SB 2001

Senate Finance Committee

Department of Revenue

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THE STATE of ALASKA
GOVERNOR MICHAEL J. DUNLEAVY

Acronyms and Definitions

AGDC – Alaska Gasline Development Corporation
ANS – Alaska North Slope
AVT – Alternative Volumetric Tax
Bcf – Billion cubic feet
CAPEX – Capital expenditures
CIT – Corporate Income Tax
CY – Calendar Year
DNR – Department of Natural Resources
DOR – Department of Revenue
FID – Final Investment Decision
FY – Fiscal Year
GTP – Gas Treatment Plant
IRR – Internal Rate of Return
JKM – Japan/ Korea Marker LNG price
LNG – Liquefied Natural Gas
MTPA – Million Tons per Annum (year)
Mcf – Thousand cubic feet
Mmbtu – Million British thermal units (1 mcf ≈ 1.038 mmbtu)
OPEX – Operating expenditures
PTV – Production Tax Value

Definitions

- Upstream – oil and gas exploration and production
- Midstream – oil and gas processing and transportation

Presentation Overview

- Background:
  - Upstream/ Midstream Fiscal System
  - State & Municipal Property Tax
  - SB 138 (2014)
- Proposed Legislation and Revenue Impacts
- Implementation Costs
- Detailed Project Modeling
  - REVISION: SB 2001 modeling has been updated to reflect allocation of Fairbanks spur line costs across in-state customers only. SB 2001 modeling for Phase 1 only has also been updated to incorporate the spur line costs

Background

Background – Oil & Gas Industry Sectors

- Upstream – Exploration, Drilling, Production
  - *Oil and Gas fields – Producers (Conoco, Hilcorp, ExxonMobil, Santos, etc.)*
- Midstream – Transportation, Storage, Processing
  - *Gas Treatment, Pipeline, LNG Facility (Glenfarne, Alyeska)*
- Downstream – Refining, Marketing, Distribution
  - *Local Gas Utility, Oil refinery and distribution (ENSTAR, Marathon, etc.)*

Background: Fiscal System - Upstream Order of Operations

Royalties (State, Federal, or Private)

Property Tax (State, Municipal)

Production Tax (State)

State Corporate Income Tax

Federal Corporate Income Tax

Note: Feb 15, 2026 Senate Finance Committee presentation for detailed production tax “Order of Operations”

Background – Fiscal System - Midstream Order of Operations

Property Tax (State, Municipal)

State Corporate Income Tax

Federal Corporate Income Tax

Background – Property Tax (history, taxing authorities)

- Enacted in 1973 during first special session of Eighth Legislature
- Policy goals:
  - to generate revenue from the oil boom
  - to benefit communities hosting oil and gas infrastructure and provide a funding source for supporting related public services
- State-managed:
  - assists local governments by assessing property subject to the tax
  - ensures consistency/ uniform treatment of all taxable property
- Tax rate and basic structure haven't changed since 1973

Background – Property Tax (current law)

- Alaska levies an oil and gas property tax on the value of taxable exploration, production, and pipeline transportation property in the state
  - The state manages the appraisal process for all oil and gas property in the state
  - Municipal property tax collections for oil and gas property are based on the state's assessed value
  - The state tax rate is 20 mills (2%) of assessed value
  - Municipal property taxes paid reduce the liability owed to the state
- LNG plants are not subject to state oil and gas property tax but are subject to local municipal property tax and are appraised and assessed by the municipality where the LNG plant is located

Background – SB138 (2014)

- Expanded AGDC mission to include large-diameter pipeline and associated treatment/ liquefaction facilities (current project scope)
- Authorized state to negotiate up to 25% state equity share in project
  - Coupled with option to take ~25% of gas in-kind (12% royalty / 13% tax)
    - Taking royalty/ tax in kind instead of in cash could de-risk for producers, while also providing opportunity for state to realize additional value or support in-state needs
  - Context - $100+ oil, state surpluses, ample savings
- Created Affordable Energy Fund – 20% of gas royalty revenues after Permanent Fund contribution
- Regulatory reform/ streamlining for DNR and Law

Proposed Legislation and Revenue Impacts

THE STATE of ALASKA
GOVERNOR MICHAEL J. DUNLEAVY

Disclaimer

- These numbers are based on our preliminary interpretation of bill provisions and how those would apply to the Spring 2026 Forecast and DOR's baseline AKLNG model
- Based on HB/ SB 2001 as introduced
- Modeling and analysis is based on our understanding of policy intent where this differs from bill text
- This presentation is solely for informative purposes
  - Not an official statement as to any particular tax liability, interpretation, or treatment
  - Not tax advice or guidance

DOR = Department of Revenue; AKLNG = Alaska Liquefied Natural Gas

Proposed Legislation

- This bill would:
  - Create a policy framework for replacing certain state and municipal property taxes with an Alternative Volumetric Tax
- DOR-specific impacts:
  - Conditional effect and eligibility determinations
  - Property tax changes
  - Alternative Volumetric Tax
  - Fund and revenue provisions
  - State investment analysis

DOR = Dept. of Revenue

Note on Revenue Impacts/ Fiscal Note

- The revenue impact of this bill is indeterminate
- Uncertain whether AKLNG project proceeds – this bill is a tax decrease, the magnitude of which depends on project timing, project costs, when the temporary abatement ends and the AVT applies, component capital expenditure weights, completed construction costs, and future AVT collections
- In addition to direct property tax and AVT impacts, the bill would also affect treatment of revenue associated with the AKLNG project
- Municipalities could be impacted through AVT revenue, the Alaska liquefied natural gas project mitigation fund, potential municipal investment in the natural gas project, and increased property tax revenue from associated new developments
- Further, there would be economic benefits and impacts for the state and municipalities far beyond the direct impacts of oil and gas revenue, if the project proceeds

AKLNG = Alaska liquefied Natural Gas; AVT = Alternative Volumetric Tax

Conditional Effect Requirements

- Main property tax and AVT provisions would take effect only if, before July 1, 2060, the commissioner of revenue determines that the primary owner of property that could be taxable under the AVT has committed to:
  - deposit $40 million into a designated community impact fund for payments and reimbursements to impacted municipalities related to pipeline construction,
  - negotiate a project labor agreement for construction of an economically viable gas pipeline project, and
  - construct a Fairbanks spur line

AVT = Alternative Volumetric Tax

Fairbanks Spur Line Requirements

- To be eligible for the tax abatement and AVT, project plans must include a spur line that serves the City of Fairbanks and the Fairbanks North Star Borough
- The spur line must have sufficient capacity to serve reasonably projected demand, be scheduled to begin operations within two years after commencement of commercial operations of a major project component, and connect with local distribution infrastructure
- Costs related to financing, construction, operations, or maintenance of the spur line may not be allocated solely to the Interior area of the state
- Under the conditional-effect provisions, the owner responsible for constructing the spur line must begin permit applications and other regulatory requirements on or before completion of 730 miles of gas pipeline construction and begin construction within one year after receiving required permits and meeting regulatory requirements

