

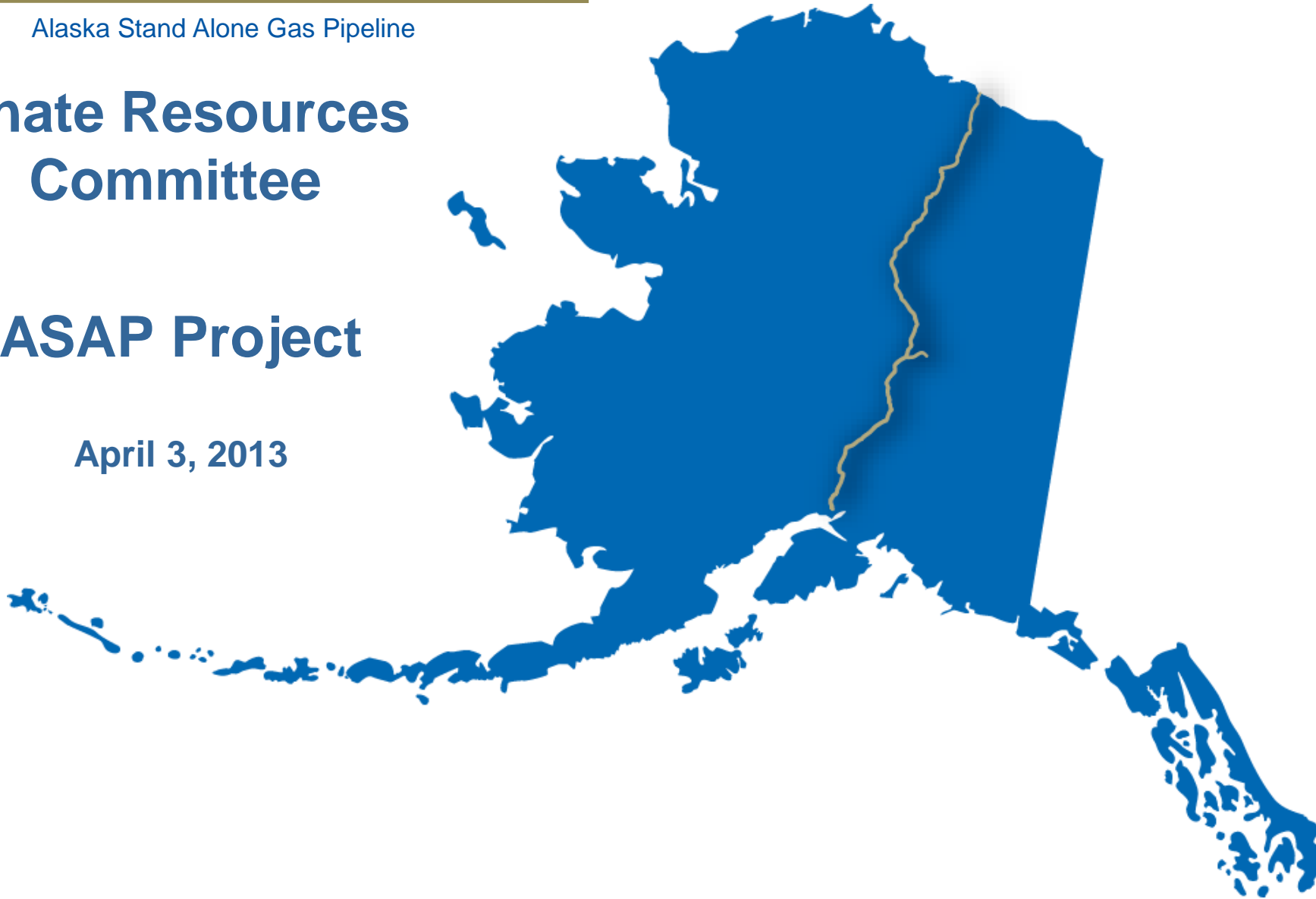
ASAP

Alaska Stand Alone Gas Pipeline

Senate Resources Committee

ASAP Project

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Common Carrier Pipelines

- Shippers use on as needed basis
- No long term, contractual commitments
- Creditworthy shippers
- Must meet quality specifications, delivery points, etc.
- Typically, common carriers not at 100% capacity
- Regular nomination process

Common Carrier Pipelines (cont'd)

- If nominations exceed capacity, pro rata allocation of capacity – everybody impacted
- Shipper only pays for product shipped
 - No product shipped, no cost to shipper
- Typically oil pipelines e.g. TAPS
- Common carrier typical in L48 and Gulf of Mexico- Colonial, Mardi Gras, etc.

Contract Carrier Pipelines

- Shippers can only use if contracted
- Firm transportation service
 - Long term, contractual commitments
- Creditworthy shippers
- Meet quality specifications, delivery points, etc.
- No or limited nominations process
 - Allows for interruptible service

Contract Carrier Pipelines (cont'd)

- Shippers can not be prorated but shipper pays whether or not product is shipped
- Typically gas pipelines e.g. APP, Denali
 - L48 : Ruby, Rockies Express
- Bottom line: Alaska utilities need certainty of supply

Common Misconceptions

- Small companies/users cannot access contract carrier pipelines
 - *Not true!*
 - Open season ensures access
- Oil pipelines can be expanded and gas pipelines can not
 - *Not true!*
 - Both can and are expanded. The issue is, as always, who pays.
 - Note: one additional limitation in Alaska - AGIA

ASAP as a Contract Carrier Pipeline

- Shippers need to know that utility volumes are guaranteed
- Investors and bond holders need to know the certainty of the long-term revenue stream
- Long term, firm transportation commitments ensure both parties' requirements are met.
- Utilities need to know they have supplies
- AGDC needs to have certainty to sell bonds

Thank You

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