

SB23 (AIDEA: LNG Projects; Dividends; Financing)				
Cost to the State versus Benefits to Customers				
Cash Cost to the State				
Cash from GF				
Capital Appropriation	50,000,000			
Tax Credits	30,000,000			
SETS Loan Program	125,000,000			
Total	205,000,000			
Opportunity Cost (annual earnings if money were left in the treasury)	8,200,000	4%	rate on GF investments	
less revenue from AIDEA dividends to the State	(1,600,000)			
less petroleum tax revenue	?			
less corporate income tax revenue	?			
Net Annual GF Cost	6,600,000			
Because there are so many unknowns, the analysis omits secondary impacts like				
Power Cost Equalization Cost increases caused by a reduction in the base rate when gas is used for electricity generation				
Revenue from gas production and sale of royalty gas				
Revenue increase due to corporate income tax payments by private businesses involved in the project				
Cash Benefits to Consumers				
Annual savings per customer	3,000			
Number of customers	7,800			
Total Consumer Benefits	23,400,000			
Benefit/Cost ratio	3.5			
less cost of conversion loans	1,233	from below		
net savings per customer	1,767			
Total Consumer Benefits	13,783,306			
Benefit/Cost ratio	2.1			
Residential Loans for Conversion to Gas				
Customers	7,800			
% that need loans	50%			
Number of Conversion Loans	3,900			
Average loan amount	10,000			
Amount needed for loan fund	39,000,000			
Loan Interest Rate	4%			
Opportunity Cost	4%			
Net Annual GF Cost	-			
Annual Payment on Conversion Loan	1,233	10	term of loan	
Conclusions on conversion loans				
little need to subsidize--savings on fuel bills exceed loan payments				
loan fund capitalization could be reduced if loans were made through financial institutions and /or loan demand was spread over more than a year or two				