

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

February 5, 2026

5:17 p.m.

MEMBERS PRESENT

Senator Elvi Gray-Jackson, Chair
Representative Zack Fields, Vice Chair
Senator Cathy Giessel
Senator Bill Wielechowski
Representative Neal Foster
Representative Andy Josephson
Representative Chuck Kopp
Representative Julie Coulombe
Senator Scott Kawasaki (alternate)
Representative Bryce Edgmon (alternate)

MEMBERS ABSENT

Senator Bert Stedman
Senator Lyman Hoffman

OTHER LEGISLATORS PRESENT

Senator James Kaufman

COMMITTEE CALENDAR

APPROVAL OF AGENDA
APPROVAL OF MINUTES
TOP AUDIT ISSUES
CONSIDERATION OF CONTRACT AMENDMENT: ALASKA CENTER FOR ENERGY
AND POWER (ACEP)
EXECUTIVE SESSION

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

KRIS CURTIS, Legislative Auditor
Legislative Audit Division
Legislative Agencies and Offices
Juneau, Alaska

POSITION STATEMENT: Presented the corrective actions for FY 25 top audit issues.

JEFF STEPP, Staff
Senator Elvi Gray-Jackson
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Gave background information on the Alaska Center for Energy and Power contract amendment.

ACTION NARRATIVE

[5:17:32 PM](#)

CHAIR GRAY-JACKSON called the Legislative Budget and Audit Committee meeting to order at 5:17 p.m. Representatives Foster, Josephson, Kopp, Coulombe, Edgmon (alternate), and Fields and Senators Wielechowski, Giessel, Kawasaki, and Gray-Jackson were present at the call to order. Also present was Senator Kaufman.

APPROVAL OF AGENDA

[5:18:48 PM](#)

CHAIR GRAY-JACKSON announced that the first order of business would be approval of the agenda.

REPRESENTATIVE FIELDS moved that the Legislative Budget and Audit Committee approve the agenda. There being no objection, the agenda was approved as presented.

APPROVAL OF MINUTES

[5:19:09 PM](#)

CHAIR GRAY-JACKSON announced that the next order of business would be approval of the minutes.

REPRESENTATIVE FIELDS moved that the Legislative Budget and Audit Committee approve the minutes of the two meetings on November 19, 2025, and the meeting on January 20, 2026. There being no objection, the minutes were approved.

TOP AUDIT ISSUES

[5:19:26 PM](#)

CHAIR GRAY-JACKSON announced that the next order of business would be a summary of the corrective actions addressing the Division of Legislative Audit's top audit issues for fiscal year 2025 (FY 25)

5:19:52 PM

KRIS CURTIS, Legislative Auditor, Legislative Audit Division, Legislative Agencies and Offices, referred to a document that displayed a matrix titled, "FY 25 Top Audit Issues - Status of Corrective Action" [included in the committee file]. She recalled that during a prior committee meeting she was directed to request the status of corrective actions from the various state departments for the 12 top audit issues, which are summarized in the aforementioned document. The plan today is to determine whether the findings should be forwarded to other legislative committees for follow up, as addressed in the last column of the matrix, "Next Action." The issues ripe for further legislative consideration are audit issue 6, concerning the Department of Military & Veterans' Affairs (DMVA) and the Department of Health (DOH) not working together to bill \$279.8 million of federal disaster grant expenditures in a timely manner, which resulted in lost investment earnings; audit issue 7, related to the Department of Corrections (DOC) overspending their FY 24 budget; audit issue 8, related to unaddressed budget shortfalls in three departments; audit issue 9, the Alaska International Airport's (AIA) struggle to produce audited financial statements for inclusion in the state's financial statements; audit issue 10, concerning the Division of Public Assistance's (DPA) material internal control deficiencies and material noncompliance with several federal programs; and audit issue 12, a special audit of the Office of Children's Services (OCS) noncompliance with foster care reform. She said she would continue to work with the chair on formally referring these to the legislative committees identified in the matrix.

5:22:00 PM

REPRESENTATIVE KOPP asked whether the money for the Federal Emergency Management Agency (FEMA) disaster grant associated with audit issue 6 was eventually recovered.

