



Alaska Energy & Environmental Policy Update

January 9, 2009

Welcome to the inaugural edition of the Alaska Energy & Environmental Policy Update, an electronic alert developed by Van Ness Feldman as a service to clients and friends of the firm. We will distribute the Update periodically to provide summary coverage of developments in energy, environmental, and natural resource law and policy that affect businesses, municipalities, and others with interests in Alaska.

This first edition focuses on the 111th Congress. As Alaska's new junior Senator Mark Begich takes his seat, what issues will this Congress tackle first? How is the political landscape different in the absence of Senator Stevens? What are the ramifications for Alaska of the White House and the Congress both being controlled by Democrats?

We welcome your comments and suggestions on the Update. Also, please let us know if you would like to add others to our list of recipients, or if you would prefer not to receive future editions of the Update.

INTRODUCING THE 111TH CONGRESS

The new Congress convened this week, with Senators and House Members being sworn in on Tuesday. Barack Obama, who will be sworn in as President on January 20, has promised to work with the new, bolstered Democratic majorities in the 111th Congress to, in part, reform the way we develop natural resources, re-write and update existing environmental laws and develop climate change regulations, and re-organize the energy industry. For Alaskans and for the rest of the U.S., the name of the game is change.

The new U.S. Senate is comprised of 55 Democrats, one Independent and one Socialist, and 41 Republicans, with seats from Minnesota and Illinois currently unfilled. Seats must also be filled for Senators leaving to serve the Obama Administration. Senator Joe Biden (D-DE) will resign to become the Vice President. Senator Hillary Clinton (D-NY) is expected to resign to become President-elect Obama's Secretary of State. Senator Ken Salazar (D-CO) is expected to resign to become Secretary of the Interior, to be replaced by Denver public schools superintendent Michael Bennet.

The U.S. House of Representatives is comprised of 257 Democrats and 178 Republicans, representing an overwhelming Democratic majority of almost 60 percent. Seats must be filled for



Rahm Emanuel, who has resigned as Representative (D-IL) to become White House Chief of Staff, and Hilda Solis (D-CA), who is expected to become Secretary of Labor.

Senate leaders include Majority Leader Harry Reid (D-NV), Majority Whip Dick Durbin (D-IL), Minority Leader Mitch McConnell (R-KY), and Minority Whip Jon Kyl (R-AZ). House leaders include Speaker Nancy Pelosi (D-CA), Majority Leader Steny Hoyer (D-MD), Majority Whip Jim Clyburn (D-SC), Minority Leader John Boehner (R-OH), and Minority Whip Eric Cantor (R-VA).

A major change in the Congress will be the number of positions allocated to Republicans on House and Senate committees. Traditionally, the total number of committee seats allotted to each party is approximately equal to the ratio between majority party and minority party members in the full

Campbell to be Murkowski's Minority Staff Director

McKie Campbell will be the new minority staff director for the Senate Energy & Natural Resources Committee. Campbell is a long-standing Alaskan who, most recently, was Commissioner of the Alaska Department of Fish and Game under Governor Frank Murkowski.

chamber. A majority of 58-42 (assuming the Independent, Senator Joe Lieberman (D-CT) and the Independent, Senator Bernie Sanders (VT) are counted with the Democrats) would give Democrats 58 percent of the seats on every committee. In the last Congress, Democrats retained a one seat advantage on many Senate committees. In the new, 111th Congress, Democrats expect to have a three seat advantage on almost every Senate committee. Thus, a 12-11 majority on the Senate Energy & Natural Resources Committee during the 110th Congress will likely shift to a 13-10 majority in the 111th Congress. The Democrats will probably hold a 17-12 majority on the Senate Appropriations Committee. House committee ratios will similarly reflect an increased Democratic majority.