AVT = Alternative Volumetric Tax

AKLNG Property Tax Changes

- Bill would replace certain state and municipal property taxes with the Alternative Volumetric Tax (AVT)
- Bill would provide a temporary abatement from certain state and municipal taxes, including the AVT, related to the natural gas project until the earlier of a 500 million cubic feet per day throughput threshold or five years after commencement of commercial operations
  - Defined as the first flow of natural gas through a natural gas project or component that treats, transports, or processes a commercial amount of natural gas
- Property subject to the AVT would be exempt from state and municipal property taxes
- AVT would terminate if construction of the first 730 miles of gas pipeline has not begun by January 1, 2032; if the AVT does not apply, the project would be subject to other state and municipal taxes on taxable property
- Bill would also exclude certain project-related property value from school funding calculations

AKLNG = Alaska Liquefied Natural Gas

AKLNG Property Tax Changes, continued

- AKLNG project is not included in the official Spring 2026 revenue forecast, so there is zero revenue impact under the official forecast
- If the project were to proceed without tax modifications, current law property tax revenue to the state is estimated at $25 million initially in 2029, ramping up to $244 million in 2033
- If the project were to proceed without tax modifications, current law property tax revenue to municipalities is estimated at:
  - Total - $50 million initially in 2029, $497 million in 2033
  - Gas Treatment Plant - $20 million in 2029, $212 million in 2033
  - Pipeline - $11 million in 2029, $116 million in 2033
  - LNG Facility - $18 million in 2029, $169 million in 2033

AKLNG = Alaska Liquefied Natural Gas

Alternative Volumetric Tax

- An Alternative Volumetric Tax (AVT) would apply after the temporary abatement ends
- The temporary abatement would end on the earlier of:
  - the day after the natural gas project achieves a 500 million cubic feet per day throughput threshold, calculated as a rolling average over 30 consecutive days, or
  - five years after commencement of commercial operations
- The AVT would be calculated by component, using total project throughput and each component's capital expenditure weight
- The AVT rates would be:
  - $0.06 per mcf allocated to the gas pipeline, $0.12 per mcf allocated to the gas treatment plant and carbon capture facility, and $0.12 per mcf allocated to the LNG plant
- Weighted average rate for entire project estimated at ~$0.10 per mcf
- Beginning January 1 after the first year the tax applies, AVT rates would adjust annually for inflation, with a minimum increase of 1% and maximum increase of 2%

mcf = thousand cubic feet

Alternative Volumetric Tax, continued

- DOR would levy and collect the AVT on the portion of project property located in the unorganized borough
- A municipality may levy and collect the AVT on the portion of project property located in the municipality
- DOR would adopt regulations for the allocation methodology, throughput measurement and reporting, and capital expenditure reporting and verification
- The allocation methodology would be based on the proportion of capital expenditures located within each municipality and in the unorganized borough
- AVT would terminate if construction of the first 730 miles of gas pipeline has not begun by January 1, 2032; if the AVT does not apply, the project would be subject to other state and municipal taxes on taxable property
- Main property tax and AVT provisions would take effect only if the commissioner determines that the required conditions have been met before July 1, 2060

AVT = Alternative Volumetric Tax

Alternative Volumetric Tax (AVT), continued

- Total state revenue from the AVT would be $4 million following the end of the temporary abatement, increasing to $15 million in 2033
  - Municipal AVT revenue would be levied and collected by each municipality
- The state would receive an estimated 12% of total AVT revenue based on the portion of project property located in the unorganized borough
- State AVT revenue shown as be unrestricted
- Designated general fund revenue from the AVT shown as zero
  - Legislature may appropriate to AKLNG mitigation fund
- Revenues would increase with the annual rate adjustment thereafter
  - Based on inflation but within window from 1% to 2%

AVT = Alternative Volumetric Tax

Fund and Revenue Provisions

- Bill would create an Alaska liquefied natural gas project mitigation fund
- Each fiscal year, the legislature may appropriate up to $90 million to the mitigation fund from revenue received by the state from an Alaska liquefied natural gas project
- Bill would establish separate general fund accounts for revenue generated by an AGDC subsidiary and revenue resulting from a state option negotiated by AGDC

AGDC = Alaska Gasline Development Corporation

AGDC and State Investment Provisions

- If AGDC negotiates with another entity to participate in a revenue-generating project, AGDC would be required to negotiate an option for the state to acquire an interest in the project
- The state may not acquire an interest in a revenue-generating project unless approved by the legislature by law
- DOR would cooperate with and assist the legislature in determining whether to acquire an interest, including by identifying potential funding sources and fiscal effects
- AGDC would be required to provide an opportunity for municipalities to purchase a portion of AGDC's right to acquire additional equity interest in an Alaska liquefied natural gas project not exercised by AGDC
- AGDC or a subsidiary could issue bonds only if approved by the legislature, except for refunding bonds or if total outstanding bonds are less than $5 million

AGDC = Alaska Gasline Development Corporation

Other Provisions and Effective Dates

- If the bill conditions are met, AGDC would be required to report to the legislature before a final investment decision on Phase 2
- Main property tax and AVT provisions would take effect only after the commissioner of revenue determines the bill conditions have been met
- Bill would repeal provisions preventing RCA regulation of liquefied natural gas import facilities
  - This provision originally in SB 180
- Except as otherwise provided, the bill would take effect immediately

Implementation Costs

Fiscal Note – Expenditures – Staffing Plan

- The Tax Division would need to add four positions to fully implement the provisions of this bill and support AKLNG related work:
  - A Tax Auditor to administer the new AVT
    - Even though the expected taxpayer base is small, these new tax types would create additional workload which could not be absorbed
  - An Oil & Gas Revenue Specialist to support increased valuation and audit work related with major gas sales as well as new regulations and gas expertise
  - Two Commercial Analysts to assist with project certification and reports, to increase the department's commercial analysis capabilities relating to gas and to assist with required commercial analysis of gas project ownership decisions

AKLNG = Alaska Liquefied Natural Gas; AVT = Alternative Volumetric Tax

Fiscal Note – Expenditures – Capital Request

- $500,000 reflects an estimate for the Division's contract with FAST Enterprises to make the necessary changes to the Tax Revenue Management System (TRMS) in a short amount of time
- The Department would also need to make amendments to existing regulations to fully implement the changes in this bill and update for major gas sales generally
  - This work can be performed with existing resources, added positions, and support from the Department of Law
- $250,000 reflects and estimate for outside expertise to assist with fiscal analysis of state purchase options

Fiscal Note – Expenditures

(Thousands of Dollars)

OPERATING EXPENDITURES	FY2027	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
Personal Services	972.2		972.2	972.2	972.2	972.2	972.2
Travel	40.0		40.0	40.0	40.0	40.0	40.0
Services	55.6		55.6	55.6	55.6	55.6	55.6
Commodities	17.0		1.0	1.0	1.0	21.0	1.0
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**1,084.8**	**0.0**	**1,068.8**	**1,068.8**	**1,068.8**	**1,088.8**	**1,068.8**

Estimated CAPITAL (FY2027) costs 750.0 *(separate capital appropriation required)*

FY = Fiscal Year

Detailed Project Modeling

Key Assumptions

- Model timeframe: 32 years from first LNG sale in 2031
  - It is anticipated that the project will continue beyond the modeled period
- Tolls equal to total cost of service providing an equity return (IRR) of 10% pre-tax for tolling agreement period of 20 years
- 70%/ 30% debt/ equity ratio with 5% interest rate on debt
- Construction costs: $46.2B (2026 base year)
- Unprocessed gas price: $1.50 per mcf (2026 base year)
- Phase 1 production from other gas field, requiring gas treatment
- Phase 2 production from Prudhoe Bay (PBU) and Point Thomson (PTU) and Phase 1 source, based on AGDC estimates
  - Impact on oil production at PBU assumed to be zero. PTU liquids production increased by 270 million barrels over life of project

LNG = Liquefied Natural Gas; mcf = Thousand cubic feet; AGDC = Alaska Gasline Development Corp.

