

Calculation of State Subsidy for South to North Line

	<u>Tariff</u>	<u>Tariff+Gas</u>
ASAP Estimated Cost	6.45	8.45
Current Cook Inlet Cost of Gas	<u>6.85</u>	
Allowable Tariff to beat ASAP	<u>6.45</u>	<u>1.60</u>
Average MCF/Day	60,000.00	60,000.00
# Days/Year	365.25	365.25
Allowable cost recovery/year	141,351,750	35,064,000
# of years of cost recovery in Tariff	<u>20</u>	<u>20</u>
Total cost able to be recovered	<u>2,827,035,000</u>	<u>701,280,000</u>
Pipeline cost, Big Lake to Dunbar	1,565,000,000	* 1,565,000,000
Lateral Line Dunbar to Fairbanks	60,000,000	60,000,000
Cost of Compressor Station in Cook Inlet	80,000,000	80,000,000
Cost of Chilling Unit at Cantwell	20,000,000	20,000,000
Annual Operating Costs @2% CapEx*20 years	690,000,000	690,000,000
Total cost of South to North	<u>2,415,000,000</u>	<u>2,415,000,000</u>
State Subsidy to run South to North	<u>(412,035,000)</u>	<u>1,713,720,000</u>

Note: Does not include cost of fuel gas, local distribution system for Fairbanks and vicinity, cost of re-engineering project, or inflation.

***cost of pipeline from dunbar to big lake less CI NGL Extraction and Compressor Station. Costs shown on 3-4 and 5-35 of July 1 report.**