

**ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET AND AUDIT COMMITTEE**

April 26, 2007

8:05 a.m.

MEMBERS PRESENT

Representative Ralph Samuels, Chair
Representative Mike Hawker
Representative Mike Kelly
Representative Mike Doogan
Representative Reggie Joule (alternate)
Representative Kevin Meyer (alternate)

Senator Lyman Hoffman, Vice Chair
Senator Lyda Green
Senator Bert Stedman
Senator Johnny Ellis
Senator Gene Therriault
Senator Charlie Huggins (alternate)

MEMBERS ABSENT

Representative Mike Chenault

COMMITTEE CALENDAR

APPROVAL OF MINUTES
STATUS OF CONTRACTS

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

No witnesses to record

ACTION NARRATIVE

CHAIR RALPH SAMUELS called the Legislative Budget and Audit Committee meeting to order at [8:05:15 AM](#). Representatives Doogan, Kelly, Meyer (alternate), and Samuels, and Senators Green, Ellis, Therriault, and Huggins (alternate) were present at the call to order. Representatives Joule and Hawker, and Senators Stedman and Hoffman arrived as the meeting was in progress.

APPROVAL OF MINUTES

[8:05:22 AM](#)

CHAIR SAMUELS noted that the draft minutes from the March 20, 2007 meeting contain an error that was corrected, although the corrected minutes were not distributed to members.

[8:05:36 AM](#)

REPRESENTATIVE KELLY made a motion to approve the minutes of March 15, 2007 and March 20, 2007. There being no objection, the minutes from the meeting of March 15, 2007 and March 20, 2007 were approved.

STATUS OF CONTRACTS

[8:05:44 AM](#)

CHAIR SAMUELS stated that the legislature has entered into a contract with Mr. Bill Mogel, who is with Saul Ewing, LLP (Saul Ewing). Representative Doogan, Senator Huggins, and Chair Samuels interviewed Mr. Mogel, who has been asked to look at Federal Energy Regulatory Commission (FERC) issues, as well as tax issues. The committee has also requested that he take a look at how the Canadian rolled-in pricing system works. He expressed his desire to expand the contract in order to continue with this. Mr. Mogel will be available to listen to the presentations and present to the committees. He noted that Mr. Mogel's resume is in members' packets.

[8:06:59 AM](#)

REPRESENTATIVE KELLY made a motion to authorize the chairman to amend the contract with Saul Ewing, LLP for an amount not to exceed \$250 thousand, for Alaska Gasline Inducement Act (AGIA) related legal services.

CHAIR SAMUELS asked if there was any objection to amending the contract. There being no objection, it was so ordered.

[8:07:19 AM](#)

SENATOR THERRIAULT inquired as to where the suggestion for Saul Ewing came from.

CHAIR SAMUELS replied that Mr. Shepler gave the committee a list of firms, and Saul Ewing was suggested by one of the individuals suggested by Mr. Shepler. He stated that he checked with Mr. Loeffler to ensure that Mr. Mogel's reputation was "up and running." He then informed the committee that Wood Mackenzie does not have an Alaska gas pipeline report out, as was previously thought. However, there is a Mackenzie Valley Pipeline report. He stated that he and Senator Therriault previously purchased a confidential report from Wood Mackenzie with public money, and said "We were sued, we prevailed, so we can do this." He requested a motion to approve the purchase of the report, noting that the motion is in pounds, as the exchange rate is unknown. Research is still being done regarding whether the state already has access to the report, and if so, whether the legislature would have access to it. He said that this information should be available later in the day.

CHAIR SAMUELS noted that if the motion is approved, and the legislature already has access to the report, the state's money may not need to be spent. He pointed out that it is roughly \$32 thousand for the report on the Canadian Pipeline. He said that when the aforementioned global studies report was purchased, an additional contract was needed in order to have someone explain it to members. This may be necessary with the new report, as well. He said that he would do further research and be in contact with members' offices, to see if there is another way to gain access to the information without spending the state's money. He commented that while Wood Mackenzie does not have a report on Alaska, there may be similarities in costs, although this will not be known until the report can be viewed.

8:10:03 AM

SENATOR ELLIS asked if the report would be available to any member of the legislature, as long as a confidentiality agreement is signed.

CHAIR SAMUELS replied yes.

SENATOR ELLIS asked whether this is a consultant that has produced the report for sale.

CHAIR SAMUELS agreed that this is correct. He explained that the report is purchased "off the shelf" from Wood Mackenzie. When the previous report was purchased, he and Senator Therriault received criticism from members of the legislature

that did not want to spend the money, but did want to have access to the information.

SENATOR ELLIS asked what happened to determine that the previous report was not a public document, that can be accessed under freedom of information by a member of the public.

CHAIR SAMUELS replied that the legislature was sued by Mr. Metcalf, and he did not research the points of the lawsuit. He stated that the legislature is able to sign a confidentiality agreement, and said that the report would not be sold to the legislature if the legislature was unable to sign the agreement. While he understands the problem with signing a confidentiality agreement, the information would not be available otherwise.

8:11:58 AM

REPRESENTATIVE KELLY made a motion to authorize the chairman to purchase the Wood Mackenzie "Mackenzie Valley Pipeline Report" and associated materials for an amount of £16,000.