Phase 1 Modeling Assumptions (if no LNG export)

- Assumes in-state gas supply only – no LNG exports
- Construction costs $11.6 billion (2026 base year)
- Gas treatment costs $1.14 per mcf (current law), $0.96 per mcf (SB 280 and SB 2001), cost per mcf assumed equal to full AKLNG project
- Total demand 65 bcf/year in 2029, rising to 110 bcf/year in 2041
  - 15 bcf/year in-state gas shortfall (DNR study, 2022) increasing with time
  - 50 bcf/year for anchor industrial customer modeled on Agrium fertilizer plant
  - Anchor customer assumed to pay $6 per mcf (2026$) (AGDC)
- Note: Phase 1 Only modeling for SB 2001 has been revised to include Fairbanks spur line costs

LNG = Liquified Natural Gas; mcf = Thousand cubic feet; DNR = Department of Natural Resources; AGDC = Alaska Gasline Development Corporation

Scenarios Modeled

- Current law scenario
- Governor's Bill as introduced
- HB/ SB 2001 as introduced

- Modeling shows impact IF the full AKLNG project proceeds under each scenario, which is uncertain

Analysis Summary; Current Tax Law

Cashflow Summary

Total Cashflow Nominal ($ millions)	State Revenues	Federal Revenues	Municipal Revenues	Upstream Owners	Midstream Owners
Cumulative to 2042	$ 10,093	$ (2,213)	$ 6,274	$ 19,376	$ 6,381
Cumulative to 2052	20,770	8,293	11,870	41,651	25,807
Cumulative to 2062	29,716	22,597	17,297	60,379	70,361

Cost of Supply Summary

In-State Break-Even Price (for 2033)	Nominal	Real ($2026)
Gas Commodity Charge ($/mcf output)	$1.92	$1.62
GTP Toll ($/mcf output)	$1.14	$0.96
Pipeline Toll ($/mcf output)	$1.79	$1.51
In State Gas Break-Even Price (2033)	**$4.86**	**$4.09**

LNG Break-Even Price (for 2033)	Nominal	Real ($2026)
Gas Commodity Charge ($/mcf output)	$2.06	$1.73
GTP Toll ($/mcf output)	$1.22	$1.03
Pipeline Toll ($/mcf output)	$1.92	$1.61
LNG Plant Toll ($/mcf output)	$2.92	$2.46
Alaska to Japan Shipping ($/mcf)	$0.94	$0.79
LNG Break-Even Price (2033)	**$9.07**	**$7.63**

mcf = thousand cubic feet

Analysis Summary; HB 381 / SB 280 as Introduced

Cashflow Summary

Total Cashflow Nominal ($ millions)	State Revenues	Federal Revenues	Municipal Revenues	Upstream Owners	Midstream Owners
Cumulative to 2042	$ 7,482	$ (2,218)	$ 1,337	$ 19,376	$ 6,510
Cumulative to 2052	15,867	8,193	2,699	41,651	25,272
Cumulative to 2062	22,532	22,106	3,968	60,379	68,512

Cost of Supply Summary

In-State Break-Even Price (for 2033)	Nominal	Real ($2026)
Gas Commodity Charge ($/mcf output)	$1.92	$1.62
GTP Toll ($/mcf output)	$0.96	$0.81
Pipeline Toll ($/mcf output)	$1.54	$1.30
In State Gas Break-Even Price (2033)	**$4.43**	**$3.73**

LNG Break-Even Price (for 2033)	Nominal	Real ($2026)
Gas Commodity Charge ($/mcf output)	$2.06	$1.73
GTP Toll ($/mcf output)	$1.03	$0.87
Pipeline Toll ($/mcf output)	$1.65	$1.39
LNG Plant Toll ($/mcf output)	$2.79	$2.35
Alaska to Japan Shipping ($/mcf)	$0.94	$0.79
LNG Break-Even Price (2033)	**$8.48**	**$7.13**

mcf = thousand cubic feet

Analysis Summary; HB / SB 2001 as introduced

Cashflow Summary

Total Cashflow Nominal ($ millions)	State Revenues	Federal Revenues	Municipal Revenues	Upstream Owners	Midstream Owners
Cumulative to 2042	$ 7,561	$ (2,213)	$ 1,933	$ 19,376	$ 6,565
Cumulative to 2052	16,046	8,225	3,999	41,651	25,366
Cumulative to 2062	22,845	22,140	6,210	60,379	68,640

