

LEG. FINANCE - BILLS 1979 - 1980 1294

SB 170 cont. 1294

ALASKA GSDP

CASH FLOW

(\$000)

YEAR	REVENUES	NET INCOME	TOTAL SHAREHOLDER DISTRIBUTION	DEPRECIATION AND AMORTIZATION	DISHANTLING RESERVE	PRINCIPAL PAYMENTS	NET CASH FLOW	CUMULATIVE CASH FLOW
	\$	\$	\$	\$	\$	\$	\$	\$
1979	320310	53177	47859	56833	7400	0	69551	69551
1980	320310	48004	43204	56833	7918	25400	44151	113702
1981	320310	45009	40508	56833	8472	50000	19806	133508
1982	320310	44086	39677	56833	9065	50100	20207	153715
1983	320310	42759	38483	56833	9700	130500	-59691	94024
1984	320310	49029	44126	56833	10379	50100	22015	116039
1985	320310	46783	42105	56833	11106	53200	19417	135456
1986	320310	44340	39906	56833	11883	53300	19850	155306
1987	320310	41363	37227	56833	12715	53200	20484	175790
1988	320310	37795	34016	56833	13605	53300	20917	196707
1989	320310	33615	30254	56833	14557	53200	21551	218258
1990	320310	28759	25883	56833	15576	53300	21985	240243
1991	320310	23201	20881	56833	16666	53300	22519	262762
1992	320310	16880	15192	56833	17633	53300	23054	285816
1993	320310	9744	8770	56833	19081	38500	38218	324204
1994	320310	255	230	56833	20417	23500	53775	377979
1995	320310	-11667	0	56833	21846	23500	43512	421491
1996	320310	-24588	0	56833	23375	23500	32120	453611
1997	320310	-38578	0	56833	25011	23500	19766	473377
1998	320310	-53713	0	56833	26762	22200	7682	481059
1999	320310	-70201	0	56833	28635	12900	2367	483426
2000	320310	-88929	0	56833	30639	27000	-28457	454969
2001	320310	-107640	0	56833	32784	8900	-26931	428038
2002	320310	-129677	0	56833	35079	170000	-207768	220273

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1364000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 60000 DIRECT EXPENSE: 6500

ALASKA GSOP

NET INCOME

(\$000)

YEAR	DELIVERY VOLUMES (000 BBLs)	TARIFF	REVENUES	OPERATING EXPENSES	INTEREST	DEPRECIATION AND AMORTIZATION	INCOME TAX	NET INCOME	CITIZEN SHAREHOLDER INCOME	ACTUAL \$
		\$	\$	\$	\$	\$	\$	\$		\$
1979	64062	5.25	336326	73900	136400	56833	0	69193		153
1980	64062	5.25	336326	79073	136400	56833	0	64020		142
1981	64062	5.25	336326	84600	133860	56833	0	61025		135
1982	64062	5.25	336326	90531	128860	56833	0	60102		133
1983	64062	5.25	336326	96068	123850	56833	0	58775		130
1984	64062	5.25	336326	103648	110800	56833	0	65045		144
1985	64062	5.25	336326	110904	105790	56833	0	62799		139
1986	64062	5.25	336326	118667	100470	56833	0	60356		134
1987	64062	5.25	336326	126974	95140	56833	0	57379		127
1988	64062	5.25	336326	135862	89820	56833	0	53011		119
1989	64062	5.25	336326	145372	84490	56833	0	49631		110
1990	64062	5.25	336326	155548	79170	56833	0	44775		99
1991	64062	5.25	336326	166436	73840	56833	0	39217		87
1992	64062	5.25	336326	178087	68510	56833	0	32896		73
1993	64062	5.25	336326	190553	63180	56833	0	25760		57
1994	64062	5.25	336326	203892	59330	56833	0	16271		36
1995	64062	5.25	336326	210164	56980	56833	0	4349		9
1996	64062	5.25	336326	233435	54630	56833	0	-8572		0
1997	64062	5.25	336326	249775	52280	56833	0	-22562		0
1998	64062	5.25	336326	267260	49930	56833	0	-37697		0
1999	64062	5.25	336326	285968	47710	56833	0	-54185		0
2000	64062	5.25	336326	305986	46420	56833	0	-72913		0
2001	64062	5.25	336326	327405	43720	56833	0	-91632		0
2002	64062	5.25	336326	350324	42830	56833	0	-113661		0

