



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Revenue

COMMISSIONER'S OFFICE

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May 11, 2026

The Honorable Cathy Giessel
Senate Resources Committee, Chair
Alaska State Legislature
State Capitol, Room 121
Juneau, AK 99801

Dear Chair Giessel,

The purpose of this letter is to provide you with responses to the questions asked of the Department of Revenue (DOR) during the Senate Bill 280 presentation to the Senate Resources Committee on May 4, 2026. Please see the questions in bold and italics and our responses immediately below the questions.

1. Clarify what the net cash flows over the first 10 years of production translates to in terms of net profit for the midstream portion of the project over that same 10-year period.

Under the DOR modeling framework, the referenced midstream net cash flows represent modeled post-tax cash flows to the midstream project owners.

These post-tax cash flows reflect revenues associated with the Gas Treatment Plant (GTP), pipeline, and LNG export facility net of modeled operating expenditures, debt service, taxes, shipping costs, and other project costs. Under DOR's modeling assumptions, the midstream components are structured using a cost-of-service framework with a 20-year tolling period and an assumed 10 percent pre-tax internal rate of return (IRR) on midstream investment. As modeled, these values represent estimated cash flows available to the midstream owners after modeled project expenses and taxes.

The table below provides annual modeled midstream post-tax cash flows, assuming no state equity participation, under current law, SB 280 as introduced, and CSSB 280 (RES) Version G. All values are nominal dollars and include the period from initial capital investment through 2042.

Midstream Post-Tax Cashflow, Nominal (\$millions)	Total Through 2042								
		2026	2027	2028	2029	2030	2031	2032	2033
Current Law	\$6,381	(\$774)	(\$3,191)	(\$3,575)	(\$3,629)	(\$2,158)	\$304	\$1,273	\$1,562
SB 280 as Introduced	\$6,510	(774)	(3,174)	(3,563)	(3,612)	(2,141)	329	1,297	1,596
CSSB 280 (RES) Version G	\$6,549	(774)	(3,203)	(3,703)	(3,709)	(2,127)	370	951	1,688
Continued	2034	2035	2036	2037	2038	2039	2040	2041	2042
Current Law	\$1,924	\$1,985	\$1,983	\$2,044	\$1,980	\$2,041	\$2,102	\$1,235	\$1,274
SB 280 as Introduced	1,950	2,004	1,995	2,048	1,979	2,033	2,087	1,212	1,244
CSSB 280 (RES) Version G	2,017	2,042	2,014	2,072	2,080	2,117	2,154	1,273	1,288

2. What total project cost does a total project equity investment of approximately \$17-18 billion under a 70/30 debt-to-equity structure imply, and does it suggest the overall project cost estimate is higher than the previously cited ~\$46 billion?

The modeled equity cash contribution is not directly equivalent to 30 percent of total project capital expenditures. In addition to funding a portion of direct project capital costs, the modeled equity contributions also reflect certain financing-related costs and reserve requirements associated with the project’s debt structure during construction. Under the modeling assumptions, some debt setup costs and debt reserve requirements are funded through equity contributions rather than debt financing.

A portion of the difference also reflects nominal versus real dollars. The approximately \$17-18 billion equity contribution referenced during the hearing was expressed in nominal dollars, while the underlying project construction cost assumption in the DOR modeling remains approximately \$46.2 billion in real 2026 dollars.

DOR’s modeling therefore continues to assume a total project construction cost of approximately \$46.2 billion in real 2026 dollars. As has been previously noted, if overall project capital costs increase, the modeled equity contributions would also increase proportionally. Please let me know if I can be of further assistance.

Sincerely,

Janelle L. Earls
Acting Commissioner

cc: Jordan Shilling, Legislative Director, Office of the Governor
Lacey Sanders, Director, Office of Management and Budget