



Alaska State Legislature Reps. Croft & Whitaker

FOR IMMEDIATE RELEASE • February 7, 2001

**CONTACT: Peggy Wilcox • 1-800-689-4998, Fax: (907) 465-4491, Peggy_Wilcox@legis.state.ak.us
Lori Backes • 1-877-465-3004, Fax: (907) 465-2070, Lori_Backes@legis.state.ak.us**

Legislative Auditor finds Knowles Contract Improper

JUNEAU- After an overview of the materials involved, Legislative Auditor Pat Davidson concluded that the Office of the Governor did not follow the "ideals of the procurement code", when awarding a sole source contract to the Cambridge Energy Research Associates to support the state's interest in gas development. "...the determination that it is in the state's best interest to abandon the competitive procurement process...is not completely justified" wrote Davidson, "...and the recently approved contract performance period extension until June 30, 2002 casts substantial doubt on the apparent need for an expedited procurement."

"This is the same crew that told us the BP-Arco merger was good for us," stated Representative Croft (D-Anchorage), "the Cambridge Energy Research Associates prepared six white papers for BP supporting the merger. I worry that the Governor is not receiving objective information. If we are going to defend the state's interest, we need good data from sources other than the oil industry."

Representative Jim Whitaker (R- Fairbanks) echoed Croft's concerns, "This is a post-hock, sole source contract awarded to a research group which functions as a minor division of BP. I find it ludicrous that, given CERA's slanted review of the originally proposed merger between BP and Arco, the administration would contract with them to consult on issues in the state's interest during negotiations with BP on a natural gas pipeline."

The administration justified awarding the sole source contract for up to \$450,000 due to time constraints imposed by the impending legislative session and the need to have the assistance of CERA in drafting legislation, however, subsequent statements by administration show that to be incorrect. CERA admits to having no role in drafting the legislation.

###