MS. CURTIS stated that it's part of an ongoing audit. She shared her understanding that the department has finally billed for the revenues; nonetheless, it would be a great item to follow up on in the budget committees to figure out the timing.

She reported that as noted in the finding, there was an estimated \$1.3 million of lost investment earnings per month.

REPRESENTATIVE KOPP asked how many months have lapsed.

MS. CURTIS responded that the finding corresponds to the end of FY 24 and now it is the middle of FY 26. She reiterated that determining when the department billed for the revenues would be a good follow up.

**CONSIDERATION OF CONTRACT AMENDMENT: ALASKA CENTER FOR ENERGY
AND POWER (ACEP)**

[5:23:10 PM](#)

CHAIR GRAY-JACKSON announced that the next order of business would be a consideration of a contract amendment for the Alaska Center for Energy and Power (ACEP).

REPRESENTATIVE FIELDS moved that the Legislative Budget and Audit Committee authorize the legislature to add \$100,000 to the existing ACEP reimbursable service agreement (RSA), for a total "not to exceed" amount of \$150,000; and to extend the completion date of the RSA from June 30, 2026, to June 30, 2027.

CHAIR GRAY-JACKSON objected for purposes of discussion.

[5:24:01 PM](#)

JEFF STEPP, Staff, Senator Elvi Gray-Jackson, Alaska State Legislature, offered the following remarks on the ACEP contract amendment [original punctuation provided]:

For background, the Committee first authorized a reimbursable service agreement with the Alaska Center for Energy and Power, or ACEP, at its February 26, 2025, meeting, for an amount not to exceed \$50,000, to provide independent, expert analysis on energy-related topics to support legislative decision-making.

At the June 30 meeting, the Chair noted that the contract period would be extended into the following fiscal year, with no increase to the original not-to-exceed amount, and if any additional funding would be needed in the future, a request would be brought back to the Committee for approval during the forthcoming session.

The current request, reflected in the joint letter from Representative Fields and Senator Giessel, explains that ACEP completed multiple technical tasks in 2025, including original research, policy briefs, and testimony on issues such as LNG import facilities, Railbelt transmission regulation, battery storage, load growth projections for the Railbelt, and clean energy project licensing and permitting - and more. Legislators anticipate continued - or increased -- demand for that support this session, throughout the interim and into 2027.

Just as a reminder, ACEP provided a comprehensive report summarizing the work they have completed under this contract. We shared a link to that report with members by email on January 21, and it's also posted on the LB&A Committee website for easy reference by legislators and the public.

It is common practice to carry an LB&A Committee contract through the end of the fiscal year, overlapping with a new legislature, so consultants are ready to go when session starts, without any delay.

Accordingly, this request is to add \$100,000 to the existing agreement - for a total not-to-exceed amount of \$150,000 - and extending the completion date from the end of the current fiscal year to June 30, 2027, to allow ACEP to continue providing analysis, briefings, and expert testimony as requested by the Legislature.

[5:26:37 PM](#)

SENATOR GIESSEL said she strongly supports the contract extension and the funding for it. She stated that she's beginning her tenth year chairing the Senate Resources Standing Committee and ACEP has been indispensable in providing expert testimony and analysis.

CHAIR GRAY-JACKSON removed her objection. There being no further objection, the contract amendment was approved.

EXECUTIVE SESSION

[5:27:27 PM](#)

CHAIR GRAY-JACKSON announced that the next order of business would be executive session.

REPRESENTATIVE FIELDS moved that the Legislative Budget and Audit Committee go into executive session under Uniform Rule 22(b)(1), discussion of matters, the immediate knowledge of which would adversely affect the finances of a government unit; and Uniform Rule 22(b)(3), discussion of a matter that may, by law, be required to be confidential. He asked that the following persons remain in the room or online: Kris Curtis, Legislative Auditor, and necessary staff; Emily Nauman and Megan Wallace, Legislative Legal Services; Karin Jones, Partner at Stoel Rives; Matt Armstrong, Baker Hughes; Zachary Lawhorne, Legislative Information Office moderator; any legislators not on the committee; and staff of legislators on the committee. There being no objection, it was so ordered.

