

**ALASKA STATE LEGISLATURE
JOINT MEETING
SENATE RESOURCES STANDING COMMITTEE
HOUSE SPECIAL COMMITTEE ON OIL AND GAS**

March 24, 2007

1:07 p.m.

MEMBERS PRESENT

SENATE RESOURCES

Senator Charlie Huggins, Chair
Senator Lyda Green
Senator Lesil McGuire
Senator Bill Wielechowski
Senator Thomas Wagoner

HOUSE OIL AND GAS

Representative Vic Kohring, Chair
Representative Ralph Samuels
Representative Mike Doogan
Representative Scott Kawasaki

MEMBERS ABSENT

SENATE RESOURCES

Senator Bert Stedman, Vice Chair
Senator Gary Stevens

HOUSE OIL AND GAS

Representative Kurt Olson, Vice Chair
Representative Nancy Dahlstrom
Representative Jay Ramras

OTHER LEGISLATORS PRESENT

Representative Ralph Samuels
Representative Harry Crawford
Representative Mark Neuman

COMMITTEE CALENDAR

SENATE BILL NO. 104

"An Act relating to the Alaska Gasline Inducement Act; establishing the Alaska Gasline Inducement Act matching contribution fund; providing for an Alaska Gasline Inducement Act coordinator; making conforming amendments; and providing for an effective date."

HEARD AND HELD

HOUSE BILL NO. 177

"An Act relating to the Alaska Gasline Inducement Act; establishing the Alaska Gasline Inducement Act matching contribution fund; providing for an Alaska Gasline Inducement Act coordinator; making conforming amendments; and providing for an effective date."

HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 104

SHORT TITLE: NATURAL GAS PIPELINE PROJECT

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

03/05/07	(S)	READ THE FIRST TIME - REFERRALS
03/05/07	(S)	RES, JUD, FIN
03/14/07	(S)	RES AT 3:30 PM BUTROVICH 205
03/14/07	(S)	Heard & Held
03/14/07	(S)	MINUTE(RES)
03/16/07	(S)	RES AT 3:30 PM BUTROVICH 205
03/16/07	(S)	Heard & Held
03/16/07	(S)	MINUTE(RES)
03/19/07	(S)	RES AT 3:30 PM BUTROVICH 205
03/19/07	(S)	Heard & Held
03/19/07	(S)	MINUTE(RES)
03/21/07	(S)	RES AT 3:30 PM SENATE FINANCE 532
03/21/07	(S)	Heard & Held
03/21/07	(S)	MINUTE(RES)
03/21/07	(S)	RES AT 5:30 PM SENATE FINANCE 532
03/21/07	(S)	Heard & Held
03/21/07	(S)	MINUTE(RES)
03/22/07	(S)	RES AT 4:15 PM FAHRENKAMP 203
03/22/07	(S)	Heard & Held
03/22/07	(S)	MINUTE(RES)
03/23/07	(S)	RES AT 1:30 PM BUTROVICH 205
03/23/07	(S)	Presentation: Industry Representatives
03/24/07	(S)	RES AT 1:00 PM SENATE FINANCE 532
03/24/07	(S)	RES AT 3:00 PM SENATE FINANCE 532

BILL: HB 177

SHORT TITLE: NATURAL GAS PIPELINE PROJECT
SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

03/05/07	(H)	READ THE FIRST TIME - REFERRALS
03/05/07	(H)	O&G, RES, FIN
03/06/07	(H)	O&G AT 3:00 PM BARNES 124
03/06/07	(H)	-- MEETING CANCELED --
03/08/07	(H)	O&G AT 3:00 PM BARNES 124
03/08/07	(H)	-- MEETING CANCELED --
03/13/07	(H)	O&G AT 3:30 PM HOUSE FINANCE 519
03/13/07	(H)	Heard & Held
03/13/07	(H)	MINUTE(O&G)
03/15/07	(H)	O&G AT 3:00 PM BARNES 124
03/15/07	(H)	Heard & Held
03/15/07	(H)	MINUTE(O&G)
03/19/07	(H)	O&G AT 8:30 AM CAPITOL 106
03/19/07	(H)	Heard & Held
03/19/07	(H)	MINUTE(O&G)
03/20/07	(H)	O&G AT 3:00 PM BARNES 124
03/20/07	(H)	Heard & Held
03/20/07	(H)	MINUTE(O&G)
03/21/07	(H)	O&G AT 5:30 PM SENATE FINANCE 532
03/21/07	(H)	Heard & Held
03/21/07	(H)	MINUTE(O&G)
03/22/07	(H)	O&G AT 3:00 PM BARNES 124
03/22/07	(H)	Heard & Held
03/22/07	(H)	MINUTE(O&G)
03/23/07	(H)	O&G AT 8:30 AM CAPITOL 106
03/23/07	(H)	Heard & Held
03/23/07	(H)	MINUTE(O&G)
03/24/07	(H)	O&G AT 1:00 PM SENATE FINANCE 532