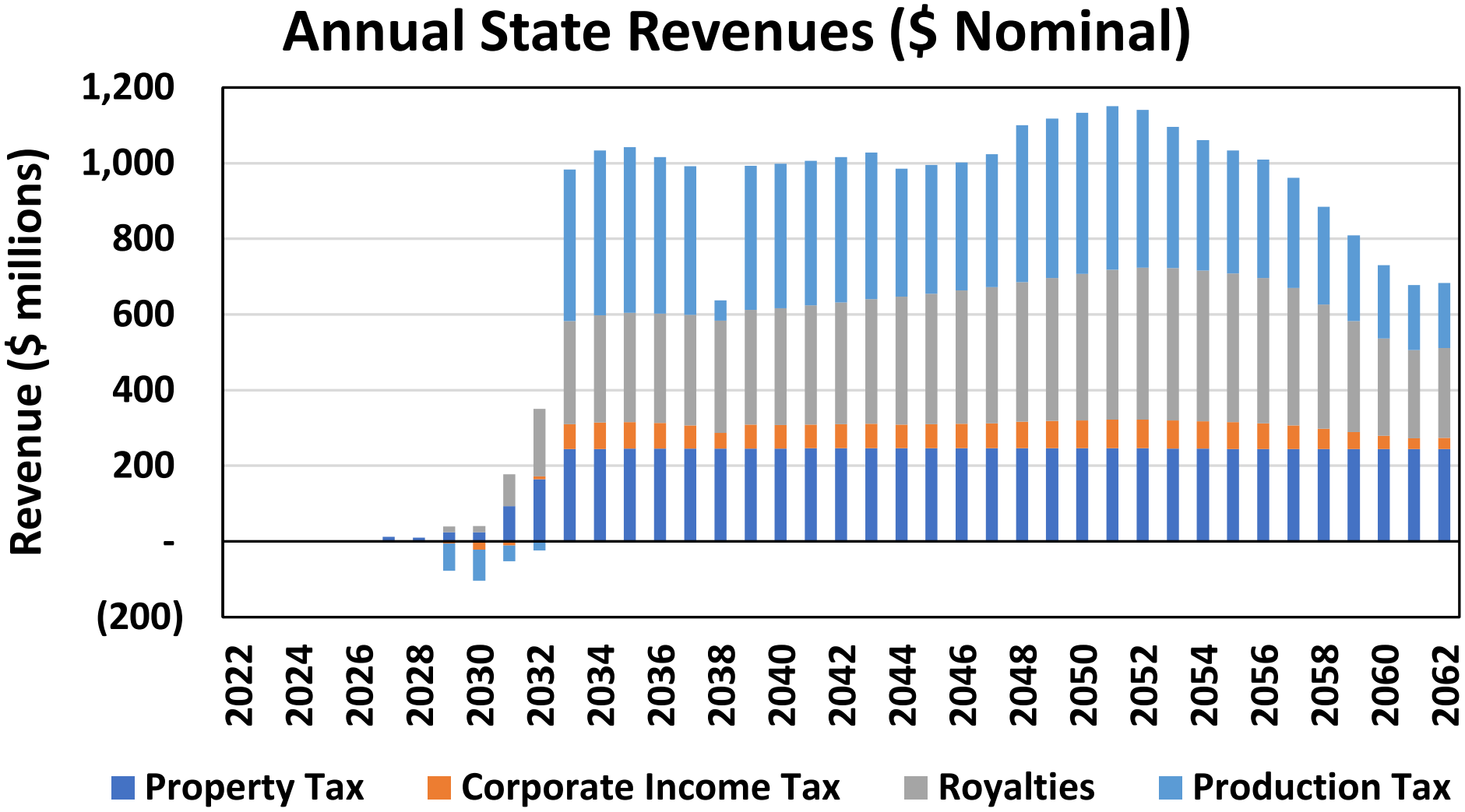
Cost of Supply Summary

In-State Break-Even Price (for 2033)	Nominal	Real ($2026)
Gas Commodity Charge ($/Mcf output)	$1.92	$1.62
GTP Toll ($/Mcf output)	$0.98	$0.83
Pipeline Toll ($/Mcf output)	$1.74	$1.46
In State Gas Break-Even Price (2033)	**$4.64**	**$3.90**

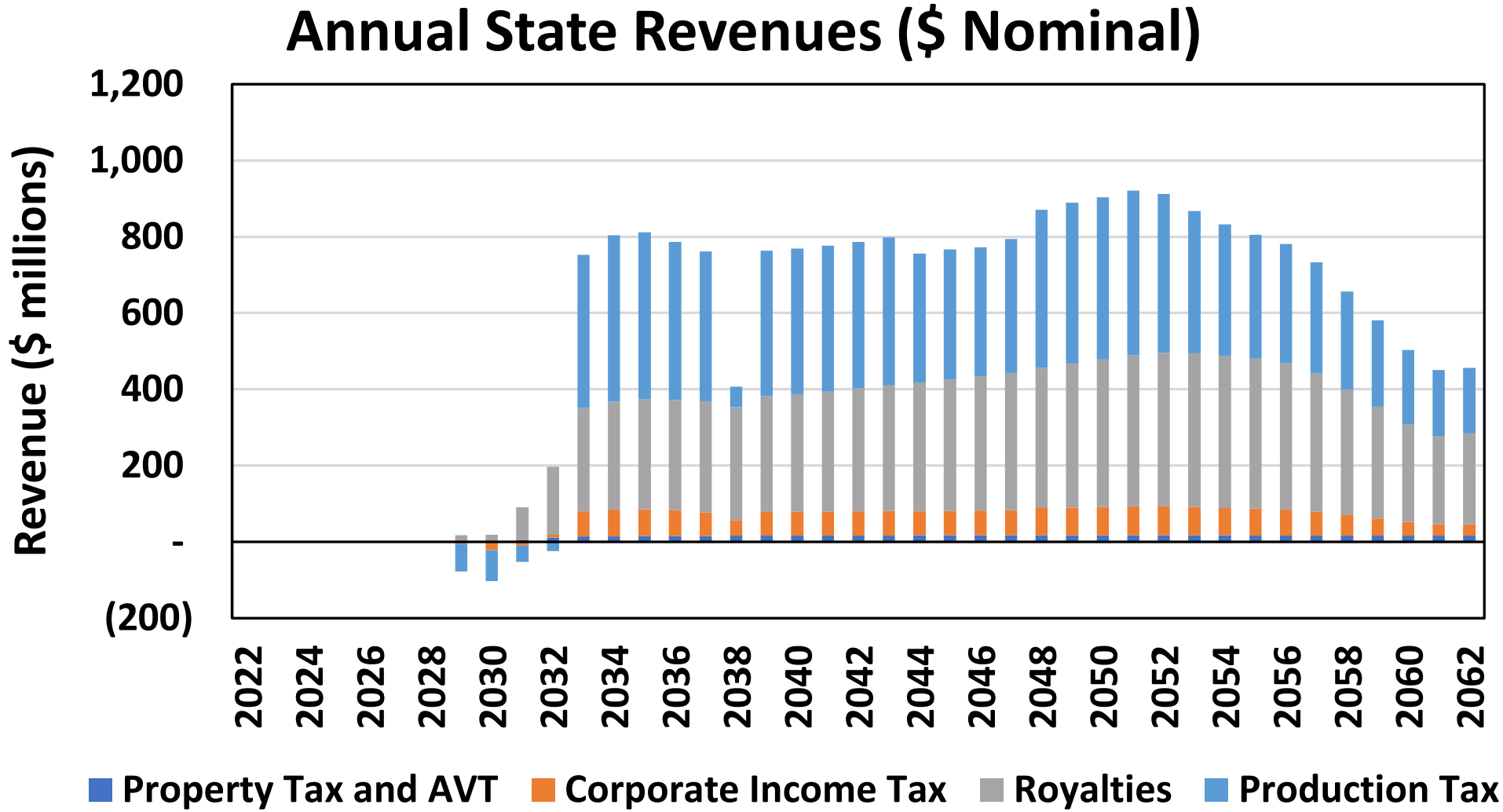
LNG Break-Even Price (for 2033)	Nominal	Real ($2026)
Gas Commodity Charge ($/Mcf output)	$2.06	$1.73
GTP Toll ($/Mcf output)	$1.05	$0.88
Pipeline Toll ($/Mcf output)	$1.66	$1.40
LNG Plant Toll ($/Mcf output)	$2.83	$2.38
Alaska to Japan Shipping ($/Mcf)	$0.94	$0.79
LNG Break-Even Price (2033)	**$8.54**	**$7.18**