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1364000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 60000 DIRECT EXPENSE: 6500

Schedule 13B

ALASKA GSOP

CASH FLOW

(\$000)

YEAR	REVENUES	NET INCOME	TOTAL SHAREHOLDER DISTRIBUTION	DEPRECIATION AND AMORTIZATION	DISHANTLING RESERVE	PRINCIPAL PAYMENTS	NET CASH FLOW	CUMULATIVE CASH FLOW
	\$	\$	\$	\$	\$	\$	\$	\$
1979	336326	69193	62274	56833	7400	0	71152	71152
1980	336326	64020	57618	56833	7918	25400	45753	116905
1981	336326	61025	54923	56833	9472	50000	21407	138312
1982	336326	60102	54092	56833	65	50100	21808	160120
1983	336326	58775	52898	56833	5700	130500	-58090	102030
1984	336326	65045	58541	56833	10379	50100	23616	125646
1985	336326	62799	56519	56833	11106	53200	21019	146665
1986	336326	60356	54320	56833	11883	53300	21452	168117
1987	336326	57379	51641	56833	12715	53200	22086	190203
1988	336326	53811	48430	56833	13605	53300	22519	212722
1989	336326	49631	44668	56833	14557	53200	23153	235875
1990	336326	44775	40298	56833	15576	53300	23586	259461
1991	336326	39217	35295	56833	16666	53300	24121	283582
1992	336326	32896	29606	56833	17833	53300	24656	308238
1993	336326	25760	23184	56833	19081	30500	39990	348228
1994	336326	16271	14644	56833	20417	23500	55377	403605
1995	336326	4349	3914	56833	21046	23500	55614	459219
1996	336326	-8572	0	56833	23375	23500	48136	507355
1997	336326	-22562	0	56833	25011	23500	35782	543137
1998	336326	-37697	0	56833	26762	22200	23698	566835
1999	336326	-54185	0	56833	28635	12900	18383	585218
2000	336326	-72913	0	56833	30639	27000	-12441	572777
2001	336326	-91632	0	56833	32784	8900	-10915	561862
2002	336326	-113661	0	56833	35079	170000	-191749	370113

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1364000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 60000 DIRECT EXPENSE: 6500

ALASKA GSUP

NET INCOME

(\$000)

YEAR	DELIVERY VOLUMES (000 BBLs)	TARIFF	REVENUES	OPERATING EXPENSES	INTEREST	DEPRECIATION AND AMORTIZATION	INCOME TAX	NET INCOME	CITIZEN SHAREHOLDER INCOME
		\$	\$	\$	\$	\$	\$	\$	ACTUAL \$
1979	64062	5.25	336326	73900	136400	56833	0	69193	153
1980	64062	5.25	336326	79073	136400	56833	0	64020	142
1981	64062	5.25	336326	84608	136400	56833	0	58485	129
1982	64062	5.25	336326	90531	136400	56833	0	52562	116
1983	64062	5.25	336326	96868	136400	56833	0	46225	102
1984	64062	5.25	336326	103648	136400	56833	0	39445	87
1985	64062	5.25	336326	110904	136400	56833	0	32189	71
1986	64062	5.25	336326	118667	136400	56833	0	24426	54
1987	64062	5.25	336326	126974	136400	56833	0	16119	35
1988	64062	5.25	336326	135862	136400	56833	0	7231	16
1989	64062	5.25	336326	145372	136400	56833	0	-2279	0
1990	64062	5.25	336326	155548	136400	56833	0	-12455	0
1991	64062	5.25	336326	166436	136400	56833	0	-23343	0
1992	64062	5.25	336326	178087	136400	56833	0	-34994	0
1993	64062	5.25	336326	190553	136400	56833	0	-47460	0
1994	64062	5.25	336326	203892	136400	56833	0	-60799	0
1995	64062	5.25	336326	218164	136400	56833	0	-75071	0
1996	64062	5.25	336326	233435	136400	56833	0	-90342	0
1997	64062	5.25	336326	249775	136400	56833	0	-106682	0
1998	64062	5.25	336326	267260	136400	56833	0	-124167	0
1999	64062	5.25	336326	285960	136400	56833	0	-142875	0
2000	64062	5.25	336326	305986	136400	56833	0	-162893	0
2001	64062	5.25	336326	327405	136400	56833	0	-184312	0
2002	64062	5.25	336326	350324	136400	56833	0	-207231	0