WITNESS REGISTER

Merrick Pierce
North Pole, AK

POSITION STATEMENT: Commented on SB 104 and HB 177

Jim Sykes
Palmer, AK

POSITION STATEMENT: Commented on SB 104 and HB 177

Zeb Woodman
Laborers Local 942
Fairbanks, AK

POSITION STATEMENT: Commented on SB 104 and HB 177

Jean Woods
Palmer, AK

POSITION STATEMENT: Commented on SB 104 and HB 177

Bob Morigeau, District 6 representative
International Union of Operating Engineers Local 302
Anchorage, AK

POSITION STATEMENT: Commented on SB 104 and HB 177

James Gengler
International Brotherhood of Electrical Workers Local 1547
Fairbanks, AK

POSITION STATEMENT: Commented on SB 104 and HB 177

Stephanie Thompson
International Brotherhood of Electrical Workers Local 1547
Anchorage, AK

POSITION STATEMENT: Commented on SB 104 and HB 177

Gary Johnson
International Brotherhood of Electrical Workers Local 1547
Fairbanks, AK

POSITION STATEMENT: Commented on SB 104 and HB 177

John Garrett
Sheetmetal Workers International Association Local 23
Anchorage, AK

POSITION STATEMENT: Commented on SB 104 and HB 177

Doug Buckley
International Brotherhood of Electrical Workers Local 1547
Fairbanks, AK

POSITION STATEMENT: Commented on SB 104 and HB 177

Mike Kenney
Anchorage, AK

POSITION STATEMENT: Commented on SB 104 and HB 177

Bill Warren
Nikiski, AK

POSITION STATEMENT: Commented on SB 104 and HB 177

Paul Kendall
Anchorage, AK

POSITION STATEMENT: Commented on SB 104 and HB 177

Dan Apted

Anchorage, AK

POSITION STATEMENT: Commented on SB 104 and HB 177

Jomo Stewart
Fairbanks, AK

POSITION STATEMENT: Commented on SB 104 and HB 177

Mike Notar, president
Juneau and Vicinity Building Trades Council
Juneau, AK

POSITION STATEMENT: Commented on SB 104 and HB 177

ACTION NARRATIVE

CHAIR CHARLIE HUGGINS called the joint meeting of the Senate Resources Standing Committee and the House Special Committee on Oil and Gas to order at [1:07:50 PM](#). Present at the call to order were Senator Green, Senator McGuire, Senator Wielechowski, Senator Wagoner, Chair Huggins, Representative Doogan, Representative Kawasaki and Chair Kohring.

SB 104-NATURAL GAS PIPELINE PROJECT **HB 177-NATURAL GAS PIPELINE PROJECT**

[1:09:32 PM](#)

CHAIR HUGGINS announced the committee would hear SB 104 and HB 177.

MERRICK PIERCE, representing himself, said that the producers' legal departments are only dedicated to profit; their purposefully filing frivolous lawsuits prevents competitors from shipping gas. To reduce the threat of litigation the legislature should evaluate whether the AGIA inducements could be optional. Applicants may decide that they don't need the included exemptions, and they'll be able to pick and choose their inducements. Multi-national corporations don't want a level playing field among applicants, and unless the legislature amends the constitution it appears that big oil isn't interested in a project.

He added that many people already feel distrust in the legislators, particularly those involved with gas legislation. The voters' overwhelming preference for Governor Palin and her promises of transparency should be accounted for.

[1:13:09 PM](#)

JIM SYKES, representing himself, said that he likes the idea of the bill; the state is on the right track at long last. However, he is concerned about how the project will be evaluated. He agreed that the tax rates and inducements should be flexible rather than mandated. Exxon's wish for a 45-year term shouldn't be in the cards. The first open season can be made successful by leaving options open. Governor Hickel's historic actions with oil companies are a good model; it is Alaska's gas and the state has control.

He added that another concern of his is triple damages; the issue needs closer examination.

[1:19:11 PM](#)

CHAIR HUGGINS noted that Representatives Crawford and Samuels were present.

[1:19:32 PM](#)

ZEB WOODMAN, with the Laborers Local 942, said that he is interested in including AGIA language for Alaskans being hired for the project; time will be needed to train rural Alaskans for the jobs, and consistency in wages and conditions is important to level the playing field between union and non-union workers.

