



Commonwealth of Kentucky
Finance and Administration Cabinet
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Steven L. Beshear
Governor

Jonathan Miller
Secretary

August 19, 2010

Representative Dennis Horlander
Senator Vernie McGaha
Co-Chairs, Government Contract Review Committee
Capitol Annex
Frankfort, KY 40601

Re: Personal Service Contract PON 2 127 1000004197
Center for Climate Strategies (CCS)

Dear Representative Horlander and Senator McGaha:

Please be advised that pursuant to KRS 45A.705(6)(c), I am authorizing the Energy and Environment Cabinet to proceed with the contract referenced above and effectuate its provisions as it was originally approved. I do not take this action without having considered and respected the Committee's concerns. However, as explained in the attached letter from the Secretary of Energy and Environment Cabinet, this contract does possess merit and will benefit the Commonwealth.

If you have questions or need more information, please call me at 502.564.4240.

Sincerely,

Jonathan Miller
Secretary

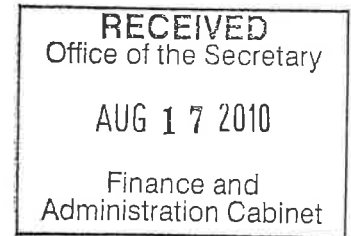
Attachment

STEVEN L. BESHEAR
GOVERNOR



LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
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MEMORANDUM

TO: Jonathan Miller, Secretary
Finance and Administration Cabinet

FROM: Leonard K. Peters, Secretary *L.K. Peters*
Energy and Environment Cabinet

DATE: August 17, 2010

SUBJECT: Request for Continuation of Contract

At its regular meeting on August 10, 2010, the LRC Government Contracts Review Committee (the Committee) disapproved Personal Service Contract "PON 2 127 1000004197" with the Center for Climate Strategies (CCS). In its disapproval the Committee asserted that CCS is pushing an agenda which does not recognize the economic importance of coal in Kentucky; expressed reservation as to who controls and funds CCS; and concluded that the contract is not a wise use of scarce state resources.

I respectfully disagree with this determination and request that the Secretary of the Finance and Administration Cabinet allow the contract to proceed in accordance with KRS 45A.705 (6). As to the Committee's specific objections, CCS does not push any agenda with regard to the Kentucky Climate Action Plan. That agenda is set by the Kentucky Climate Action Plan Council (the Council), a broad stakeholder group under my direction (membership list attached). CCS facilitates the work of the Council. CCS is a non-profit organization that is registered in good standing to do business in Kentucky. The management and contributors of CCS are not an issue in the performance of this contract for the benefit of the Council.

The work performed under this contract is critical in helping the government and citizens of the Commonwealth cope and prosper in a future carbon-constrained world. Through this contract EEC seeks to enhance the agency's capabilities in support of Kentucky's overall energy

strategy, particularly in the areas of energy sector planning and analysis, technical and economic analysis and modeling, environmental costs and benefits assessment, and energy infrastructure analysis. The CCS has the technical expertise to perform this type of staff assistance, as it has done for a number of other energy-intensive states, including Illinois, Pennsylvania, Virginia, Alaska, and Colorado.

The contract that was disapproved on August 10, 2010 is a critical next step for completion of the important work accomplished by the Council during the last year. This stakeholder-driven group has recommended approximately 50 options related to greenhouse gas emissions reductions that are Kentucky specific. This contract will facilitate the second phase of this process. Under the second phase, the Council's work is the critical task of quantifying the options in terms of greenhouse gas reductions and economic impact. This will provide direction and priority to the plan that the Council is creating. CCS will assist each technical work group in its quantification task. CCS will also run a complex state-of-the-art economic model that will combine the quantified options and illustrate their impact on Kentucky's economy. Throughout the plan-development process, Energy and Environment Cabinet staff are monitoring CCS's work to make certain it adheres to Kentucky's Energy Strategy, and to the direction already given by the General Assembly through HB1, HB2, and other important pieces of energy legislation. The recommendations that are eventually proposed by the Council will be evaluated to determine if they are policies that warrant further action by the Administration or the General Assembly, at which time they will be debated as to their merits.

