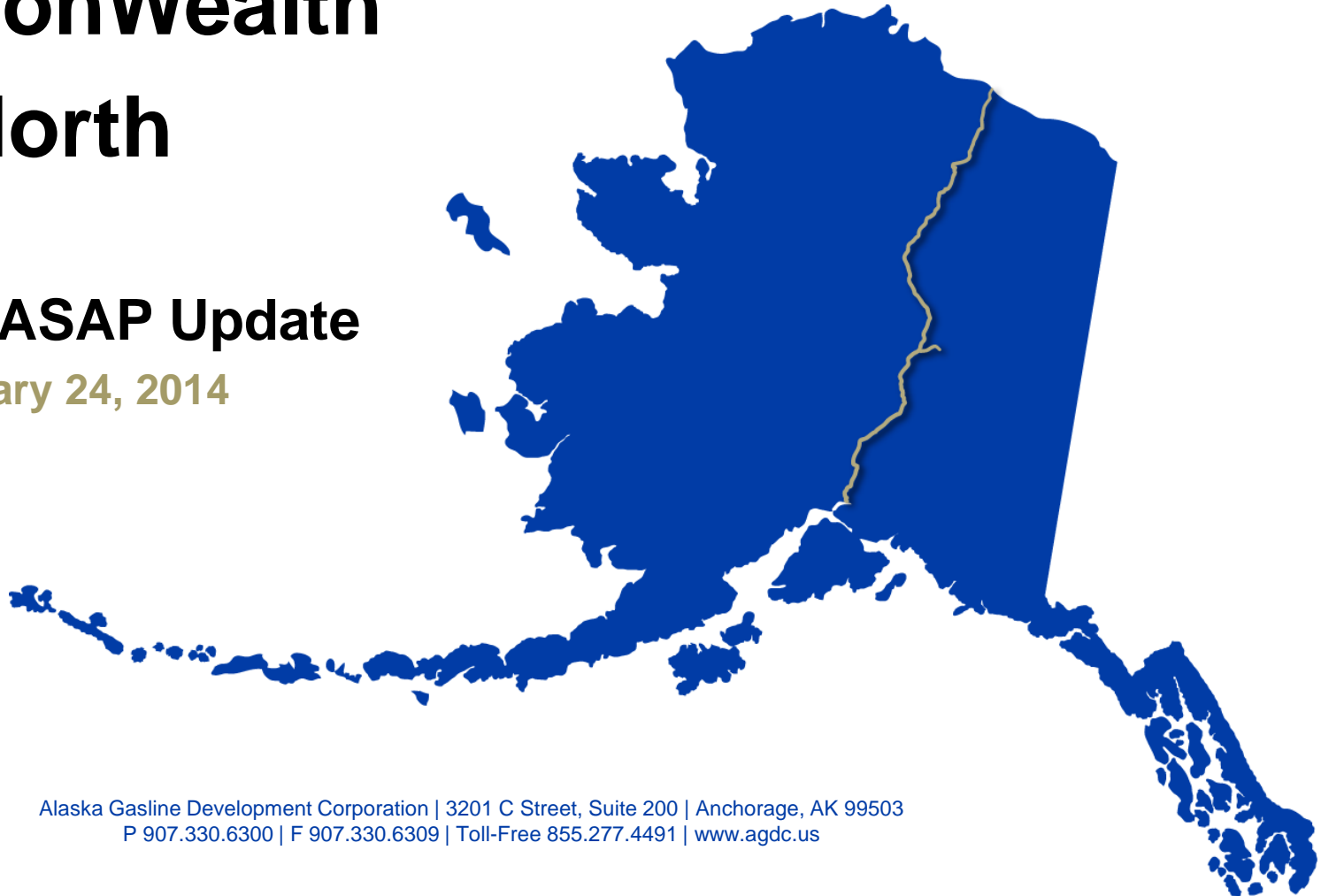




CommonWealth North

AGDC & ASAP Update
January 24, 2014



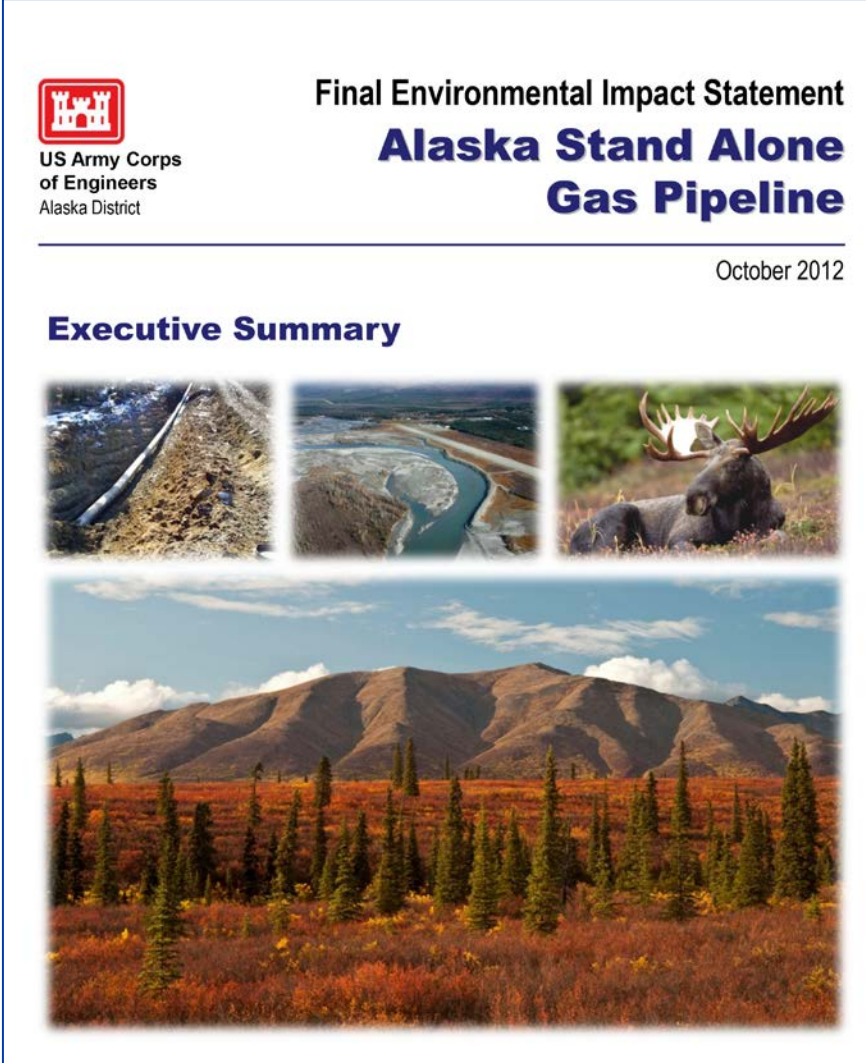
Alaska Gasline Development Corporation (AGDC)


- An independent, public corporation of the State of Alaska, but with a legal existence separate and independent of the State.
- Authority to develop, finance and potentially operate pipelines and other energy transportation systems within the state.
- On September 13, 2013 Governor Parnell appointed Al Bolea, Dave Cruz, John Burns, Drue Pearce, Richard Rabinow, and Commissioners Susan Bell and Dianne Blumer to the AGDC Board. John Burns is board Chairman.
- Moving full steam ahead with the **Alaska Stand Alone Pipeline (ASAP) Project**.



The ASAP Project

- In 2013, AGDC received \$355 million to advance the ASAP project.
- The 727-mile, low pressure pipeline from Prudhoe Bay to ENSTAR's Beluga distribution system near Big Lake.
- 30-mile lateral line between the main pipeline and Fairbanks.
- "Lean gas" design. Lean gas is energy ready for delivery to, and consumption by, customers.






US Army Corps
of Engineers
Alaska District

Final Environmental Impact Statement
Alaska Stand Alone
Gas Pipeline

October 2012

Executive Summary



ASAP Budget

- **Alaska Investment:** *\$400M up-front budget* (~5% of Total)

The funding allows AGDC to advance ASAP through an Open Season and Project Sanction. “Project sanction” is the point at which the AGDC board will make a final investment decision after consideration of all commercial and economic factors.

- **Benefit:** Long term natural gas supply for Alaskans with fixed price

- **Project Cost:** \$7.7 Billion* in 2012 dollars, +/- 30-40%

This estimate includes pipeline and related facilities capital costs, including the Fairbanks lateral, gas conditioning facility (GCF) and other North Slope infrastructure, pipeline owner costs, interest on financing, return on equity (ROE) during construction and financing fees.