CHAIR SAMUELS asked if there was any objection. There being no objection, it was so ordered.

CHAIR SAMUELS went on to say that there was also a request to examine how the production profits tax (PPT) would interplay with the gas tax. He said that originally, there was discussion of the tax issue, although he is unsure whether or not this is still going to be a request. There have not been any requests for fiscal systems for gas. He recently had a conversation with Dan Dickinson, who is currently working for Anchorage Mayor Mark Begich, and no longer has a conflict of interest. Noting that Mr. Dickinson has not been a lobbyist for any of the firms involved, he explained that the committee is moving forward with a contract with Mr. Dickinson to analyze how the PPT would interplay with the gas tax, and how the credits work.

8:13:36 AM

REPRESENTATIVE KELLY asked whether Mr. Dickinson is "radioactive."

CHAIR SAMUELS replied that he has looked at the politics of trying to find consultants that know the subject history, and has tried to stay away from "somebody who would be radioactive." He said:

[Pedro van Meurs], [Daniel Johnston], what if I hired them both to come back, if you want to get into tax issues? What if you hired one, what if you hired the other? How long would it [take] to bring a third party at Wood-Mackenzie up to speed on tax issues? I don't know what people will think. But I wanted to make sure that we're talking to him.

CHAIR SAMUELS reiterated that Mr. Dickinson has not been a lobbyist, which was confirmed prior to moving forward with the contract, and that Mr. Dickinson has not had a contract with any of the firms involved. He stated that Mr. Dickinson was previously a state employee, and is now a city employee. This might result in some concern, but the legislature will have someone who is knowledgeable about the issues.

8:14:44 AM

SENATOR STEDMAN shared his belief that Mr. Dickinson has a good background with regard to the PPT, and would serve the legislature well. He said "His relationship with the past administration doesn't bother me at all."

CHAIR SAMUELS said that he has entered in to a "small contract" with Mr. Dickinson. He stated that any requests for additional information or specific topics of interest should be submitted to his office. He noted that Senator Stedman requested that someone look at how the gas tax would play into the PPT, and reiterated that there are few people who would have the expertise, "that could walk into the room."

8:15:54 AM

SENATOR GREEN asked if there are many unanswered questions.

CHAIR SAMUELS replied that Senator Hollis French made a request regarding constitutional issues, which he later "stood down" on. Mr. Mogul is doing some of this research. He noted that Econ One Research, Inc. (Econ One), is still under contract, although there have not been any additional questions.

SENATOR THERRIAULT pointed out that the Econ One contract has \$3,3600 remaining, and questioned whether it would be appropriate to expand this.

CHAIR SAMUELS replied that the committee could expand the Econ One contract so that an additional meeting would not be

necessary, if a question was brought up during a meeting of the House Finance Committee or the Senate Finance Committee. He said that he would accept a motion to expand the contract to \$200 thousand.

[8:17:25 AM](#)

SENATOR THERRIAULT made a motion to expand the current Econ One Research, Inc. authorization by \$200 thousand.

CHAIR SAMUELS noted that there was no objection. Therefore, the motion to expand the contract was approved.

[8:17:44 AM](#)

REPRESENTATIVE KELLY asked whether the consultants can be available at any time.

CHAIR SAMUELS replied that Mr. Dickinson would be available mid-week, and Mr. Mogel would be available on Monday. He said that in addition to the initial interview, he has walked Mr. Mogel through the philosophy of the bill, and the conflicts he will see once he arrives.

SENATOR THERRIAULT in regard to the aforementioned constitutional issues, shared his understanding that Senator French anticipates having the [Senate Judiciary Standing Committee] look into certain issues before the final package comes up for a floor debate.

CHAIR SAMUELS said that he would discuss this with the Senator to see if he would like additional information. He shared his belief that if ten lawyers are hired, there would be ten different opinions, adding that he can hire as many as the committee would like.

REPRESENTATIVE KELLY noting the short time frame, asked whether there would be specific concerns from the major companies that the legislature can consider, with assistance from the consultants. He suggested that Chair Samuels consider this.

CHAIR SAMUELS replied that when Mr. Mogel arrives, this will be discussed. He said that he is aware of the general issues that will come up. He explained that the consultants will ask for a specific question that the legislature wants answered. Members should get all questions to the committee chairs, in order to provide these questions to the consultants. He opined that the

legislature has good access to information. He stated that the legislature is setting up the request for proposals (RFP) system, and analyzing a project is a different story. He can ask the consultants whether a certain scenario will work or not.

8:23:09 AM

REPRESENTATIVE KELLY reiterated that the time is short, and shared his belief that ten questions should be chosen for the consultants to consider.

CHAIR SAMUELS said that he will clarify the points of view that are being distributed by the various entities.

SENATOR THERRIAULT asked if questions should be submitted to the chairmen of committees that were in the chain of command on the legislation.

CHAIR SAMUELS replied yes. He said that he would keep the committee informed, and noted that Greenburg Traurig has \$132 thousand remaining on its contract, and Mr. Shepler is currently working for the administration. Additionally, Mr. Shepler billed the legislature \$200 for questions regarding the lawsuits in Washington D.C.

ADJOURNMENT

There being no further business before the committee, the Legislative Budget and Audit Committee meeting was adjourned at 8:26 AM.