In conclusion, the employment of CCS in support of the Council is essential to the effective work of the Council that is, in turn, essential to the future well-being of all Kentuckians. Accordingly, I respectfully request that the Secretary of the Finance and Administration Cabinet allow this contract to proceed and do so within the ten (10) day timeframe required under KRS 45A.705(7).

Attachment: August 11, 2010 Letter
Membership of the Kentucky Climate Action Plan Council

SENATE MEMBERS

David L. Williams
President, LRC Co-Chair
Katie Kratz Stine
President Pro Tem
Robert Stivers
Majority Floor Leader
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Robert Sherman
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Minority Whip

August 11, 2010

Jonathan Miller, Secretary
Finance and Administration Cabinet
Room 383 Capitol Annex
Frankfort, KY 40601

Leonard K. Peters, Secretary
Energy and Environment Cabinet
500 Mero Street, 12th Floor Capital Plaza Tower
Frankfort, KY 40601

Re: **Notice of Government Contract Review Committee Action,
Department on Energy Development and Independence
Contract PON2 127 1000004197, Center for Climate Strategies**

Dear Secretary Miller and Secretary Peters:

The Government Contract Review Committee met on Tuesday, August 10, 2010 to consider the items submitted for review during the month of July, 2010. The above referenced contract was on the agenda. There was a motion by a member to disapprove the contract which passed with 6 members voting **yes**. Please be advised, pursuant to KRS 45A.705, the Secretary of the Finance and Administration Cabinet must notify the committee of any action taken on this contract within 10 (ten) days of August 10, 2010.

The Government Contract Review Committee disapproved this contract, because the vendor is focused on pushing an agenda which does not recognize the economic importance of coal in Kentucky; it is a non-profit organization and there are concerns as to who controls and funds the vendor; and finally, this is not a wise allocation of scarce state resources during these difficult fiscal times.

Should you have comments, questions or need any additional information, please feel free to contact me.

Sincerely,



Co-Chairman Vernie McGaha Co-Chairman Dennis Horlander
Government Contract Review Committee
cc: Kathy Robinson, Finance and Administration Cabinet

Kentucky Climate Action Plan Council



www.kyclimatechange.us

Members of the Kentucky Climate Action Plan Council (KCAPC)

Len Peters, KCAPC Chair, Secretary, Kentucky Energy and Environment Cabinet

Rep. Rocky Adkins, Kentucky House of Representatives

Dr. Rodney Andrews, Center for Applied Energy Research, University of Kentucky

David Armstrong, Chairman, Kentucky Public Service Commission

Joe Blackburn, Office of Surface Mining

David Brown Kinloch, Lock 7 Hydro Partners

Joe Craft, Alliance Resource Partners

William Daugherty, NGAS Resources, Inc.

Don Halcolm, Farmer

Mike Hancock, Acting Secretary, Kentucky Transportation Cabinet

Larry Hayes, Secretary, Cabinet for Economic Development

Sen. Tom Jensen, Kentucky State Senate

Kris Kimel, Kentucky Science and Technology Corporation

Kelley Kline, General Electric

John Lamanna, Republic Services, Inc.

Justin Maxson, Mountain Area Community Economic Development

Jim Newberry, Mayor, Lexington, Kentucky

Hon. Van Newberry, McCracken County Fiscal Court

Matt Powell, Century Aluminum of Kentucky

Sen. Dorsey Ridley, Kentucky State Senate

José Sepulveda, Kentucky Division, Federal Highway Administration

Steve St. Angelo, Toyota Motor Manufacturing of Kentucky

Vic Stafferi, E.ON U.S.

Mark Stallons, Owen Electric Cooperative

Sister Amelia Stenger, GREENing Western Kentucky Project

Richard Sturgill, Pine Mountain Hardwood Lumber Company

Martha Tarrant, RossTarrant Architects, Inc.

Roger Thomas, Kentucky Governor's Office of Agricultural Policy

Elaine Walker, Mayor, Bowling Green, Kentucky

Rep. Alecia Webb-Edgington, Kentucky House of Representatives

Dr. Mickey Wilhelm, University of Louisville

