

February 4, 2026

Honorable Senator  
Elvi Gray-Jackson,  
Chair, Legislative Budget and Audit Committee

Honorable Senator  
Cathy Giessel,  
Chair, Senate Resources Committee

Alaska State Legislature  
120 Fourth Street,  
Juneau, AK 99801

**RE: Independence of GaffneyCline Advisory Services**

Dear Senator Gray-Jackson and Senator Giessel,

This letter is in reference to (i) the Professional Services Contract between the State of Alaska – State Legislature Legislative Budget & Audit Committee and Gaffney, Cline & Associates, Inc. (“**GaffneyCline**”) for the provision of consulting work and analysis related to Alaska’s gas fiscal systems (the “**Contract**”) (ii) the comfort letter submitted by GaffneyCline on January 21, 2026 (attached), (iii) the inquiries posed during Senate Resources Committee meeting held on January 23, 2026 regarding the independence of GaffneyCline’s advisory services given its corporate affiliation with Baker Hughes, and (iv) the Teams meetings between GaffneyCline and Senator Giessel on February 4, 2026.

We recognize the importance of the oversight role performed by both Committees, especially given the scale of the Alaska LNG project and the need for impartial evaluation. We therefore welcome the opportunity to elaborate on GaffneyCline’s statements and to respond to the questions that were posed.

**1. GaffneyCline’s Independent Advice and its Corporate Ownership by Baker Hughes**

During the Senate Resources Committee session of January 23, 2026, questions were raised as to whether GaffneyCline can provide independent and objective advice to the State Legislature considering its ownership by Baker Hughes, and the recently announced commercial relationship between Baker Hughes and Glenfarne.

We confirm that GaffneyCline can and will provide independent and objective advice to the State Legislature. We view GaffneyCline's professional and contractual obligations as paramount, even if GaffneyCline's advice were to directly or indirectly disfavor Baker Hughes business.

GaffneyCline operates as a distinct consulting business within the corporate organization, with professional obligations owed directly to its clients. As a matter of structure and practice, GaffneyCline's advisory work is performed solely by GaffneyCline personnel who are dedicated to the advisory practice, bound by strict confidentiality and independence requirements, and not involved in Baker Hughes' commercial negotiations or business-development activities. We maintain internal controls, including segregated workstreams, separate management structures, and established confidentiality protocols, designed to insulate GaffneyCline analysis from external influence. As GaffneyCline testified, these safeguards were in place well before Baker Hughes' agreement with Glenfarne was announced, and the team supporting the Legislature had not been involved in and had no knowledge about the discussions between Baker Hughes and Glenfarne. No information has flowed between GaffneyCline's advisory team and Baker Hughes' commercial units.

The Legislature's work has therefore been—and continues to be—conducted in accordance with the Contract, **independently, insulated from the interests of Baker Hughes or Glenfarne, and confined strictly to the professional judgment of GaffneyCline's advisors.**

## **2. GaffneyCline's Professional Duties to its Clients**

A question was also raised as to whether GaffneyCline, as a wholly owned subsidiary of Baker Hughes, owes a fiduciary or loyalty obligation to its parent that could conflict with its obligations to the Alaska Legislature, particularly considering the unity-of-interest principles sometimes applied to parent-subsidiary relationships.

In the context of a client engagement, GaffneyCline's binding obligations arise from the governing contract and applicable professional standards, including duties of care, confidentiality, independence, and integrity. These duties run directly to the client and apply regardless of corporate ownership.

GaffneyCline's contractual and professional obligations to the Legislature are legally distinct from Baker Hughes' commercial activities, and they govern the conduct of the engagement. Those obligations require that GaffneyCline provide objective analysis based solely on the data, assumptions, and technical evaluation relevant to the assignment. Baker Hughes' ownership neither displaces nor diminishes these duties, nor does it authorize Baker Hughes to direct, influence, or access the substance of GaffneyCline's advisory work.

Accordingly, regarding the clarifications requested, GaffneyCline wishes to emphasize that its contractual and professional obligations to its clients—including the Legislature—take precedence over matters of corporate ownership and structure. These duties govern our

engagement and require GaffneyCline to deliver independent and technically sound advice. Baker Hughes stands behind this assurance. While there may be a “unity of interest” between GaffneyCline and Baker Hughes, our shared interest is in GaffneyCline’s provision of independent and technically sound advice to its clients.

### **3. GaffneyCline’s Information Firewalls and Internal Controls**

We would also like to reiterate GaffneyCline’s commitment to the Alaska Legislature and how the long-standing firewalls and controls we have put in place legally ensure compliance with our professional obligations, as these measures have in numerous analogous circumstances across the world in the nearly 20 years that GaffneyCline has operated as a subsidiary of Baker Hughes. These measures are not only integral to maintaining client trust, but also underpin the transparency and accountability demanded by our advisory role.

Firewalls are a legally recognized mechanism—commonly used in law firms, accounting firms, and technical advisory practices—to protect client information, prevent conflicts of interest, and ensure independence. GaffneyCline’s information barriers operate on both technical (system access restrictions, data segregation, permission controls) and organizational (team isolation, reporting separation, need-to-know protocols) levels. As described in GaffneyCline’s report and oral testimony, these measures have long been in place and are applied uniformly across all clients—governmental and commercial.

