

## Alaska LNG – State of Alaska Revenue Analysis

### Executive Summary

If developed, we estimate the Alaska LNG Project will generate revenues for the State of Alaska of \$29.4 billion (nominal dollars) or \$17.7 billion (real 2022 dollars) over 30 years of full capacity operations, with further billions of dollars of revenue flowing to local municipalities, and to upstream oil and gas companies active on Alaska's North Slope. We also expect unmodeled indirect benefits from the Alaska LNG project, including, but not limited to, providing a secure low-cost and long-term source of natural gas for in-state use to Interior and Southcentral Alaska, increasing in-state employment, and increased competitiveness of future North Slope oil and gas activities. It is, however, important to keep in mind that there remains uncertainty around key project parameters.

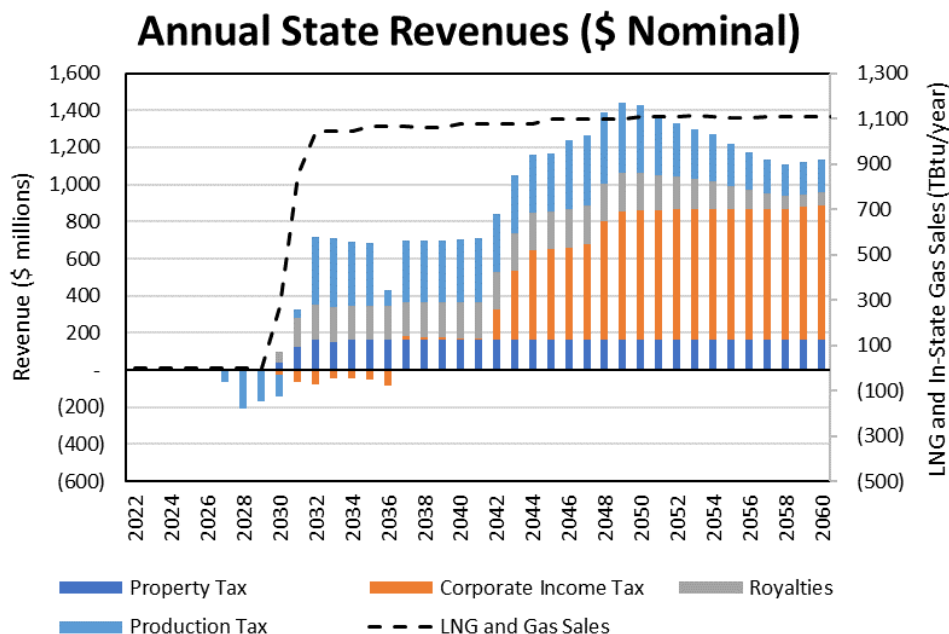
### Financial Modeling Results – Revenues to the State

The State of Alaska would receive revenues from both taxing the Alaska LNG project itself and from the tax and royalty collections from additional upstream production. See the state revenue modeling results below:

Total State Revenues (\$ millions)	Nominal	Real (\$2022)
Midstream O-PILT + C-PILT *	\$ 4,875	\$ 3,117
Upstream Property Tax *	95	63
Total PILT & Property Tax *	\$ 4,970	\$ 3,180
Midstream Corporate Income Tax	9,204	4,812
Upstream Corporate Income Tax	2,041	1,327
Total State Corporate Income Tax	\$ 11,245	\$ 6,140
Upstream Oil & Gas Royalties **	5,104	3,349
Upstream Oil & Gas Production Tax	8,078	5,075
<b>Total State Revenue</b>	<b>\$ 29,397</b>	<b>\$ 17,743</b>

\*Excludes property tax revenue paid to local municipalities.

\*\* Includes share of royalty revenue deposited into the Alaska Permanent Fund.



Notes: Excludes property tax revenue paid to local municipalities. Dip in revenue in 2036 due to higher gas CapEx forecasted at Point Thompson Unit in the same year.

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### Financial Modeling Assumptions <sup>1</sup>

No funding for the Alaska LNG project is provided by the State of Alaska. While such an investment could provide material and significant revenue, such investment is not included in this analysis.

**Project Timeline:** Construction begins in 2024; First LNG deliveries in 2030, with project operating at full capacity beginning in 2031; Modeling includes an additional 10 years, for a total operating life of 31 years; Tolling contract length is 20 years from date of full capacity.

**Construction Costs:** Total Costs \$40.0B, of which \$9.6B is for Gas Treatment Plant (GTP), \$13.0B for Pipeline, and \$17.5B for LNG Plant (\$2021)

**Fiscal Assumptions:** Debt/Equity Ratio 70/30 of CapEx; 5% interest rate on debt; Toll Methodology sets rates with a fixed Equity Return (IRR) of 10% pre-tax for Tolling Agreement Period.

**Gas Price:** Unprocessed Gas Price \$1.00/MMBtu in 2021, escalating at 2% per year.

**Revenue Baseline:** Spring 2023 DOR revenue forecast and related assumptions.

**Carbon Sequestration:** Carbon dioxide from the gas stream is assumed to be extracted and sequestered in the subsurface, ensuring eligibility for federal 45Q tax credits that are assumed to be applied immediately at the midstream level.

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<sup>1</sup> More detailed assumptions are available from the State of Alaska, Department of Revenue, Tax Division if requested at 907-269-1033. All year references in this memo reference calendar years.