mcf = thousand cubic feet

State Revenues by Year; Current Law

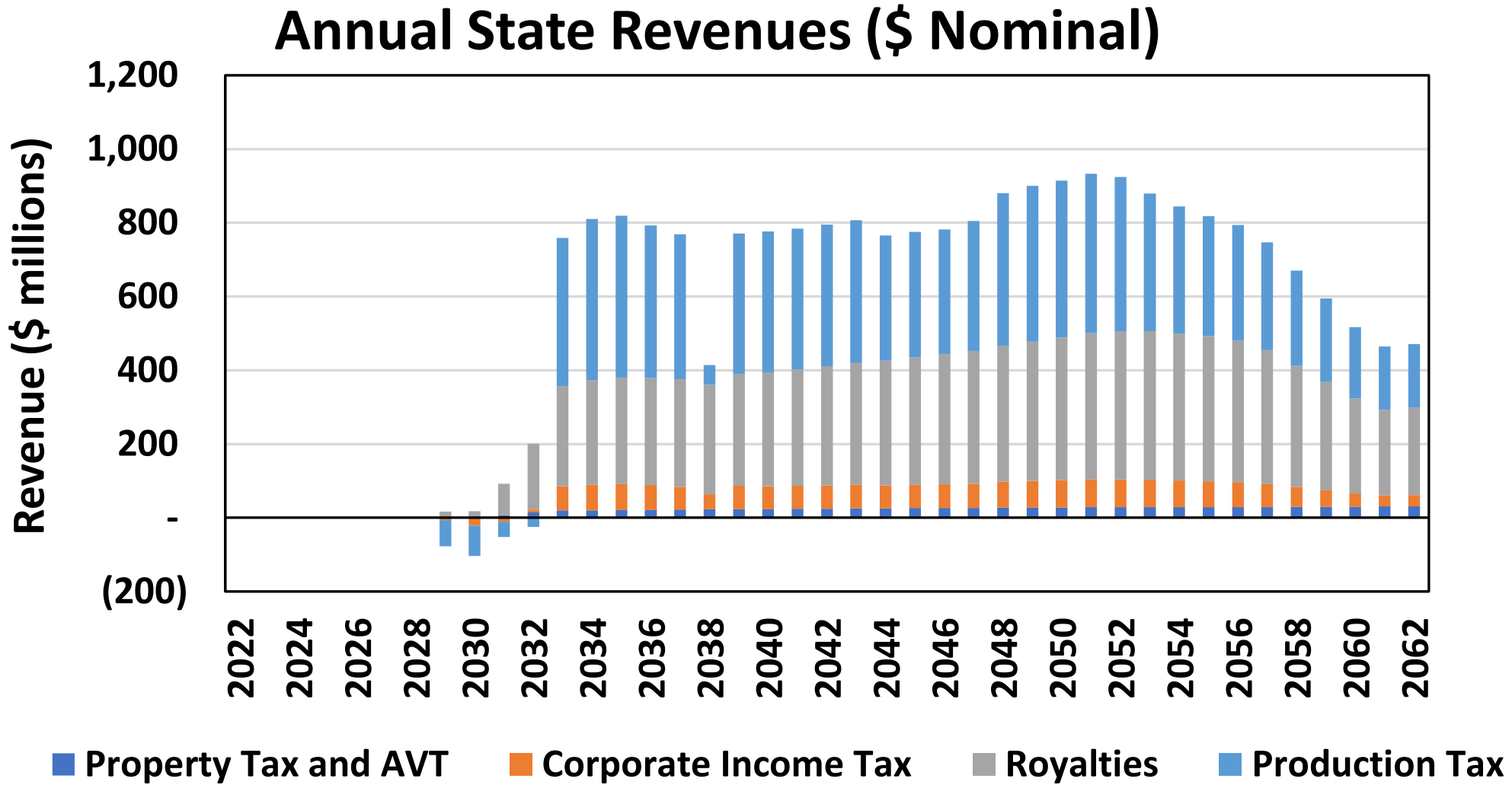


State Revenues by Year; HB 381 / SB 280 as introduced



AVT = Alternative Volumetric Tax

State Revenues by Year; HB / SB 2001 as introduced



AVT = Alternative Volumetric Tax

Sensitivity Matrix; In-State Gas Break-Even Price, Nominal $/mcf in 2033

Current Law

Alaska LNG Capital Cost

	Upstream Gas Price								
	$1.00	$1.50	$2.00	$2.50	$3.00	$3.50	$4.00	$4.50	$5.00
Base CAPEX	$4.22	$4.86	$5.50	$6.14	$6.78	$7.42	$8.06	$8.70	$9.34
+20%	$4.79	$5.43	$6.07	$6.71	$7.35	$7.99	$8.63	$9.27	$9.92
+40%	$5.37	$6.01	$6.65	$7.29	$7.93	$8.57	$9.21	$9.85	$10.49
+60%	$5.95	$6.59	$7.23	$7.87	$8.51	$9.15	$9.79	$10.43	$11.07
+80%	$6.52	$7.16	$7.81	$8.45	$9.09	$9.73	$10.37	$11.01	$11.65
+100%	$7.10	$7.74	$8.38	$9.02	$9.66	$10.30	$10.94	$11.58	$12.22

HB 381 / SB 280 as introduced

Alaska LNG Capital Cost

	Upstream Gas Price								
	$1.00	$1.50	$2.00	$2.50	$3.00	$3.50	$4.00	$4.50	$5.00
Base CAPEX	$3.79	$4.43	$5.07	$5.71	$6.35	$6.99	$7.63	$8.27	$8.91
+20%	$4.28	$4.92	$5.56	$6.20	$6.84	$7.48	$8.12	$8.76	$9.40
+40%	$4.76	$5.40	$6.04	$6.68	$7.32	$7.96	$8.60	$9.24	$9.89
+60%	$5.25	$5.89	$6.53	$7.17	$7.81	$8.45	$9.09	$9.73	$10.37
+80%	$5.74	$6.38	$7.02	$7.66	$8.30	$8.94	$9.58	$10.22	$10.86
+100%	$6.22	$6.86	$7.50	$8.14	$8.78	$9.43	$10.07	$10.71	$11.35

HB / SB 2001 as introduced

Alaska LNG Capital Cost

	Upstream Gas Price								
	$1.00	$1.50	$2.00	$2.50	$3.00	$3.50	$4.00	$4.50	$5.00
Base CAPEX	$4.00	$4.64	$5.28	$5.92	$6.56	$7.20	$7.84	$8.48	$9.12
+20%	$4.49	$5.13	$5.77	$6.41	$7.05	$7.69	$8.33	$8.97	$9.61
+40%	$4.97	$5.61	$6.25	$6.89	$7.53	$8.17	$8.81	$9.45	$10.09
+60%	$5.46	$6.10	$6.74	$7.38	$8.02	$8.66	$9.30	$9.94	$10.58
+80%	$5.95	$6.59	$7.23	$7.87	$8.51	$9.15	$9.79	$10.43	$11.07
+100%	$6.43	$7.07	$7.71	$8.35	$8.99	$9.63	$10.28	$10.92	$11.56

Analysis presents in-state price to utilities given full project

Sensitivity Matrix; LNG Break-Even Price, Nominal $/mcf in 2033

Current Law

Alaska LNG Capital Cost

	Upstream Gas Price								
	$1.00	$1.50	$2.00	$2.50	$3.00	$3.50	$4.00	$4.50	$5.00
Base CAPEX	$8.38	$9.07	$9.75	$10.44	$11.12	$11.81	$12.50	$13.18	$13.87
+20%	$9.47	$10.15	$10.84	$11.53	$12.21	$12.90	$13.59	$14.27	$14.96
+40%	$10.56	$11.24	$11.93	$12.62	$13.30	$13.99	$14.67	$15.36	$16.05
+60%	$11.65	$12.33	$13.02	$13.70	$14.39	$15.08	$15.76	$16.45	$17.14
+80%	$12.73	$13.42	$14.11	$14.79	$15.48	$16.17	$16.85	$17.54	$18.22
+100%	$13.82	$14.51	$15.20	$15.88	$16.57	$17.25	$17.94	$18.63	$19.31

