

PROFESSIONAL SERVICES CONTRACT BETWEEN

Legislative Budget and Audit Committee

AND

Benjamin Schlesinger and Associates, Inc. ("BSA")

RECEIVED
MAR 10 2008
LEGISLATIVE AUDIT

CONTRACT AMOUNT: \$ 100,000
(including reimbursement for expenses)

The parties to this contract, made and entered into the date the Chair of the Legislative Budget and Audit Committee signs the contract, are the Legislative Budget and Audit Committee, whose address is State Capitol, Room 429, Juneau, Alaska 99801 -1182, hereinafter referred to as the "Committee," and Benjamin Schlesinger and Associates, Inc., whose address is The Bethesda Gateway, 7201 Wisconsin Avenue, Suite 740, Bethesda, Maryland 20814, hereinafter referred to as the "Consultant."

THE PURPOSE OF THIS CONTRACT IS TO PROVIDE THE COMMITTEE WITH PROFESSIONAL ANALYSIS AND EXPERT ADVICE WITH RESPECT TO THE GOVERNOR'S ALASKA GASLINE INDUCEMENT (AGIA) PROPOSALS AND OTHER GASLINE PROPOSALS SUBMITTED TO THE STATE.

IT IS THEREFORE MUTUALLY AGREED THAT:

CLAUSE I - STATEMENT OF WORK

(A) The Consultant will provide the Legislature with professional analysis and expert advice with respect to Natural Gas Pipeline proposals. The project director and lead investigator for the Consultant is John A. Neri, Ph.D. Dr. Neri will be assisted by other BSA consultants as the parties mutually agree. At the direction of the LBA Chair or Project Director, the Consultant shall address the areas of cost allocation and rate design; industry structure and regulation; cost of capital; natural gas and liquids market values; market power; market analysis; sales and price forecasts; demand price elasticity; gas purchase strategies; industry structure and regulation; market power and market power mitigation; price competition; market-based rates; performance-based rates; price elasticity and demand forecasting; and other areas of the Consultant's expertise with respect to rate making.

(B) In addition, the Consultant will respond to any additional related questions that may be posed by the Legislature. However, for purposes of responsible contract management by the LBA Chair and the Project Director, the LBA Chair must give written approval prior to work being performed by the Consultant that

is a request from another Legislator or Legislative staff that has been submitted to the Consultant, the LBA Chair or the Project Director. Additionally, all requests from other committee chairs for the Consultant to testify, or otherwise make John A. Neri, Ph. D. available for participation in a committee meeting, must be approved in writing by the LBA Chair prior to such participation. A written record of these requests and their disposition will be maintained by the Project Director.

CLAUSE II - PERIOD AND DATES OF PERFORMANCE AND TERMINATION

- (A) The work under this contract shall begin February 20, 2008, and terminate December 31, 2008. This contract may be terminated by the Committee upon delivery of written notice to the Consultant.
- (B) If this contract is so terminated and the termination is not based on a breach by the Consultant, the Consultant shall be compensated for services provided under the terms of this contract to the date of termination if the Consultant provides the Committee with a written report containing a description of the services performed, a statement of the results or conclusions formed based upon any research or analysis performed, and a copy of the written material produced during the contract.

CLAUSE III - COMPENSATION AND METHOD OF PAYMENT

- (A) For the work specified in this contract John A. Neri, Ph.D. shall be compensated at a billing rate of \$240 per hour. Other members of BSA’s staff, as requested, will be compensated at BSA’s normal hourly professional rates, according to the following schedule:

<u>PROFESSIONAL</u>	<u>HOURLY RATE</u>
President	\$400
Principal	\$240
Project Managers	\$150-\$225
Consultants/Researchers	\$90-\$125
Administrative Assistant	\$45

- (B) The Consultant will be reimbursed for direct expenses necessary to perform Consultant’s work under this contract. The expenses will be calculated at cost without mark-up. If the Project Director requires the Consultant to travel outside of the Consultant’s home base of Bethesda, Maryland, the Consultant will be

reimbursed for reasonable travel expenses (transportation, lodging, and meals) are supported by receipts and that are approved by the Project Director.

(C) The Consultant shall submit monthly billings for the work requested in Clause I of this contract. A billing must be approved by the Chair of the Committee before it is paid.

(D) Payments of Consultant's proper monthly invoices will be made within 30 days of receipt. If a payment is not made within 90 days after the Committee has received a proper billing, the Committee shall pay interest on the unpaid balance of the billing at the rate of 1.5 percent per month from, and including, the 91st day through the date payment is made. A payment is considered made on the date it is mailed or personally delivered to the Consultant.

(E) Total payments under this contract may not exceed \$100,000, including reimbursement for expenses.

CLAUSE IV - PROJECT DIRECTOR

The Project Director is Cheryl Sutton.

CLAUSE V – CONFLICTS OF INTEREST

The Consultant will notify the Project Director if the Consultant enters into a contract with the Administration in the State of Alaska or any other firm or organization that has a substantial interest or a potential substantial interest in the Alaska natural gas pipeline including, but not limited to the following: British Petroleum, ExxonMobil, ConocoPhillips, TransCanada, Enbridge, Sinopec, Aenergia, the Alaska Gasline Port Authority, or the Alaska Natural Gas Development Authority. The Consultant and the Project Director will evaluate the level of potential conflict and the Committee Chairman will determine whether it would be sufficient to warrant contract modification or termination.