FIRST WEEKS OF THE 111TH CONGRESS

PROMISE ACTION ON ECONOMY, NOT CLIMATE

This week, President-elect Obama and Congressional leaders met to discuss the details of a proposed economic stimulus package that Congressional leaders hope to move this month. One of President-elect Obama's primary goals in formulating the stimulus package has been to create or save 2.5 million jobs over the next two years by financing the rebuilding of roads and bridges, the modernization of schools, and the construction of wind farms, fuel-efficient cars and other alternative energy technologies. The stimulus package is expected to include billions of dollars for "green" energy initiatives and grants to state and local governments for mass transit and infrastructure projects. The office of the President-Elect has issued a 14-page outline of specific items that are proposed for inclusion in the economic stimulus legislation, ranging from funding and tax credits for infrastructure and green energy investments, to tax and mortgage relief, to labor and employment provisions. The outline, designated as the Obama-Biden plan, is available at the President-elect's website: http://change.gov/agenda/economy_agenda/. Senate Majority Leader Harry Reid (D-NV) has introduced "shell" bills, S. 1 through S. 10, to use as legislative vehicles to potentially carry the stimulus legislation and other priority initiatives of the White House and Senate Leadership.



Later this year, President-elect Obama plans to seek legislation to impose a cap on emissions of greenhouse gases and establish a government auction of emissions permits. He has also suggested that he would devote \$150 billion of the revenue from the sale of those permits to energy efficiency and alternative energy projects. However, quick U.S. action on climate change in the 111th Congress is unlikely. Despite the increase in the number of Democratic seats in the Senate, it will remain difficult to corral a filibuster-proof 60 Senate votes for domestic climate change legislation given that some Democratic senators are worried about impacts on carbon-intensive industries in their states.

THE NEW FACE OF THE ALASKA DELEGATION

The Loss of Senator Stevens Poses Critical New Challenges for Alaskans and Alaska Businesses and Organizations Dependant on Ties to Washington, DC

The loss of Senator Ted Stevens as Alaska's Senator of forty years is likely to fundamentally change Alaska's relationship with the federal government. Senator Stevens' seniority and influence was critical to maintaining significant levels of funding in Alaska for the military, rural infrastructure projects, and nonprofit organizations. In 1983, Alaska received 78 cents for every dollar it contributed in federal taxes, and ranked 45th on the list of states receiving federal money. In 2005, Alaska received \$1.84 for each dollar contributed to the federal treasury, and ranked third among states for federal spending received per dollar of tax paid. With the loss of a senior appropriator, Alaska can expect to move down the list.

Alaskans are well aware that federal funding obtained by the senior Senator was critical to the ability of Alaska residents and businesses to adjust to challenges inherent to life in the Last Frontier. Funding for the Denali Commission and retention under federal law of "minority-owned business" status for Alaska Native Corporations are two prime examples of the Senator's unrelenting efforts to level the playing field for rural Alaskans.

For a decade, federal funding for the Denali Commission has provided critical support for rural infrastructure improvements, including upgrades to rural power systems, health and social service related facilities, and rural transportation. Senator Dan Inouye (D-HI), the new Chairman of the Senate Appropriations Committee, is a long-time friend of Alaska and will likely prove to be a strong advocate of funding for critical Alaska projects. The proposed stimulus package and the 2009 Transportation Bill will also provide important new opportunities for federal funding. Nevertheless, with federal legislators still condemning Alaska's alleged "bridges to nowhere," the loss of Senator Stevens is bound to complicate efforts to secure federal support.

The retention of "minority-owned business" status for Alaska Native Corporations under section 8(a) of the U.S. Small Business Act has created significant business opportunities for Native corporations. From 2000 to 2006, Alaska Native Corporations won nearly \$13 billion in federal contracts. While representing a small amount of total federal procurement spending, 8(a) obligations to firms owned by Alaska Native Corporations increased from \$265 million in 2000 to



\$1.1 billion in 2004. It is a virtual certainty that federal legislators will reconsider contracting preferences for Alaska Native Corporations during the 111th Congress.

In short, many businesses, municipalities and others that operate in Alaska now find themselves at the drawing board, considering how best to structure their relationship with a new Congress and Administration, and a reconstituted Alaska delegation.

Senators Murkowski and Begich Are Well-Positioned to Work with Congressman Don Young As Advocates for Alaska on a Bipartisan Basis

Congressman Don Young has served Alaska for 36 years and this week began his 19th term in the 111th Congress as the second most senior Republican in the U.S. House of Representatives. In December, Congressman Young stepped down as ranking member of the House Natural Resources Committee, his position filled by Congressman Doc Hastings of Washington. Young will remain a senior member of the House Natural Resources Committee as well as the House Transportation and Infrastructure Committee.