HB 381 / SB 280 as introduced

Alaska LNG Capital Cost

	Upstream Gas Price								
	$1.00	$1.50	$2.00	$2.50	$3.00	$3.50	$4.00	$4.50	$5.00
Base CAPEX	$7.79	$8.48	$9.16	$9.85	$10.53	$11.22	$11.91	$12.59	$13.28
+20%	$8.75	$9.44	$10.12	$10.81	$11.49	$12.18	$12.87	$13.55	$14.24
+40%	$9.71	$10.40	$11.08	$11.77	$12.46	$13.14	$13.83	$14.51	$15.20
+60%	$10.67	$11.36	$12.04	$12.73	$13.42	$14.10	$14.79	$15.48	$16.16
+80%	$11.63	$12.32	$13.01	$13.69	$14.38	$15.06	$15.75	$16.44	$17.12
+100%	$12.59	$13.28	$13.97	$14.65	$15.34	$16.03	$16.71	$17.40	$18.08

HB / SB 2001 as introduced

Alaska LNG Capital Cost

	Upstream Gas Price								
	$1.00	$1.50	$2.00	$2.50	$3.00	$3.50	$4.00	$4.50	$5.00
Base CAPEX	$7.85	$8.54	$9.22	$9.91	$10.59	$11.28	$11.97	$12.65	$13.34
+20%	$8.81	$9.50	$10.18	$10.87	$11.56	$12.24	$12.93	$13.61	$14.30
+40%	$9.77	$10.46	$11.14	$11.83	$12.52	$13.20	$13.89	$14.57	$15.26
+60%	$10.73	$11.42	$12.11	$12.79	$13.48	$14.16	$14.85	$15.54	$16.22
+80%	$11.69	$12.38	$13.07	$13.75	$14.44	$15.13	$15.81	$16.50	$17.18
+100%	$12.66	$13.34	$14.03	$14.71	$15.40	$16.09	$16.77	$17.46	$18.14

Analysis presents price to global market given full project

Sensitivity Matrix; Weighted Average Phase 1 only In-State Break-Even Price, Nominal $/mcf in 2033

Current Law

Alaska LNG Capital Cost	$1.00	$1.50	$2.00	$2.50	$3.00	$3.50	$4.00	$4.50	$5.00
Base CAPEX	$13.95	$14.55	$15.16	$15.76	$16.36	$16.97	$17.57	$18.17	$18.78
+20%	$16.17	$16.77	$17.37	$17.98	$18.58	$19.18	$19.79	$20.39	$21.00
+40%	$18.38	$18.99	$19.59	$20.19	$20.80	$21.40	$22.01	$22.61	$23.21
+60%	$20.60	$21.20	$21.81	$22.41	$23.01	$23.62	$24.22	$24.83	$25.43
+80%	$22.82	$23.42	$24.02	$24.63	$25.23	$25.84	$26.44	$27.04	$27.65
+100%	$25.03	$25.64	$26.24	$26.84	$27.45	$28.05	$28.66	$29.26	$29.86

HB 381 / SB 280 as introduced

Alaska LNG Capital Cost	$1.00	$1.50	$2.00	$2.50	$3.00	$3.50	$4.00	$4.50	$5.00
Base CAPEX	$11.85	$12.45	$13.06	$13.66	$14.26	$14.87	$15.47	$16.07	$16.68
+20%	$13.69	$14.29	$14.89	$15.50	$16.10	$16.70	$17.31	$17.91	$18.52
+40%	$15.52	$16.13	$16.73	$17.34	$17.94	$18.54	$19.15	$19.75	$20.35
+60%	$17.36	$17.97	$18.57	$19.17	$19.78	$20.38	$20.98	$21.59	$22.19
+80%	$19.20	$19.80	$20.41	$21.01	$21.61	$22.22	$22.82	$23.42	$24.03
+100%	$21.04	$21.64	$22.24	$22.85	$23.45	$24.05	$24.66	$25.26	$25.87

Upstream Gas Price

HB / SB 2001 as introduced

Alaska LNG Capital Cost	$1.00	$1.50	$2.00	$2.50	$3.00	$3.50	$4.00	$4.50	$5.00
Base CAPEX	$12.04	$12.65	$13.25	$13.85	$14.46	$15.06	$15.66	$16.27	$16.87
+20%	$13.88	$14.48	$15.09	$15.69	$16.29	$16.90	$17.50	$18.11	$18.71
+40%	$15.72	$16.32	$16.92	$17.53	$18.13	$18.74	$19.34	$19.94	$20.55
+60%	$17.56	$18.16	$18.76	$19.37	$19.97	$20.57	$21.18	$21.78	$22.38
+80%	$19.39	$20.00	$20.60	$21.20	$21.81	$22.41	$23.01	$23.62	$24.22
+100%	$21.23	$21.83	$22.44	$23.04	$23.64	$24.25	$24.85	$25.46	$26.06

Analysis presents in-state weighted average price with in-state gas supply only

Sensitivity Matrix; Phase 1 Only In-State Break-Even Price for Utilities, Nominal $/mcf in 2033

Current Law

Alaska LNG Capital Cost	$1.00	$1.50	$2.00	$2.50	$3.00	$3.50	$4.00	$4.50	$5.00
Base CAPEX	$21.52	$22.70	$23.87	$25.05	$26.23	$27.41	$28.59	$29.77	$30.94
+20%	$25.84	$27.02	$28.20	$29.38	$30.56	$31.74	$32.91	$34.09	$35.27
+40%	$30.17	$31.35	$32.53	$33.71	$34.89	$36.06	$37.24	$38.42	$39.60
+60%	$34.50	$35.68	$36.86	$38.03	$39.21	$40.39	$41.57	$42.75	$43.93
+80%	$38.83	$40.01	$41.18	$42.36	$43.54	$44.72	$45.90	$47.07	$48.25
+100%	$43.15	$44.33	$45.51	$46.69	$47.87	$49.05	$50.22	$51.40	$52.58

HB 381 / SB 280 as introduced

Alaska LNG Capital Cost	$1.00	$1.50	$2.00	$2.50	$3.00	$3.50	$4.00	$4.50	$5.00
Base CAPEX	$17.42	$18.60	$19.77	$20.95	$22.13	$23.31	$24.49	$25.67	$26.84
+20%	$21.00	$22.18	$23.36	$24.54	$25.72	$26.90	$28.07	$29.25	$30.43
+40%	$24.59	$25.77	$26.95	$28.13	$29.30	$30.48	$31.66	$32.84	$34.02
+60%	$28.18	$29.36	$30.53	$31.71	$32.89	$34.07	$35.25	$36.43	$37.60
+80%	$31.76	$32.94	$34.12	$35.30	$36.48	$37.66	$38.83	$40.01	$41.19
+100%	$35.35	$36.53	$37.71	$38.89	$40.06	$41.24	$42.42	$43.60	$44.78

