IT servers, software, copiers, faxes, printers for full time permanent staff, authorized officers, term, contracted, and/or temporary employees.