

Inquiry focus set, Bundy tells Dems

KFX: Attorney says he can't expand Renkes probe to Murkowski.

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The minority leaders of the Alaska House and Senate want special counsel Robert Bundy to expand his investigation of Attorney General Gregg Renkes to include Gov. Frank Murkowski.

Rep. Ethan Berkowitz and Sen. Johnny Ellis, both Anchorage Democrats, sent a letter to Bundy on Wednesday asking that he explore whether Murkowski knew about Renkes' financial ties to KFx Inc. as the attorney general and the governor were touting the Denver company in connection with a recently signed trade agreement with Taiwan.

Murkowski's participation in a KFx-sponsored hunting trip with Renkes in 2001 "calls into question whether Gov. Murkowski was truly unaware of General Renkes' investment in KFx," they wrote.

"I believe that you should include within the ambit of your investigation the question of what the governor knew, and when he knew it, insofar as the attorney general's investments in KFx are concerned," the letter reads.

Sen. Hollis French, D-Anchorage, drafted the letter and also signed it.

Bundy said Wednesday evening that his contract limits him from expanding the scope of his investigation.

The contract requires him to review and prepare a report to the governor on issues related to Renkes' "stock ownership and his role in promoting natural resource development," the former U.S. attorney said.

Alaska has no special counsel law that would allow him to go beyond that bounds of what his client -- in this case, Murkowski -- wants, he said.

"I've been given a specific task and that's what I'm going to do," Bundy said. "My job as a lawyer is to perform the services asked of the client."

Mike Chambers, a Murkowski spokesman, said Wednesday evening that the governor had not seen the letter and therefore would not comment.

KFx is trying to commercialize a technology called K-Fuel that reduces the moisture content of watery, low-grade coal and raises the heat value. The company wants a commercial plant to be built at the undeveloped Beluga coal field across Cook Inlet from Anchorage to upgrade the coal.

In late September, Taiwanese officials signed a trade agreement with Alaska that lays the groundwork for a \$1 billion Beluga coal project, if the finances and other factors work out. The agreement names K-Fuel as the technology that could make it happen. Renkes reviewed the trade agreement for the state and appeared at the signing.

What Renkes didn't mention publicly was that he owned stock in KFx, once worked for KFx as a consultant, has business ties with the brother of KFx's chief executive and other details. When his ties to the company came to light this month, Renkes said he had disclosed his stock ownership to the Alaska Public Offices Commission and the Alaska Permanent Fund Corp., where he is a trustee.

On Tuesday, a Renkes spokesman said that the attorney general had sold his 13,100 shares of KFx and was in the process of both donating the profits to charity and moving his investments into a blind trust.

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