HB / SB 2001 as introduced

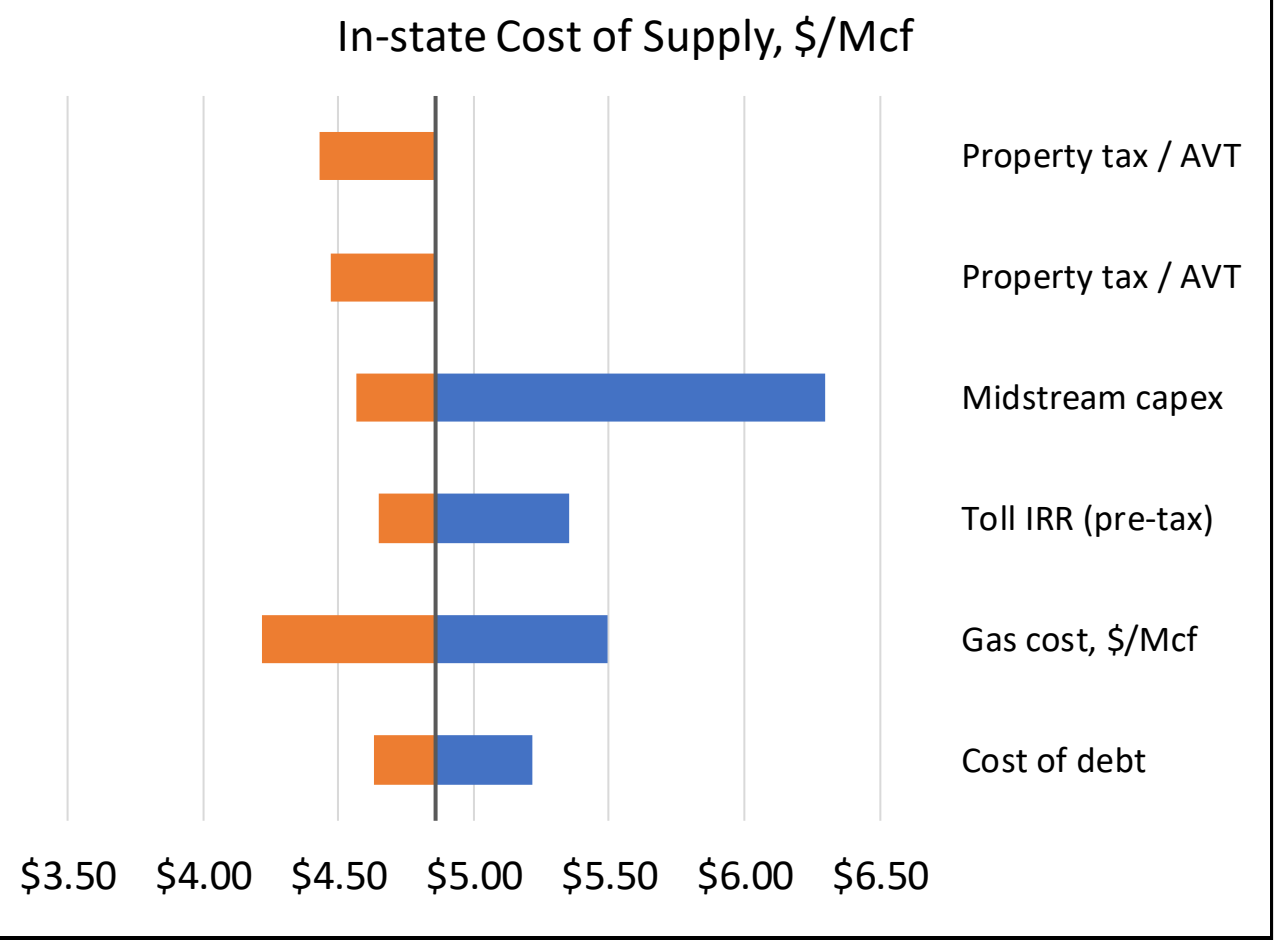
Alaska LNG Capital Cost	$1.00	$1.50	$2.00	$2.50	$3.00	$3.50	$4.00	$4.50	$5.00
Base CAPEX	$17.80	$18.97	$20.15	$21.33	$22.51	$23.69	$24.86	$26.04	$27.22
+20%	$21.38	$22.56	$23.74	$24.92	$26.10	$27.27	$28.45	$29.63	$30.81
+40%	$24.97	$26.15	$27.33	$28.50	$29.68	$30.86	$32.04	$33.22	$34.39
+60%	$28.56	$29.73	$30.91	$32.09	$33.27	$34.45	$35.62	$36.80	$37.98
+80%	$32.14	$33.32	$34.50	$35.68	$36.86	$38.03	$39.21	$40.39	$41.57
+100%	$35.73	$36.91	$38.09	$39.26	$40.44	$41.62	$42.80	$43.98	$45.15

Upstream Gas Price

Note: Add ~$4.36/ mcf for final price to consumer. mcf = Thousand cubic feet

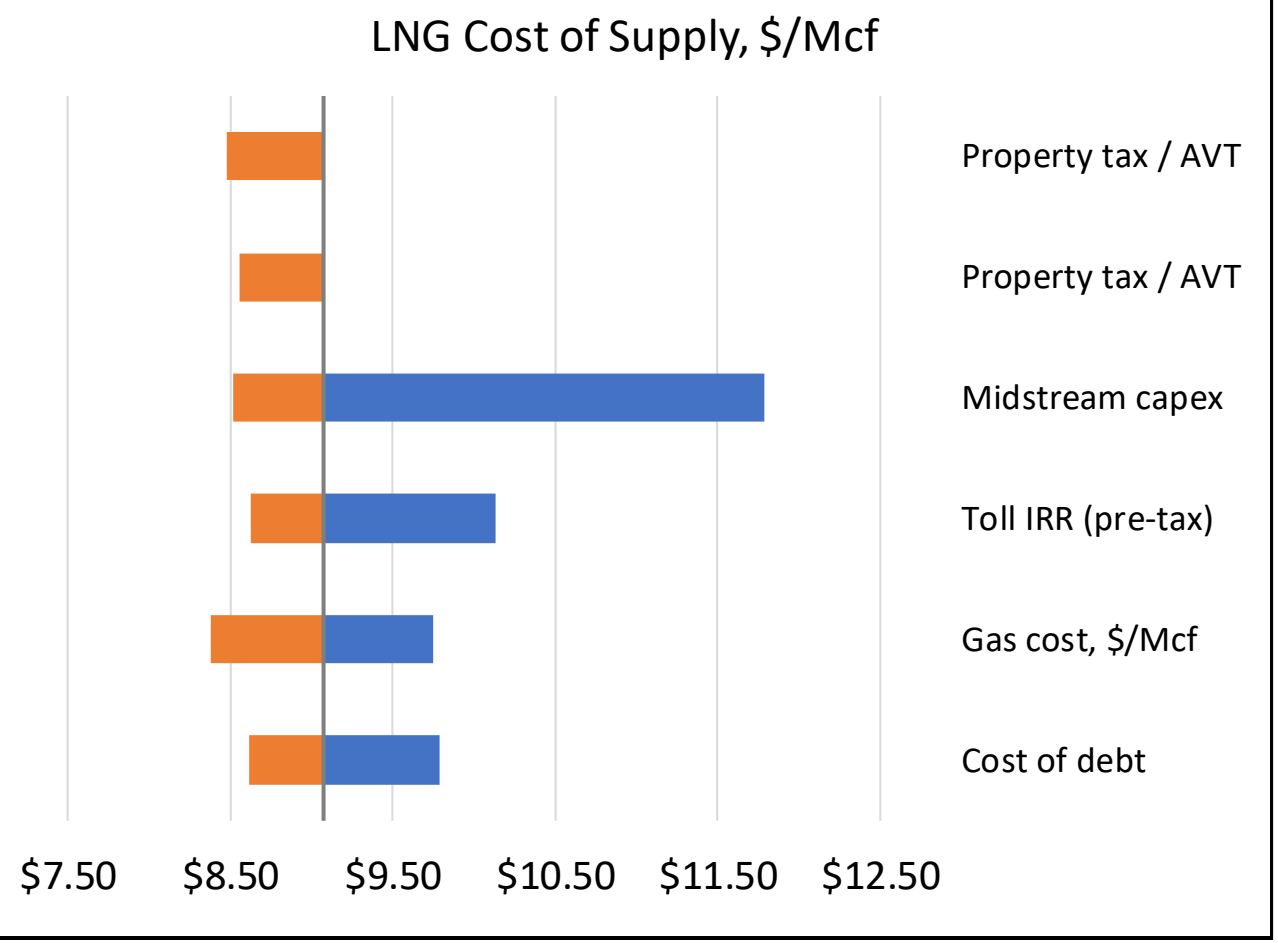
Sensitivity Scenarios; In-State Gas Cost, 2033 Nominal $/Mcf in 2033