[1:21:05 PM](#)

JEAN WOODS, representing herself, said that there is no doubt of the need for gas for in-state use. Her biggest concern is the process for the choice of the contract winner by the commissioners and legislature. She said that industry is taking the risk in the project, and that politicians won't be re-elected if things don't go well.

[1:23:16 PM](#)

BOB MORIGEAU, District 6 representative for International Union of Operating Engineers Local 302, explained his suggestions for the pipeline project labor agreement (PLA), including ensuring local and minority hire, apprenticeships, training centers, certain labor dispute procedures, and standardized working conditions. Such a labor agreement will give local workers a better chance of hire, unlike with the oil pipeline project.

[1:26:30 PM](#)

JAMES GENGLER, International Brotherhood of Electrical Workers Local (IBEW) 1547, said that he teaches electrical workers and advocates education for workers, and that union apprenticeship programs ensure lower-cost apprenticeship availability and successful, timely project completion.

He gave examples of PLAs for the oil pipeline and Fort Greeley construction projects, and urged the negotiation of an appropriate PLA of the gasline project.

[1:30:12 PM](#)

STEPHANIE THOMPSON, IBEW Local 1547, Anchorage, explained that she is an apprentice who is receiving excellent training, and supports a PLA for the pipeline project.

[1:32:13 PM](#)

GARY JOHNSON, IBEW Local 1547, talked about his work history and said he agrees that apprenticeship programs are well structured and offer opportunities and training to people all over the state; it's important that a PLA be used in the pipeline project. He is confident the legislature will do what is right for Alaskans.

[1:35:39 PM](#)

JOHN GARRET, Sheetmetal Workers International Association Local 23, spoke in support of a project labor agreement and talked about his organization's history in the state and its outreach programs; it's looking forward to helping build the pipeline.

[1:37:20 PM](#)

DOUG BUCKLEY, IBEW Local 1547, talked about his organization's history in the state and emphasized the necessity of a PLA for the pipeline project.

[1:38:32 PM](#)

MIKE KENNEY, representing himself, said that he likes AGIA and thinks it is important that the state's resource is developed by a local team; big oil has other projects around the world. It's better to keep the project as an all-Alaskan line than to depend on Canada, and moving in a timely manner is of utmost importance.

1:46:00 PM

BILL WARREN, representing himself, said that he hopes there will be a project labor agreement like that for the Trans-Alaska Pipeline. He was disappointed by the Exxon testimony the previous day, and said he advocates immediate instate use and supports AGIA.

1:48:19 PM

PAUL KENDALL, representing himself, said that leaders need to maintain control of the project and correct contract defects. He accused the oil company representatives of being hypnotists, and said that there's a difference between being courted and being surrounded. He offered to work for free on the project for 30 days, because it is his belief that Alaska ought to draw on its own resources; he reiterated his distaste for the major producers.

1:55:12 PM

DAN APTED, representing himself, said that he is against oil companies enacting structure to lock in tax rates. The line will happen if the economics are there but the legislature should fund a state study of getting gas to market by alternative means, by railroad for example; it would cost less and be useful for other commodities. A "plan B" should be considered.

2:00:58 PM

JOMO STEWART, representing himself, said that goals determine strategy, and AGIA contains a list of those; they're Alaskans' attempt to define maximum benefit, which should account for increasing the standard of living, advancing the economy, and allowing free competition in the private enterprise system.

He asked the legislators to see the pipeline process for what it is, and to look at history to see how this has been done in the past. At this point in Alaskan history, it would behoove policy makers to avoid placing too much money into the general fund.

CHAIR HUGGINS announced that there were no more testifiers at the time, and that Conoco-Phillips testimony would be continued later. He told a personal story, and then announced a brief at-ease.

[2:23:57 PM](#)

CHAIR HUGGINS called the meeting back to order.

[2:24:24 PM](#)

MIKE NOTAR, President of the Juneau and Vicinity Building Trades Council, related the history of PLAs in Juneau and said that they have saved the town money and put money in the pockets of taxpayers. The jobs done under PLAs have been under or close to budget and have provided Juneau with the only legal method of ensuring that firms hire local workers. Stipulating a PLA for AGIA would be in the public interest.

[2:27:36 PM](#)

CHAIR KOHRING asked what a PLA is and how it would be a benefit to the pipeline project.

MR. NOTAR replied that it is a contract between laborers and the unions that provides certainty and predictability, and defines conditions under which the work will be performed.

CHAIR KOHRING commented there are skilled labor pools in Alaska, and thanked Chair Huggins for his cooperation on the legislation.

CHAIR HUGGINS noted that Representative Neuman had joined the meeting earlier, and, there being no further business to come before the committee, he adjourned the meeting at [2:30:30 PM](#).