

SENATE FINANCE COMMITTEE
August 31, 2009
10:05 AM
Teleconference

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 10:05 am from Sitka.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Charlie Huggins, Vice-Chair
Senator Johnny Ellis
Senator Dennis Egan

MEMBERS ABSENT

Senator Donny Olson
Senator Joe Thomas

ALSO PRESENT

Karla Shoefield, Legislative Affairs Agency; Nick Szymoniak, Institute of Social and Economic Research, (ISER) University of Alaska, Anchorage.

SUMMARY

^RSA FOR ISER FUEL COST STUDY

[Due to technical difficulties no audio is available for this meeting.]

Co-Chair Stedman explained that the purpose of the meeting was to consider a reimbursable service agreement (RSA) between the Senate Finance Committee and the Institute of Social and Economic Research, (ISER) University of Alaska, Anchorage. The RSA would transfer \$49,958 to update and expand the previous "Component of Fuel Costs" study of 2008. The report would be due on January 19, 2010, but the project would remain open until April, 18, 2010 in case there are questions by the committee.

Co-Chair Hoffman MOVED to approve the scope of work and budget for the components of fuel cost number three to be performed by the Institute of Social and Economic Research in the amount of \$49,958. Co-Chair Stedman OBJECTED for purpose of discussion.

Senator Huggins clarified that the funding source would be the Senate Finance Committee. Co-Chair Stedman confirmed and explained that appropriations over \$25.0 need approval by the full committee. He observed that the expansion would also include propane. The intent is to look at petroleum energy sources with a holistic view of the entire state by region since each region operates under different market prices. He observed that oil prices have topped \$70 in the recent past.

Senator Huggins spoke in support of the proposal and questioned if it should be liaise with a look at instate gas by Harry Noah since their tasks are similar. Co-Chair Stedman observed that the intent is to look at existing forces such as pricing and market forces, margins, shipping, and any inequities or inefficiencies rather than new sources. Senator Huggins pointed out that identifying the baseline price would help to establish what is cost effective, which is one of the tasks given to Harry Noah.

Senator Ellis relayed that he was in support of the motion.

Senator Egan asked if there were any fuel distributors that were not included.

NICK SZYMONIAK, INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH, UNIVERSITY OF ALASKA, ANCHORAGE noted that not all of the small distributors were included in the proposal, but added that he would look into them.

Co-Chair Stedman referred to a breakdown in contract costs provided by ISER (copy on file). Four hundred dollars was included for long distance phone charges. He asked if a line-item phone bill would be submitted. Mr. Szymoniak explained that the phone charges would be incurred by his office to contact communities in order to update information.

Co-Chair Stedman asked for more information on the expected \$10.0 contract activities of Mark Smith (formerly of Crowley and Yukon Fuel). Mr. Szymoniak observed that the contract amount and activities of Mr. Smith are still being negotiated and that any surplus would be returned to the Senate Finance Committee. He stressed that Mr. Smith is the best available expert.

Co-Chair Hoffman stated he looked forward to a more detailed report.

A roll call vote was taken on the motion for the Senate Finance Committee to enter into a RSA with the University of Alaska's ISER in the amount of \$49,958 for the purpose of a fuel cost study.

IN FAVOR: Egan, Ellis, Huggins, Hoffman, Stedman
OPPOSED: None

Senators Thomas and Olson were absent from the vote.

The MOTION PASSED (5-0).

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ADJOURNMENT

The meeting was adjourned at 10:12 AM