	Low	Base	High
Property tax / AVT	HB 381 / SB 280 as introduced	Current law	
Property tax / AVT	HB 2001 / SB 2001 as introduced	Current law	
Midstream capex	-10%	Baseline	50%
Toll IRR (pre-tax)	7.5%	10%	15%
Gas cost, $/Mcf	$1.00	$1.50	$2.00
Cost of debt	3.50%	5%	7%

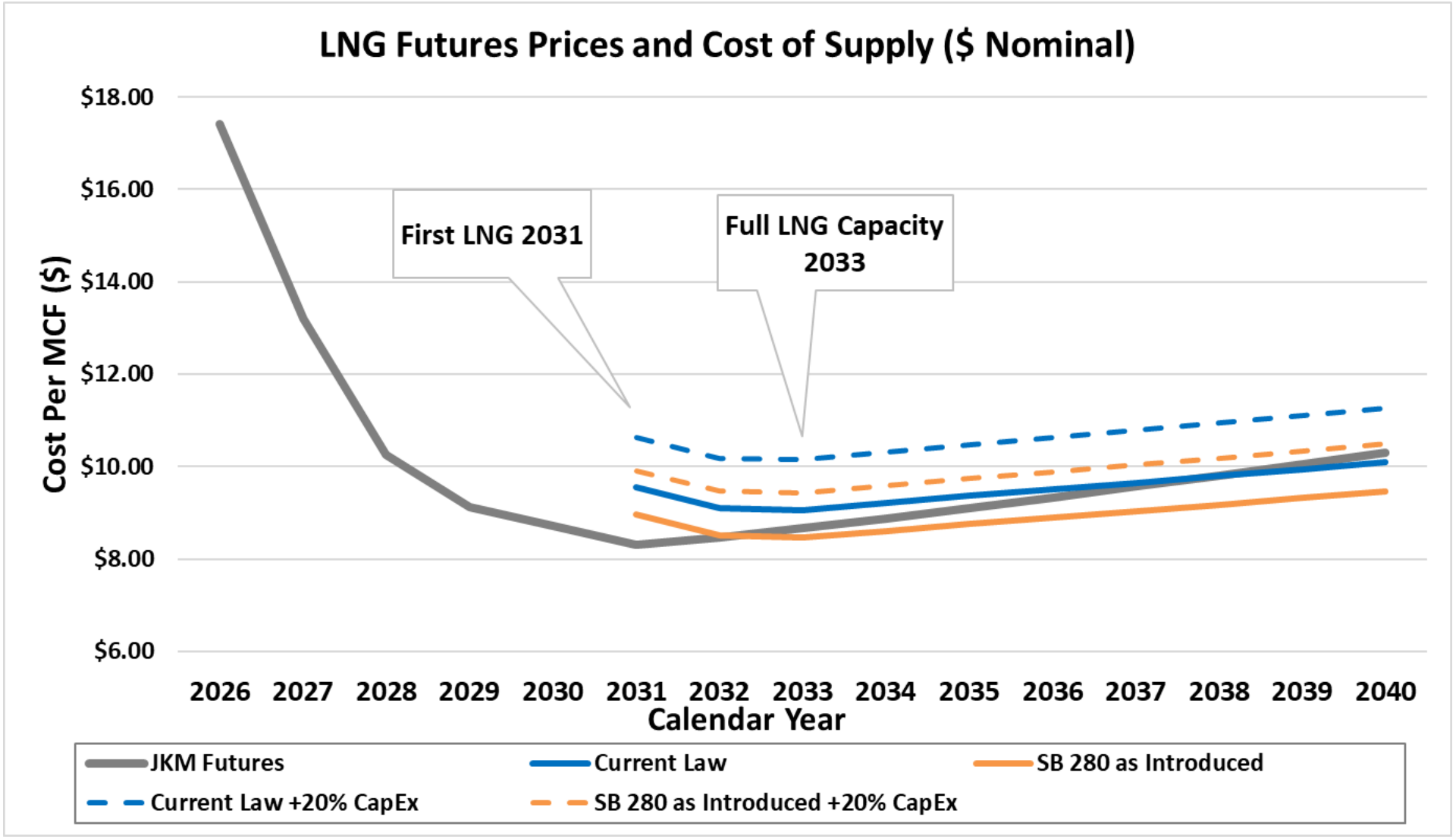


Sensitivity Scenarios; LNG export price, Nominal $/Mcf in 2033

	Low	Base	High
Property tax / AVT	HB 381 / SB 280 as introduced	Current law	
Property tax / AVT	HB 2001 / SB 2001 as introduced	Current law	
Midstream capex	-10%	Baseline	50%
Toll IRR (pre-tax)	7.5%	10%	15%
Gas cost, $/Mcf	$1.00	$1.50	$2.00
Cost of debt	3.50%	5%	7%



LNG Breakeven Prices vs Futures Market Prices



Futures prices as of May 27, 2026

Conclusions

- The Alaska LNG Project has the potential to provide tens of billions of dollars for the State of Alaska, the U.S. federal government, local governments, and the public sector
  - Beyond direct financial impacts, the project would enhance Alaska and America's energy security and create thousands of jobs
- SB 280 as introduced by the Governor would materially decrease the cost of gas provided and make the project more attractive to investors
- SB 2001 would be a significant tax decrease, but not quite as much as the original bill
- SB 2001 would materially decrease the cost of gas and make the project more attractive to investors

THANK YOU

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