

HOUSE FINANCE COMMITTEE
May 5, 2007
1:13 p.m.

CALL TO ORDER

Co-Chair Chenault called the House Finance Committee meeting to order at [1:13:03 PM](#).

MEMBERS PRESENT

Co-Chair Chenault
Co-Chair Meyer
Vice-Chair Stoltze
Representative Crawford
Representative Foster
Representative Gara
Representative Hawker
Representative Kelly
Representative Thomas

MEMBERS ABSENT

Representative Joule
Representative Nelson

ALSO PRESENT

Representative Mark Neuman; Representative Anna Fairclough;

PRESENT VIA TELECONFERENCE

GENERAL SUBJECT(S):

#hb177

HB 177-NATURAL GAS PIPELINE PROJECT
Public Testimony

The following overview was taken in log note format. Handouts will be on file with the House Finance Committee through the 25th Legislative Session, contact 465-6814. After the 25th Legislative Session they will be available through the Legislative Library at 465-3808.

TIME	SPEAKER	DISCUSSION
1:14:14 PM	Robert Peterson, Operating Engineers,	Testified in support of a project labor agreement (PLA), which would encourage local hire.

	Anchorage	
1:15:47 PM	Jason Brune, Executive Director, Resource Development Council (RDC), Anchorage	Noted that RDC has not taken a position on AGIA lightly; they engaged in a lengthy work session. The membership does agree that Alaska needs a gas pipeline and needs it soon. He concurred with many of AGIA's guiding principles, including the insistence on a transparent process, but did not believe that AGIA would result in a gas pipeline without amendments. The statewide RDC Board reached the following points of consensus: AGIA should maximize transparency in the progress (they believe AGIA meets this goal); AGIA should strive to maximize the number of bidders and bid requirements (AGIA should be amended in order to allow applicants as much flexibility as possible); and bid requirements set out in AGIA are too prescriptive and should be replaced with broad objectives, the number of bid requirements should be minimized and flexibility should be maximized. He reiterated that AGIA should be amended to establish broad objectives.
		ANCHORAGE (Teleconference Testimony)
1:18:57 PM	Paul Laird, General Manager, Alaska Support Industry Alliance, Anchorage	Testified against AGIA in its present form. Oh behalf of the membership, he urged the bill be reformed.
1:20:47 PM	Mary Shields, General Manager, Northwest Technical Services, Anchorage	Encouraged greater scrutiny of the AGIA bill so that it can add better value to state resources. She maintained that the bid process does not contain clear and objective criteria for evaluation. She expressed concern that the \$500 million incentive would encourage those without the financial strength to complete the project. She urged the state to require proof of financial viability. Selection of the licensee needs to follow a formalized, logical and objective course; any objectivity needs to be eliminated. Representative Gara emphasized that the 20 requirements included in AGIA would prevent subjectivity. The Governor is

		committed to only accept bids from companies that have the wherefore all to do the work. Ms. Shields referred to difficulties in other state projects where a single entity or one or two commissioners decided the outcome.
1:25:36 PM	Maynard Tapp, Alliance, Anchorage	Proposed that AGIA should be passed after reconsideration of the Stranded Gas Act. He mentioned the required performance bonds. He urged that the gas pipeline not be delayed longer. He asked if the Legislature wants the federal government to take over the project.
1:27:36 PM	Aves Thompson, Executive Director, Alaska Trucking Association, Anchorage	Stated that getting a gas pipeline to fruition is the highest priority of the Alaska Trucking Association. He urged that the bidders address the outcomes. He recommended that the bill needs clear and objective criteria to make the decision. He felt that AGIA places too much emphasis on the short-term risks. He urged fiscal certainty.
1:30:04 PM	Jim Gilbert, President, Alliance, Anchorage	Testified in support of a gas project. He maintained that the AGIA legislation needs amending. He urged that the Legislature listen to the producers and give them what they want.
1:31:17 PM	Alberto Rodrigues, Local 341, Anchorage	Offered to answer questions from the Committee.
1:31:40 PM	Jed Whittaker, Self, Anchorage	Suggested that the State of Alaska own the pipeline and the natural gas in order to maintain Alaskan control on hiring. He spoke against the work of Exxon.
1:34:18 PM	Paul Kendall, Self, Anchorage	Voiced support for AGIA. Contracts are amendable and can be reconstructed with consent of the bodies involved. He expressed concern that the three largest producers have a desire to bid in a fair manner. He provided a list of recommendations.
1:38:25 PM	Rebecca Logan, ABC Alaska, Anchorage	Asked the Committee to reinstate the original language for a PLA to the bill: commit to negotiate, prior to construction, a project labor agreement, to assure expedited and labor stability for the project by qualified residents of the state.
1:39:02 PM	Laurence	Related a story of his work on the