While firewalls are not the sole basis for ensuring independence, they are one component of a broader framework that includes:

- codified internal policies;
- independent decision-making processes;
- mandatory conflict disclosure and mitigation procedures; and
- contractual confidentiality obligations owed directly to clients such as the Legislature.

Taken together, these elements form a legally enforceable structure that prevents the misuse or disclosure of client information and ensures that advisory work is carried out free from external influence.

### **4. Employee Stock Ownership**

Finally, we would like to address the question of whether individual ownership of Baker Hughes stock by GaffneyCline personnel, including its executives, could compromise the independence of GaffneyCline’s work for the Legislature.

GaffneyCline employees may hold Baker Hughes stock through retirement plans, broad-based employee programs, or standard public-market investments. These holdings are passive, limited in size, and structured in such a way that no individual’s financial position can be affected—directly or indirectly—by the outcome of GaffneyCline’s work for the Legislature. Moreover, given the fact that GaffneyCline represents a very limited portion of Baker Hughes’

global business. Personal investment decisions—whether arising from broad-based employer equity programs, retirement plans, or ordinary public-market holdings—do not alter GaffneyCline's contractual or professional obligations to its clients. The duties of confidentiality, independence, and objective analysis that govern GaffneyCline's engagement run directly to the Alaska Legislature and are not affected by any employee's equity ownership in the parent company. Employee-level stock ownership does not grant authority over GaffneyCline's advisory procedures or permit any influence on the substance of its technical evaluations. GaffneyCline is committed to providing analysis grounded solely in the relevant data, assumptions, and methodologies, and its duty to serve the Alaska Legislature's interests is unchanged by any such personal stock holdings.

**5. GaffneyCline's Longstanding Relationship and Commitment to Integrity.**

GaffneyCline has maintained a long-standing relationship of service to the Alaska Legislature, during which it has committed to providing independent and objective advice, transparency in methods and assumptions, and responsiveness to legislative oversight.

GaffneyCline is committed to our integrity and to supporting the Legislature's evaluation of complex energy matters through clear documentation, disclosure of limitations, and readiness to participate in public or committee forums as requested by the Legislature. We hope this letter clarifies how GaffneyCline's professional obligations, legal duties, and internal structures ensure that the Legislature receives independent, fact-based advice that is not influenced—directly or indirectly—by its corporate ownership by Baker Hughes.

We remain available to discuss any of these topics further and to provide additional detail on the independence protocols that govern GaffneyCline's work.

Yours sincerely,

*Vinod Kumar*

Vinod Kumar  
North America Director  
GaffneyCline energy advisory



Matt Armstrong  
Vice President, Global Government Affairs &  
Public Policy  
Baker Hughes



January 21<sup>st</sup>, 2026

**Senator Cathy Giessel,**  
**Chair, Senate Resources Committee**  
Room 121  
120 Fourth Street,  
Juneau, AK 99801

#### **Conflicts of Interest and Confidentiality**

Dear Senator Giessel,

In light of the recent discussions about GaffneyCline™ energy advisory (GaffneyCline) and its long standing role as an independent consultant in the energy industry, I am writing to you ahead of the Senate Resources Committee meeting scheduled for Friday, January 23<sup>rd</sup>, where GaffneyCline has been asked to speak on the LNG project.

GaffneyCline provides companies and governments with consulting services across a broad spectrum of technical, commercial and strategic undertakings in the energy and renewables sectors. Since the acquisition by Baker Hughes in 2008, GaffneyCline has operated and continues to operate as an independent business, providing creative and practical solutions for complex problems with a strict commitment to ethical standards.

We recognize the importance of maintaining the highest level of integrity and transparency in our business operations. To this end, allow this correspondence to assure you that GaffneyCline operates independently from any other Baker Hughes businesses or ventures. GaffneyCline's ethical barriers include, but are not limited to:

1. **Clear Policies.** We have established comprehensive ethical guidelines and policies that all employees, contractors, and associates must adhere to.
2. **Confidentiality Measures.** Strict measures are in place through digital and physical firewalls to safeguard confidential information, ensuring that no proprietary data is used inappropriately or shared with Baker Hughes. Leveraging Baker Hughes' resilient, redundant, and secure enterprise hardware and systems, access to GaffneyCline energy advisory's client information is restricted to only project team members and required legal and digital technology support functions. Details of all our clients and projects remain confidential unless otherwise agreed.
3. **Disclosure Procedures.** All potential conflicts of interest are promptly disclosed, and necessary actions are taken to mitigate any impact on the objectivity and fairness of our business operations.
4. **Independent Decision-Making.** Our decision-making processes are independent and free from external influences to maintain the integrity of our operations.
5. **Transparent Communication.** We commit to transparently communicating our business relationships and affiliations to relevant parties, ensuring openness about any potential conflicts.

Baker Hughes appreciates the close relationships that GaffneyCline energy advisory shares with its clients and keeping data and client identity confidential has long been central to our core values. We believe that our collective commitment to integrity and confidentiality further reinforces this trust.

GaffneyCline has been a trusted advisor to the legislature and many of the state institutions in Alaska for several decades. We are confident that our long track record and institutional knowledge can continue to provide valuable advice and guidance on matters of strategic significance to the State.

Please be assured that maintaining the independence, integrity and reliability of our reports and testimony remains our highest priority.

Yours sincerely,

*Vinod Kumar*

North America Director

GaffneyCline energy advisory