Having served in the Senate for more than six years, Senator Lisa Murkowski has become a strong voice for Alaska, and has worked successfully within the Democratic Congresses. Senator Murkowski is expected to become the Ranking Member of the Senate Committee on Energy & Natural Resources and

to maintain her position as Ranking Member of the Subcommittee on Energy, and as a member of the Subcommittees on National Parks and Public Lands and Forests. Senator Murkowski also sits on the Senate Committees on Health, Education, Labor, & Pensions; Foreign Relations; and Indian Affairs.

Alaska’s new Senator Mark Begich was sworn in on Tuesday, and was assigned to the Committee on Commerce, Science and Transportation and the Committee on Armed Services. Senator Begich will be well positioned to work with Senator Murkowski and Congressman Young to advance Alaska’s economic interests, particularly with respect to natural resource and energy development issues. In the past, Mr. Begich has supported development in ANWR,

Sen. Murray to Play Key Role in New Congress

Van Ness Feldman recently hosted a meeting with Senator Patty Murray (D-WA) to discuss Sen. Murray’s potential leadership in assisting with issues of mutual importance to both Alaska and Washington. Senator Murray may well play an increased role in the new Congress as the senior appropriator from the Pacific Northwest.

New Contact Information for Senator Mark Begich

Senator Mark Begich’s temporary Senate office is located at 825 Senate Hart Building, Washington, DC 20510. The phone number for the Senator’s DC office is 202-224-3004.

Senator Begich continues to hire new staff members. In December, the Senator announced that David Ramseur, who was Begich’s chief of staff as Anchorage mayor, will continue as Begich’s chief of staff in Washington, DC. Leslie Ridle is the Senator’s deputy chief of staff, overseeing constituent relations; Julie Hasquet is the Senator’s press secretary; and Susanne Fleek-Green is the Senator’s Alaska state director, based in Anchorage.



a position admittedly at odds with the incoming Democratic Administration, including President-elect Obama and incoming Interior Secretary Ken Salazar. While success on ANWR is unlikely during the 111th Congress, Senator Begich can lend a fresh voice to the Alaska Delegation's efforts to communicate to Congress and to the Administration that carefully planned oil and gas exploration in Alaska is in the best interest of national and energy security and economic growth. As a member of the majority party, Senator Begich will serve a critical role in pushing many critical economic initiatives.

Our next edition will focus on new committee Members and considerations, as well as changes in key policy personnel at federal agencies.

Van Ness Feldman Helps Clients Prepare for and Address Policy Shifts Within a New Congress and Under the New Administration

Van Ness Feldman's bipartisan team of lawyers and lobbyists are closely following the developments of the Presidential Transition, as well as the outlook for the 111th Congress.

Our firm has prepared an overview of the Obama Administration's anticipated energy and environmental policy priorities, available on our website, www.vnf.com. In addition, we are closely tracking the various appointments for posts within the Obama White House and at Executive agencies such as the Department of Energy, Environmental Protection Agency, Department of the Interior, and the Federal Energy Regulatory Commission. We have excellent working relationships with many of the nominees, as well as the Transition Team that helped to select and vet candidates and set early policy priorities.

Likewise, we are closely monitoring Congressional developments as key committees and agendas take shape. We are ideally positioned with new and longstanding members of Congress and their staffs, and committee staff, on both sides of the aisle.

ABOUT VAN NESS FELDMAN, P.C.

With 80 lawyers and policy professionals in Washington, DC and Seattle, WA, Van Ness Feldman has a unique and significant understanding of federal and state laws, regulations, and policies that impact companies and other organizations operating in Alaska. Members of the firm have been involved in the drafting and enactment of many of Alaska's landmark federal laws or have served in a federal agency with oversight responsibility over Alaska natural resources and environment issues. This knowledge and experience, together with excellent professional relationships with the Alaska Congressional Delegation and other key policy makers in the Congress, the executive branch agencies, and the Alaska State government, make Van Ness Feldman uniquely situated to develop and implement cost-effective strategies and solutions for clients on a broad range of Alaska-related matters, from energy and natural resources development to the unique concerns of Alaska municipalities and Alaska Native organizations.



FOR ADDITIONAL INFORMATION

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