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2.11 PROPOSED REIMBURSEMENT

1) Contribution by the State

After careful consideration of the requirements to prepare and carry out the initial binding Open Season, and to prosecute certification with FERC, TransCanada proposes the following State reimbursement percentage and amount, covering the Development Phase's expenditures for the Alaska Section and the Yukon-BC Section, for the period commencing on the date the License is awarded and ending on the date the initial binding Open Season closes ("Open Season Period"), and for the period that starts on the date following the close of the initial binding Open Season and ending on the date that the FERC final certification authorizing commencement of construction is granted ("Certification Period"). TransCanada does not seek to share development expenditures with the State for the Alberta Section.

As the result of sharing qualified expenditures, TransCanada estimates that the total reimbursement by the State during the Open Season Period and the Certification Period combined would be $500.0 million. The following reimbursement schedules are provided in compliance with the RFA requirements, they were developed assuming the development costs would be spent evenly over the FEED period. As the Project plans would be refined and updated over time, the actual amount and timing of State reimbursement could vary from that shown below.

a) State Reimbursement for Open Season Period

TransCanada anticipates that the Open Season Period would be 18 months from the date that the License is granted (assumed to be April 1, 2008). Costs would be reimbursed 50% by the State. Estimated expenditure the Open Season Period is outlined below. State reimbursement is estimated by applying the proposed reimbursement ratio (50%) to the estimated budgeted expenditure in as-spent dollars for the Alaska Section and Yukon-BC Section. As-spent dollars are calculated by inflating the estimated budgeted expenditure by the U.S. EIA All-Urban Consumer Price Index (see Appendix L "EIA Forecasts"):

($'s in Million)	BUDGETED EXPENDITURE (CONSTANT 2007 $'S)	BUDGETED EXPENDITURE (AS-SPENT $'S)	STATE REIMBURSEMENT (AS-SPENT $'S)
2008	40.2	41.0	20.5
2009	40.3	42.0	21.0
TOTAL	80.5	83.1	41.5

b) State Reimbursement for Certification Period

TransCanada anticipates that the Certification Period will be 46 months from the date following the initial binding Open Season (assumed to be September 30, 2009. Costs would be reimbursed 90% by the State. State reimbursement is estimated by applying the proposed reimbursement ratio (90%) to the estimated budgeted expenditure in as-spent dollars for the Alaska Section and Yukon-BC Section. As-spent dollars are calculated by inflating the estimated budgeted expenditure by the U.S. EIA All-Urban Consumer Price Index (see Appendix L "EIA Forecasts"):

($'s in Million)	BUDGETED EXPENDITURE (CONSTANT 2007 $'S)	BUDGETED EXPENDITURE (AS-SPENT $'S)	STATE REIMBURSEMENT (AS-SPENT $'S)
2009	33.0	34.4	31.0
2010	132.2	140.8	126.8
2011	132.2	143.9	129.5
2012	132.2	147.2	132.4
2013	66.1	75.3	38.8
TOTAL	495.7	541.6	458.5

2) TransCanada's Existing Project Assets

TransCanada Corporation and its wholly-owned subsidiary, Foothills, have invested approximately $1.7 billion and some 30 years in developing the Canada Section. Foothills has developed and secured numerous valuable assets for the Project. These assets can provide significant value to the Project, not only to expedite completion but also to minimize overall Project costs.

AS 43.90.240 (e) and AS 43.90.440 specify that in the event of Project abandonment, or in the event that the State extends to another person preferential tax treatment or grants any State money for the purposes of facilitating the construction of a competing natural gas pipeline, the Licensee is required to convey to the State or its designee all engineering designs, contracts, permits, and other data related to the Project that are acquired by the Licensee during the term of the License upon reimbursement by the State of the net amount of expenditures incurred and paid by the Licensee. TransCanada will comply with these provisions for new assets developed during the applicable timeframe. However, TransCanada cannot risk losing its existing assets by participating in the AGIA process. Therefore, TransCanada's AGIA participation is contingent upon the following condition: all assets that TransCanada Corporation and its affiliates have developed and secured prior to the date the Licence is awarded, with or without further improvements subsequent to the Licence date of award, will not be subject to the requirement under AS 43.90.240 (e) or AS 43.90.440 and will remain the property of TransCanada Corporation or its affiliates.