

**ALASKA STATE LEGISLATURE
HOUSE RULES STANDING COMMITTEE**

June 4, 2008

9:03 a.m.

MEMBERS PRESENT

Representative John Coghill, Chair
Representative John Harris
Representative Anna Fairclough
Representative Craig Johnson
Representative Ralph Samuels
Representative Beth Kerttula
Representative David Guttenberg

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Representative Paul Seaton

COMMITTEE CALENDAR

HOUSE BILL NO. 3001

"An Act approving issuance of a license by the commissioner of revenue and the commissioner of natural resources to TransCanada Alaska Company, LLC and Foothills Pipe Lines Ltd., jointly as licensee, under the Alaska Gasline Inducement Act; and providing for an effective date."

- SUBCOMMITTEE ASSIGNED

PREVIOUS COMMITTEE ACTION

BILL: HB3001

SHORT TITLE: APPROVING AGIA LICENSE

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

06/03/08	(H)	READ THE FIRST TIME - REFERRALS
06/03/08	(H)	RLS
06/03/08	(H)	WRITTEN FINDINGS & DETERMINATION
06/04/08	(H)	RLS AT 9:00 AM CAPITOL 120

WITNESS REGISTER

No witnesses to record

ACTION NARRATIVE

CHAIR JOHN COGHILL called the House Rules Standing Committee meeting to order at [9:03:11 AM](#). Representatives Coghill, Harris, Fairclough, Johnson, Samuels, Guttenberg, and Kerttula were present at the call to order. Also in attendance was Representative Seaton.

HB3001-APPROVING AGIA LICENSE

[9:03:25 AM](#)

CHAIR COGHILL announced that the only order of business would be HOUSE BILL NO. 3001, "An Act approving issuance of a license by the commissioner of revenue and the commissioner of natural resources to TransCanada Alaska Company, LLC and Foothills Pipe Lines Ltd., jointly as licensee, under the Alaska Gasline Inducement Act; and providing for an effective date."

CHAIR COGHILL explained that the plan is to assign a subcommittee that will facilitate the proceedings scheduled to consider the findings and determinations of the Alaska Gasline Inducement Act (AGIA) by the entire legislature. The intention, he relayed, is to keep HB 3001 in the House Rules Standing Committee while the presentations and public comment occur.

[9:04:04 AM](#)

CHAIR COGHILL announced that members of the subcommittee on AGIA will be Representatives Harris, chair, Samuels, vice chair, and Kerttula. He explained that if Representatives Harris or Samuels are unable to attend a hearing, he will attend in their stead. There was no objection to the aforementioned subcommittee membership. He then noted the meetings in Juneau will be held in the Terry Miller Legislative Office Building.

[9:05:31 AM](#)

REPRESENTATIVE KERTTULA reiterated that the subcommittee merely facilitates the meetings, and added that all members will be allowed to participate in the meetings in a fashion similar to a committee of the whole.

CHAIR COGHILL noted his agreement, and added that the intention is to ensure all legislators are as informed as possible with regard to making the decision whether to accept or reject the proposal from the TransCanada Alaska Company, LLC (TransCanada) [and Foothills Pipe Lines Ltd.] proposal to the governor under AGIA. He reiterated that HB 3001 would be held in committee.

[9:06:22 AM](#)

REPRESENTATIVE SAMUELS informed the committee that the following consultants to the Legislative Budget and Audit Committee are present today: Barry Pulliam, Econ One Research, Inc.; Lesa Adair, Muse Stancil and Company; and Dan Dickinson. Additionally, Dr. John Neary and Bill Mogel, Attorney, Saul Ewing LLP, Federal Energy Regulatory Commission (FERC) are in town and will be able to provide comments regarding rate making.

[9:07:41 AM](#)

CHAIR COGHILL noted that the House will meet jointly with the Senate Special Committee on Energy.

[9:07:57 AM](#)

REPRESENTATIVE KERTTULA, recalling some of the benefits of holding round table meetings on past issues, related that she likes the idea of round table meetings. Therefore, she asked if there would be an opportunity at some point to hold meetings that include the administration and the producers.

REPRESENTATIVE SAMUELS said that he hasn't had any conversations with the producers regarding participation in this process. However, an invitation was extended to ConocoPhillips Alaska, Inc., to review its Denali Project at various locations. Representative Samuels pointed out that all the consultants won't attend every meeting throughout the state. Once the meetings throughout the state have ended, all those who are available can meet together in Juneau after July 4th.

[9:09:36 AM](#)

REPRESENTATIVE HARRIS welcomed those from TransCanada to this open and transparent process, which he said is best accomplished by having all sides at the table and presenting the facts.

[9:10:43 AM](#)

REPRESENTATIVE FAIRCLOUGH, recalling the administration's presentation of TransCanada's proposal, expressed the need to challenge the economic models. She related that there was some concern that the administration was presenting under the Monte Carlo concept, economics that weren't how the return on investments is actually calculated.

REPRESENTATIVE SAMUELS opined that various consultants and economists may provide different answers. Representative Samuels further opined that everyone, including ExxonMobil Corporation, TransCanada, and the administration do their economics differently. However, one can't discount how a given entity views the situation. He said that the consultants can be asked to analyze whatever is desired, but [there must be some structure to the request process].

[9:12:31 AM](#)

REPRESENTATIVE FAIRCLOUGH specified that the issue was that the criteria or the toggles are different. The Monte Carlo approach had factors that she viewed as valuable, including time and the value of money. However, she said she was told that the McKenzie Woods report used different criteria. Therefore, she inquired as to the underlying criteria and how it was weighted.

[9:13:10 AM](#)

REPRESENTATIVE JOHNSON surmised then that Representative Samuels wanted requests/questions to go through his office.

REPRESENTATIVE SAMUELS suggested that questions can be asked directly to the consultants, but model analyzation requests or similar requests should go through Representative Samuels' office. He noted that all questions and answers will be put on the Legislative Budget and Audit Committee web site.

[9:14:43 AM](#)

CHAIR COGHILL requested that questions given to subcommittee members are brought forward during [the forthcoming meetings].

[9:15:10 AM](#)

REPRESENTATIVE GUTTENBERG inquired as to who will facilitate the joint meetings.

CHAIR COGHILL answered that it'll be a combination of the House & Senate with Representative Harris or Samuels and Senator Huggins helping to facilitate the meetings.

[9:16:07 AM](#)

REPRESENTATIVE HARRIS explained that although HB 3001 has a couple of fiscal notes, it wasn't sent to the House Finance Committee because there is no appropriations legislation attached. Therefore, the fiscal notes are hollow, based upon future appropriations legislation that would provide for disbursement of the funds.

[HB 3001 was held over.]

[9:17:06 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Rules Standing Committee meeting was adjourned at 9:17 a.m.