	Mooney, Laborers 341, Anchorage	North Slope. He commented on the amount of unemployment in the North Slope area. He urged local hire.
1:41:15 PM	Lon Wilson, Alliance, Anchorage	Worried about the imminent threat of the loss of gas. Argued that without a pipeline, there will be an economic lapse for the state of Alaska. An agreement will only be reached through negotiations, which AGIA lacks. He maintained that there are many things wrong with AGIA. He urged that the scale be addressed.
1:43:35 PM	Lyle Anne, AAA Fence Inc., Anchorage	He urged that non union and union workers be equally considered. The work should be open to all Alaskans.
1:44:26 PM	Julie Anne, AAA Fence Inc., Anchorage	Urged that the original language of AGIA be returned [PLA]. She encouraged prioritization of the Alaskan workforce.
1:46:36 PM	Vince Beltrami, President, Alaska AFL- CIO, Anchorage,	Stated that 85% of the workers in Alaska are union workers. He applauded the Governor, who wants the pipeline. He stated that the AFL/CIO supports AGIA. The Governor is supportive of the Alaska workforce. He worried about the setbacks if the legislation fails.
1:50:48 PM	Joey Merrick, Business Manager, Local 341, Eagle River	Voiced support for a gas pipeline project. He added that there needs to be a project labor agreement. He urged putting Alaskans to work, commenting that the best way to do that would be through a PLA. Representative Crawford wondered if there was concern about discrimination from the unions. Mr. Merrick disagreed. He pointed out that they prioritize journeymen, ahead of those from out-of-state. It is illegal to discriminate against anyone with regard to the union status. Qualified union members have a preference.
1:55:34 PM	Jerry Woods, Acting Director, Tanana Chief Conference, Fairbanks	Read from a resolution prepared by the Conference supporting building the project in order to bring increased viability and economic advantage to the state through the unions. Expressed support for Alaska Native and local hire preference on any gas pipeline project.
2:00:54 PM	Jeff Pruss, Carpenters Local 1243,	Spoke in support of inclusion of local hire provisions.

	Fairbanks	
2:02:06 PM	Jay Quakenbush, Fairbanks Building and Construction Trades, Fairbanks	Expressed support for AGIA. He felt that it was appropriate for the state to set "must have" provisions. Spoke in support of a project labor agreement, which would encourage local opportunities. Testified in support of an "all Alaskan" project.
2:05:27 PM	Jerry Walker, Self, Fairbanks	He suggested consideration of the tools needed to compete in a global market, and long term versus short term risks. He observed that inappropriate government controls could hinder global inducements.
2:08:35 PM	Mike Littlefield, Local 959, Fairbanks	Spoke in support of a project labor agreement, which would encourage local opportunities. A PLA would allow unions to define working conditions.
2:11:04 PM	Lisa Peger, The Silent Majority, Fairbanks	Maintained that producers are asking the state not to negotiate in the best interest of the state. She spoke in support of a TransCanada pipeline.
2:13:36 PM	Herb Simon, Nilchina	Encourage acceptance of the Governor's proposal. He observed that no one can predict the trickle down effects of the pipeline.
2:15:57 PM	Bill Warren, Nikiski	Spoke in support of a project labor agreement, which would encourage local opportunities. He maintained that the producers want to work on their own timelines, which do not coincide with the state's. Spoke in support of a TransCanada pipeline and the use of ANGDA.
2:18:37 PM	Charles Wieger, Association of Builders and Contractors	Spoke in opposition to a project labor agreement. He felt that a PLA would be a detriment to the majority of workers, which do not belong to a union. He maintained that PLA's on TAPS did not benefit Alaskan workers. Workers would pay 25 percent of their wages to unions under a PLA.
2:20:50 PM	Lynn Johnson, President, Dowland Bach, Anchorage	Testified in favor of a gas pipeline. He asserted that Alaska will not be able to build a pipeline without the involvement of the producers. He suggested that changes needed to be made to the proposal and emphasized that AGIA may be the last chance for the project to go forward.
2:23:04 PM	Jim Palmer, Eagle River	Observed that the commissioners would decide the winner of the application process and recommended that this be

		expanded. He stressed that all the stakeholders are necessary to move the project forward. He felt that AGIA may go too far in encouraging all the parties.
2:26:03 PM	Merrick Pierce,	Spoke in support of the Governor's proposal and in support of competition. He addressed the evaluation and ranking criteria. He suggested that (5) should be amended to all factors found by the commissioners to improve the health, safety and welfare of Alaskans. He noted that coal fired plants add contaminants into the Fairbanks area, which affect their children. Cancer is also an issue in Fairbanks, which is acerbated by coal fire plants. Delay in the pipeline means delays in upgrades to the coal fire power plants needed to help clean Fairbanks' air.
#	<u>ADJOURNMENT</u>	<u>ADJOURNMENT</u> The meeting was adjourned at 2:30 PM