*Each year the project is delayed, 2.5% inflation (~\$210M) is added to the cost of the project



ASAP Timeline

2014

Apply for final Section 404 Wetland Permit from U.S. Army Corps of Engineers. File Recourse Tariff with Regulatory Commission of Alaska.

2015

Open Season – The period during which gas capacity on the ASAP line will be offered to potential shippers and buyers. These long-term shipping contracts will enable pipeline owner(s) to finance construction.

2016

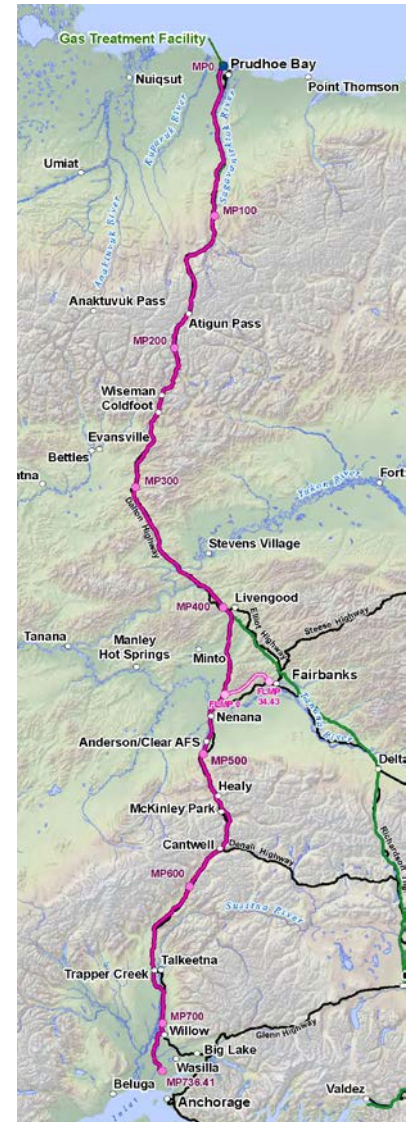
Project Sanction

2017

Construction Begins – 3-year winter & summer cycle

2020

First Gas



ASAP Work Underway in 2014

- ASAP project team focused on:
 - ✓ Advancing the work necessary to obtain a total installed cost (TIC)
 - ✓ File a recourse tariff and open season package with the RCA
 - ✓ Initiate the Supplemental Environmental Impact Statement (SEIS) process

- Revision 6 of the route is final
 - ✓ Shortened the route by 10 miles
 - ✓ Cut cost by \$130 million



ASAP Benefits to Alaskan Consumers



Heating Cost Comparison

Fairbanks Now

Natural Gas - \$23.35

Diesel - \$30.00 (@ \$4/gal)

Fairbanks ASAP Estimate

Natural Gas - \$8.25-\$10

Anchorage Now

Natural Gas - \$9.65

Anchorage ASAP Estimate

Natural Gas - \$9 - \$11.25

Price listed per 1 MMBtu's (1,000,000 btu's) in 2012 dollars. Estimated cost of gas to consumers at the burner tip.



AGDC and AK LNG

On January 9, AGDC's Board of Directors voted to authorize a subsidiary to participate in the Alaska LNG project with the producers, TransCanada, and Alaska Departments of Natural Resources and Revenue.



The Heads of Agreement (HOA) contemplates the state as an equity partner. Signed by:

- ✓ Commissioners of Natural Resources and Revenue
 - ✓ ExxonMobil
 - ✓ BP
 - ✓ ConocoPhillips
 - ✓ TransCanada
 - ✓ AGDC
-
- The HOA provides a roadmap and framework for negotiating project enabling agreements.
 - The HOA will be subject to public review by the Legislature this session.

The Year Ahead

- In 2014, AGDC will focus on the advance work required to hold an open season in 2015.
- Provide support to the administration and the Legislature as they work to determine appropriate fiscal terms, including a resolution on the treatment of the State's royalty gas. This will allow shippers and buyers to enter into the transportation commitments essential to the success of the ASAP project.
- Before the end of 2014, AGDC also intends to make decisions on the ASAP ownership model and whether to establish a gas-marketing subsidiary.



Questions?

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