



NorthStar Gas concerns that will have impacts on Bush Alaska

1). Transportation Costs to Rural Alaska

- a. Fuel Transportaion Costs – Fuel prices in every community are made up from 3 components
 - 1 – Market pricing (OPIS & Platts & Anchorage Jet) on the day the fuel is lifted from the refinery
 - 2 – Transportation Costs – If one has a contract with the transportation companies the cost is a flat rate by location (Lower, Middle, Upper Kuskokwim). If you do not participate with a company that has a contract you are subject to the open market transportation costs which are usually double in cost.
 - 3 –OH&M & Community Profit Margin – Landed cost of fuel plus overhead & maintance plus a % profit margin. Each community's OH&M plus the % of profit margin varies and this is why you see the varied prices in neighboring communities.
- b. Barge Services – Price per pound plus Haz Mat Receiving Charges plus Ocean Freight Related Fuel Surcharge of 25% of the total lb. cost in 2008.

Possible long term solution: Building a transportation infrastructure that would help control delivery costs.

- 1). Barge Transportation Service – Purchase barges and lease fleet out to a local Alaska company or help to provide financing.
- 2). Railroads put in where there are existing old mining roads. Example Ruby to McGrath

2). Simplify the AEA Loan application for already established customers.

- a. Rather than have each community apply yearly make the loan application good for 3 to 5 years with a yearly one page loan update.
- b. Have the loan approved based on payment history and have the funds released upon the final prior years payment being received.

3). PCE vs. Renewable Alternative Energies for rural Alaska sustainability

- a. PCE in place long term vs up front financial investment into infrastructure in rural Alaska.

4). By Pass Mail – Price increase to rural Alaska by 42% on 5/11/09

Please feel free to contact Elaine Brown if you have any questions or comments on this document at 907-644-9205 or 907-301-0566.