Unknown

From: Ivy Frye [ivyfrye@yahoo.com]

Sent: Thursday, April 03, 2008 2:29 PM

To: Leighow; Sharon W (GOV)

Cc: Frank Bailey; Kris Perry; Todd Palin

Subject: wesley loy

I think Wesley's story was a bunch of crap!! He picks up politics about as well as Kyle "wouldn't understand a story if it hit him upside the head" Hopkins. And Wes is a guy we've allowed a lot of access to the governor and she's been VERY gracious with him. How can he not see the Senate is playing games AND the governor has always supported an in-state line. She wasn't sitting there with lips persed either or however he described it.

Governor, lawmakers take off the gloves

POWER PLAYS: Legislators push all-Alaska pipeline for special session; disgusted Palin calls it a smokescreen.

By WESLEY LOY wloy@adn.com

(04/03/08 00:21:10)

JUNEAU -- Relations between Gov. Sarah Palin and legislators went from nagging blister to gaping wound Wednesday as the two sides staged dueling news conferences fusing two hot topics -- the natural gas pipeline and the state budget.

Senate and House leaders got it started, rolling out resolutions calling on Palin to expand the agenda for a June special legislative session she called on the pipeline to include more focus on supplying gas to energy-stressed Alaskans.

Senators donned buttons declaring "In-State Use of Alaska's Gas," and within hours they passed their resolution on a 16-4 vote.

Palin and members of her cabinet were indignant. They accused lawmakers of trotting out the surprise resolutions as a way to divert attention from the Senate's action Wednesday cutting some of Palin's priority items from next year's budget.

"If Alaskans knew what was going on in this building today they would be outraged -- the games being played," she said.

During an afternoon news conference in her Capitol boardroom, Palin sat with lips pursed and head nodding as her natural resources commissioner, Tom Irwin, read off a list of budget cuts -- from energy studies to fire trucks to boating safety.

One of the Senate's most disturbing budget deletions, Irwin said, was \$4 million for an assessment of North Slope oil and gas reservoirs -- vital groundwork for a natural gas pipeline.

"I find it incredibly disappointing," he said. "How can that be pulled?"

Palin and her aides also ripped lawmakers for suggesting her administration is ignoring Alaska's gas needs while pursing construction of a multibillion-dollar super-pipe to carry North Slope gas out of state to the Lower 48 or abroad.

Palin's political rival, Sen. Lyda Green, R-Wasilla, defended the Senate budget, saying the process is still early and some items might be added back in.

And she denied lawmakers rolled out the local gas resolutions as cover for the budget vote. "That is absolutely untrue," she said.

Rep. Mike Doogan, an Anchorage Democrat who sat in on Palin's news conference, said he doubted the Legislature's dominant Republican leadership had used the resolutions as a budget diversion.

"I'm not quite that paranoid," he said.

Wednesday's Capitol drama heightened tensions on two of the state's biggest issues -- the gas pipeline and the state budget.

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For weeks, Palin and lawmakers have sparred over how to spend or save the billions of surplus oil dollars flowing into state coffers. Palin last year unexpectedly vetoed \$231 million worth of items in the capital budget, where lawmakers typically fund hometown building, road and community projects.

Many lawmakers are still angry about that, and are showing the second-year governor they have the power to block some of her projects too.

On a separate track, Palin -- like a string of governors before her -- is working on a plan to spur construction of a natural gas pipeline, the state's fondest economic development dream. After soliciting bids, the administration is focusing on one company, TransCanada Corp., for possible award of a state license and a \$500 million subsidy toward construction of a pipeline from the North Slope across Canada to supply gas to the Midwest.

Palin has said her administration will give lawmakers, during the week of May 19, the outcome of their TransCanada review in preparation for a special session beginning June 3 in Juneau. The administration insists it hasn't decided yet whether to recommend TransCanada get the license, which requires legislative approval.

Lawmakers on Wednesday called on Palin to expand the special session agenda to include the subject of perhaps a second, smaller gas pipeline to serve the Alaska market.

Several lawmakers cited a recent Dittman Research poll the House of Representatives commissioned that showed most Alaskans feel the highest value for Alaska's gas is serving the needs of Alaska homeowners and businesses.

In rural Alaska, electric and heating oil costs are skyrocketing, while cities along the Railbelt are paying much more for gas as Cook Inlet supplies dwindle, legislators said.

One idea lawmakers mentioned is a "bullet line," a small gas pipeline direct from the North Slope through Fairbanks to the Anchorage area.

House Speaker John Harris, asked in a news conference in the hall outside his office if the state might be willing to subsidize a bullet line by up to \$1 billion, replied: "That's a possibility." He and other lawmakers insisted their call for an expanded special session agenda wasn't intended to undermine Palin's gas line effort, but rather to complement it.

But Palin and her revenue commissioner, Pat Galvin, said Wednesday they don't intend to expand the agenda. Galvin said "everybody knows" the Palin administration has focused from the start on providing for local gas needs as part of its efforts under AGIA, the Alaska Gasline Inducement Act. And the governor, who herself pinned on one of those Senate buttons, added it didn't take a poll to wake her administration up to the state's energy crisis.

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