[5:28:36 PM](#)

The committee took an at-ease from 5:28 p.m. to 6:09 p.m. for the purpose of executive session.

[6:09:40 PM](#)

CHAIR GRAY-JACKSON called the Legislative Budget and Audit Committee meeting back to order at 6:09 p.m. Representatives Kopp, Coulombe, Edgmon (alternate), and Fields and Senators Wielechowski, Giessel, Kawasaki, and Gray-Jackson were present at the call to order. Also present was Senator Kaufman.

[6:10:04 PM](#)

CHAIR GRAY-JACKSON announced that during executive session, topics listed on the agenda were discussed and the committee would be taking action related to each of them. The first concerns the contract amendment for outside counsel related to a personnel matter. She noted that due to the confidential nature of personnel matters, the committee would not be providing public comment on the specifics at this time.

[6:10:31 PM](#)

REPRESENTATIVE FIELDS moved that the Legislative Budget and Audit Committee approve an amendment to the Division of Legislative Audit's existing contract with Stoel Rives LLP, dated October 10, 2025, to increase the contract amount by \$100,000 for a total amount not to exceed \$295,000 for legal

services relating to a personnel matter. There being no objection, it was so ordered.

6:11:09 PM

REPRESENTATIVE FIELDS moved that the Legislative Budget and Audit Committee authorize the chair to amend the "Exclusivity and Non-Conflict of Interest Clause," and any necessary related provisions, of the Committee's current contract with GaffneyCline.

CHAIR GRAY-JACKSON objected for purposes of discussion to explain the intent behind the motion. She offered the following remarks [original punctuation provided]:

I take questions about the independence of the Legislature's consultants very seriously. For that reason, we asked Legislative Legal Services for a formal review, which is included in the committee packet and posted to BASIS; One of GaffneyCline's consultants, Mr. Fulford, addressed this matter in testimony before both the House and Senate Resources Committees; and we received a detailed written explanation from GaffneyCline and its parent company, Baker Hughes, outlining the contractual obligations, confidentiality requirements, and internal firewalls they use to ensure their advisory work remains independent and insulated from any commercial activities - this letter was distributed to members and placed on BASIS for the public.

After reviewing all that information and absent evidence of any actual conflict affecting the Committee's work, I am comfortable that the consultants' analysis remains objective and professionally independent.

At the same time, I think it is reasonable and prudent for us to clarify our contract language so there is no ambiguity going forward. The motion before us simply authorizes the chair to amend the "Exclusivity and Non-Conflict of Interest Clause" to better reflect the current circumstances and to protect the Legislature's interests. To me, that is a practical housekeeping step - not a finding of wrongdoing - and a sensible way to acknowledge the concern, strengthen our safeguards, and move forward.

Finally, I want to be clear about roles. Consultants provide advice; they do not make decisions. The Legislature retains full authority to evaluate that advice and determine what actions are in the best interests of Alaskans. With that understanding, I support this motion as a reasonable resolution, and I'm happy to hear any comments from members.

[6:13:34 PM](#)

SENATOR WIELECHOWSKI said he appreciates the public discussion on this matter. From personal experience, he pointed out that GaffneyCline has been an advisor to the state for 20 years and has always provided valuable, objective advice. In particular, he recalled GaffneyCline's contribution to the oil tax discussions in 2007, during which time their clients were producers and GaffneyCline still issued advice to the state that came at a cost to these clients. They were objective and provided the answers to the questions that were asked, he said. He reminded the committee that their owner is Baker Hughes who has an interest in the project; nonetheless, he opined that GaffneyCline's advice would be useful.

[6:14:45 PM](#)

VICE CHAIR FIELDS stated that the Legislative Budget and Audit Committee has approved consultant contracts for Pegasus Global Holdings, Inc. and ACEP as well, so its valuable to have multiple perspectives and analyze them on their merits. He agreed with Senator Wielechowski, and reiterated his belief that multiple well-informed perspectives will be important for the public.

CHAIR GRAY-JACKSON withdrew her objection. There being no further objection, it was so ordered.

[6:16:05 PM](#)

ADJOURNMENT

There being no further business before the committee, the Legislative Budget and Audit Committee meeting was adjourned at 6:16 p.m.