

Stranded Gas Hearings (0409021445 Minutes)

Legislator Discussions

September 2, 2004.

CHAIR SAMUELS asked for suggestions of where the legislature wants to "go from here" and said he would start by bringing up the local hire issue. He felt that although local hire cannot be mandated, knowing what jobs would be required in advance would allow the legislature to take steps to insure that the jobs that are available could be filled by people who would not otherwise have jobs and deteriorate the economy. He said he would like to get more information along those lines so that adequate training could be provided.

SENATOR LINCOLN said she would like to expand that idea so that Alaska businesses are utilized.

CHAIR SAMUELS agreed and said he was not satisfied with his questions or the answers to Exxon about marketing. He again asked members to think about where they wanted to go from here.

SENATOR ELTON thought that given the issues that have been put before the committees, from a process perspective, members need to consider how to keep those issues alive so that they can get a better sense of where those who testified are going and follow what they are doing. He suggested using existing committees or creating a subgroup of legislators and coordinating with the Executive Branch to avoid a lot of duplication and create synergy between the two groups.

CHAIR SAMUELS told members that during the previous legislative session, Senate President Therriault appointed Senators Stevens and Guess and Speaker Kott appointed Representatives Joule and Weyhrauch to be the liaisons between the legislature and the administration during the interim. He joined that group as the chair of the Legislative Budget and Audit Committee, as did Senator Therriault. When they met with the administration, they told the administration that their understanding of the Stranded Gas Act was to prevent all 60 legislators from "throwing rocks at each other" for political reasons. The point was the act was to establish one negotiating point. In addition, they told the administration what issues came up during their legislative committee hearings. He pointed out such a meeting has occurred already [during this interim].

REPRESENTATIVE JOULE commented, regarding the question of state ownership, he believes that needs to be explored further, particularly the RIK and RIV issue.

REPRESENTATIVE STOLTZE said he pursued that line of questioning in the Finance Committee but he didn't feel that he got an answer. The question there was if the state does have an ownership, what percentage would it need to have an impact and whether there is a minimum amount and he would like to follow up on that.

REPRESENTATIVE HAWKER said he would like to further pursue the state's participation in the broadest sense. He would like the committee to expand into whether the state should participate and to hear more from the capital market people about financing and cost of capital alternatives, especially since the committee will only have 30 days to review [any agreement]. He noted, "Secondly, the other one that really peaks my interest - and again we've got a regulatory authority person here saying I won't get into that one because it's such an undetermined issue and it seems to me to be a pretty significant issue - a route that would go across Canada if, in fact, we are legally prescribed going across Canada."

SENATOR LINCOLN said what she finds troubling is that there is a whole mass of people that are a part of this process. Right now the administration is negotiating and no one knows where that negotiation will lead or the timing. She said in addition, the AOGCC's role, its goals and interactions with the legislature, the role of the commissioner of DNR, which is very broad, ANGDA, and the role of the Senate Resources Committee, all play parts and she is unsure how they fit together in legislative deliberations and pursuing

the best course of action.

CHAIR SAMUELS thought the committee can apply pressure to any mechanism it wants to, whether that be ANGDA or another, but the reality is that the legislature will have a minimum of 30 days to approve a contract and it will be deciding on a product put before it. He thought members need to be familiar with the subjects, such as the trade-off for RIK or RIV, or the choices and trade-offs that were made in the contract. He pointed out that some of the issues raised by members, such as vocational education, will be important to know about for the next legislature so that it can plan for training.

REPRESENTATIVE JOULE said all legislators will want to be ahead of the curve on the local hire issue and that the legislature now has some experience under its belt and the luxury of a little bit of time. He felt the more that opportunity can be maximized, the better off the state will be.

SENATOR DYSON noted that although all members are enthusiastic about Alaska hire, there will be great pressure for the construction to occur under project labor agreements and he guesses that will happen. He pointed out that project labor agreements are often touted as the best tool available to guarantee Alaska hire. He is sympathetic to that but some of the bargaining units have internal rules that do not allow them to add new people into the Alaska rolls if someone elsewhere in the Northwest bargaining unit is unemployed. He suggested adding incentives or doing something to help qualified Alaskans to get into those bargaining units ahead of other workers from the Northwest. He complimented Chair Samuels and Senator Ogan for organizing these educational hearings. He then asked that the presenters not use acronyms, as not all members are familiar with them.

CHAIR SAMUELS said he would consider and work on getting another meeting together in approximately one month.

SENATOR SEEKINS thanked the co-chairs as well, and then noted that, to quote from Dr. Martin Luther King, "without a dream, the people will perish." He said a gas line is a dream of many Alaskans and that with every dream, there is an intent to kill it. He said he feels relatively certain that any final gas line dream will not be what he or any other member prefers. He believes the challenge for members is to not kill any reasonable dream just because it is not exactly what each member wants. He hoped all members could work with the administration and other participants to bring this dream to fruition and make it profitable for those in the business and for the residents of Alaska, Canada and the United States.

REPRESENTATIVE GARA said the process of the Stranded Gas Act almost requires the legislature to say something to the administration sooner rather than later. He said if the committee keeps all of the information it has gathered over the last two years internal, the administration will not know what the committee is thinking and will enter into a deal it believes is best, leaving the legislature the right to only say yes or no to it. He said he believes the legislature has punted, and to be fair to the administration, the legislators can probably all agree on some issues that have been discussed in these meetings but the administration does not know which. He thought if committee members can agree on some of the concepts, such as access to the gas by in-state users, creative ways to deal with local hire, that it is important to convey those agreements now so that the committee does not address those after the deal is done.

CHAIR SAMUELS repeated that a group of legislators has met with the administration and discussed specific topics and that the administration was open to discussions. He said he would organize another meeting with the administration. Chair Samuels then asked members to contact him or any other subgroup members about individual concerns, which will also be relayed to the administration. He said he would work on getting more information on the issues of ownership and capital markets and adjourned the meeting at 3:45 p.m.