CLAUSE VI – COVERAGE UNDER THE ETHICS LAW

The Consultant may be subject to the provisions of AS 24.60 (Legislative Ethics) as a legislative employee unless excluded from the definition of "legislative employee" under AS 24.60.990(a) (11). Select Committee on Legislative Ethics Advisory Opinion 99-01

concludes that “any contractors who are paid through the state payroll system, contractors (or those designated within a contracting firm or company) with the Ethics Committee and those services or professional services contractors with legislative Contracts over

\$5,000, who will incur more than incidental use of state resources or who either contract for legislative policy related services or who are designated to represent the Legislature in a policy-related capacity, fall within the legislative employee definition and are therefore subject to the legislative ethics code.”

CLAUSE VII – EXPENSES AND DUPLICATION

- (A) Except as may be otherwise provided by Clause III and (B) of this clause, the office space, equipment, supplies, clerical support and other expenses that are necessary for the Consultant to carry out the Consultant’s obligations under this contract shall be supplied and paid by the Consultant at no cost to the Committee.
- (B) Duplicates of any material or other items produced under this contract may be produced by the Committee; the office space, equipment, supplies clerical support and other expenses required for the duplication shall be supplied by the Committee.

CLAUSE VIII – RECORDS, DOCUMENTS, AUDIT

The Consultant shall accurately maintain those records, including detailed time records, which are required by the Project Director. The records are subject to inspection by the Committee or the Project Director at all reasonable times. Except for items licensed under this clause, all documents, reports, material, and other items generated as a consequence of work done under this contract are the property of the Committee. To the extent they are works of authorship, they are deemed to be works made for hire under the copyright laws of the United States and will be and remain the sole and exclusive property of the Committee. If an item is not eligible under U.S. copyright laws to be a work made for hire, the Consultant assigns to the Agency a perpetual license to use the items in the Committee’s operations. Upon completion of the work or the termination of this contract, the items shall be delivered to the Project Director.

CLAUSE IX - INDEMNIFICATION

The Consultant shall indemnify, save harmless, and defend the Committee, and the Committee’s officers, agents and employees from liability for any claim, including, but not limited to, costs and attorney fees arising from the claim, arising from Consultant’s negligence in the performance of Consultant’s obligations under this contract.

CLAUSE X - VENUE

In the event that the parties to this contract find it necessary to litigate the terms of the contract, venue shall be the State of Alaska, First Judicial District at Juneau, and the contract shall be interpreted according to the laws of Alaska.

CLAUSE XI - ASSIGNMENT

This contract may not be assigned to another party unless in accordance with Sec. 160 of the Procurement Procedures of the Alaska State Legislature.

CLAUSE XII - WORKERS' COMPENSATION

During the life of this contract, the Consultant shall provide and maintain workers' compensation insurance covering all employees of Consultant. The Consultant shall require any subcontractor to provide and maintain workers' compensation insurance for the subcontractor's employees. Consultant shall provide the Committee, upon request, with written proof of the coverage required by this clause.

CLAUSE XIII - CERTIFICATION

Execution of this contract by the Legislative Auditor or her designee hereby constitutes a certification that funds are available in an appropriation to pay for work performed through June 30, 2008. Availability of funds to pay for work performed from July 1, 2008, through December 31, 2008, is contingent upon appropriation of funds for the next fiscal year. If, in the judgment of the certifying authority for this contract, sufficient funds are not appropriated for that fiscal year, the contract will be terminated under Clause II (B) or amended.

CLAUSE XIV - MODIFICATION AND PREVIOUS AGREEMENTS

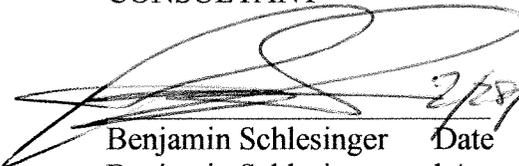
This document contains all terms and conditions agreed upon by the parties. No other

understandings, oral or otherwise, regarding the subject matter of this contract shall be deemed to exist or to bind either of the parties to this contract.

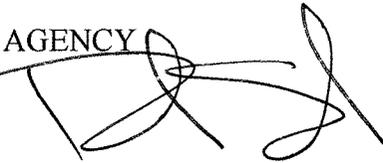
This contract may be amended by mutual agreement of the parties but any amendment must be in writing and signed by the parties,

IN WITNESS WHEREOF, the parties have executed this contract on the dates indicated below:

CONSULTANT


Benjamin Schlesinger Date
Benjamin Schlesinger and Associates, Inc.
Business License Number: 911650
Tax ID: 52-1713307

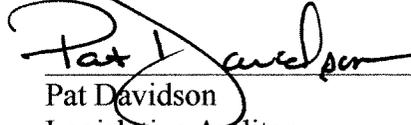
AGENCY


Representative Ralph Samuels Date
Chair
Legislative Budget & Audit Committee

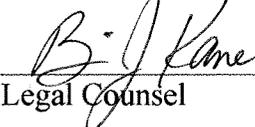
ACCEPTED:


Cheryl Sutton Date
Project Director

CERTIFYING AUTHORITY:


Pat Davidson Date
Legislative Auditor

APPROVED AS TO FORM:


Legal Counsel Date