

The Palin-Parnell Administration presents

AGIA

The Alaska Gasline Inducement Act

**Assumptions underlying
Debt/equity analysis presentation
Answer to questions posed
by Senate Finance Committee**

Key assumptions underlying 70/30 D/E analysis



- 4.3 Bcf/day to Alberta
- 70/30 debt to equity, 14% ROE
- Current PPT tax structure (no GTP credit)
- GTP toll NOT included (~40 cents/MMBtu)
- Cost of NGL plant NOT included
- Pipeline cost of \$20.5B (\$2007)
- ANS Oil price = (Gas price x 7) - \$2.00
(addresses price difference between WTI and ANS)

Key assumptions underlying 70/30 D/E analysis (cont.)



- 30 year project life
- Gas flow 2016-2046
- Depreciation and Levelization period = 30 years.
- The effective Load Factor (LF) over the 30-year FT period = 96.3%, where load factor = ratio of cumulative Volume Sold to Cumulative Billing Determinants.
- Gas and cost input \$ values increase at 2%/yr

Tariff and SOA Revenue Effects of D/E Structure: \$30.1B



| Debt% | Equity% | Tariff \$ per mmBtu | Present Value State Revenue \$ Billions |
|--------------|----------------|--------------------------------|--|
| 80% | 20% | \$2.10 | 34.3 |
| 75% | 25% | \$2.23 | 33.5 |
| 70% | 30% | \$2.36 | 32.7 |
| 65% | 35% | \$2.50 | 31.9 |
| 60% | 40% | \$2.65 | 31.0 |
| 55% | 45% | \$2.81 | 30.1 |
| 50% | 50% | \$2.97 | 29.1 |
| 45% | 55% | \$3.15 | 28.1 |