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1364000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 60000 DIRECT EXPENSE: 6500

ALASKA GSOP

CASH FLOW

(\$000)

YEAR	REVENUES	NET INCOME	TOTAL SHAREHOLDER DISTRIBUTION	DEPRECIATION AND AMORTIZATION	DISHANTLING RESERVE	PRINCIPAL PAYMENTS	NET CASH FLOW	CUMULATIVE CASH FLOW
	\$	\$	\$	\$	\$	\$	\$	\$
1979	336326	69193	62274	56833	7400	0	71152	71152
1980	336326	64020	57618	56833	7918	0	71153	142305
1981	336326	58485	52637	56833	8472	0	71153	213458
1982	336326	52562	47306	56833	9065	0	71154	284612
1983	336326	46225	41603	56833	9700	0	71155	355767
1984	336326	39445	35501	56833	10377	0	71156	426923
1985	336326	32189	28970	56833	11106	0	71158	498081
1986	336326	24426	21983	56833	11883	0	71159	569240
1987	336326	16119	14507	56833	12715	0	71160	640400
1988	336326	7231	6508	56833	13605	0	71161	711561
1989	336326	-2279	0	56833	14557	0	69111	780672
1990	336326	-12455	0	56833	15576	0	59954	840626
1991	336326	-23343	0	56833	16666	0	50156	890782
1992	336326	-34994	0	56833	17833	0	39672	930454
1993	336326	-47460	0	56833	17081	0	28454	958908
1994	336326	-60799	0	56833	20417	0	16451	975359
1995	336326	-75071	0	56833	21846	0	3608	978967
1996	336326	-90342	0	56833	23375	0	-10134	968833
1997	336326	-106682	0	56833	25011	0	-24838	943995
1998	336326	-124167	0	56833	26762	0	-40572	903423
1999	336326	-142075	0	56833	28635	0	-57407	846016
2000	336326	-162893	0	56833	30639	0	-75421	770595
2001	336326	-184312	0	56833	32784	0	-94695	675900
2002	336326	-207231	0	56833	35079	0	-115319	560581

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1364000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 60000 DIRECT EXPENSE: 6500

ALASKA OGPU

NET INCOME

(\$000)

YEAR	DELIVERY VOLUMES (000 BBLs)	TARIFF	REVENUES	OPERATING EXPENSES	INTEREST	DEPRECIATION AND AMORTIZATION	INCOME TAX	NET INCOME	CITIZEN SHAREHOLDER INCOME	ACTUAL \$
		\$	\$	\$	\$	\$	\$	\$		\$
1979	64062	5.50	352341	74000	136400	56033	0	85100		189
1980	64062	5.50	352341	79180	136400	56033	0	79928		177
1981	64062	5.50	352341	84723	133860	56033	0	76725		170
1982	64062	5.50	352341	90654	128060	56033	0	75994		168
1983	64062	5.50	352341	96999	123850	56033	0	74659		165
1984	64062	5.50	352341	103708	110800	56033	0	80920		179
1985	64062	5.50	352341	111053	105790	56033	0	78665		174
1986	64062	5.50	352341	118827	96970	56033	0	79711		177
1987	64062	5.50	352341	127145	91640	56033	0	76723		170
1988	64062	5.50	352341	136045	86320	56033	0	73143		162
1989	64062	5.50	352341	145568	80990	56033	0	68950		153
1990	64062	5.50	352341	155750	75670	56033	0	64080		142
1991	64062	5.50	352341	166661	66840	56033	0	62007		137
1992	64062	5.50	352341	170327	58010	56033	0	59171		131
1993	64062	5.50	352341	190810	52600	56033	0	52018		115
1994	64062	5.50	352341	204167	45330	56033	0	46011		102
1995	64062	5.50	352341	218458	42980	56033	0	34070		75
1996	64062	5.50	352341	233750	40630	56033	0	21128		46
1997	64062	5.50	352341	250112	38280	56033	0	7116		15
1998	64062	5.50	352341	267620	35930	56033	0	-8042		0
1999	64062	5.50	352341	286354	30210	56033	0	-21056		0
2000	64062	5.50	352341	306399	25420	56033	0	-36311		0
2001	64062	5.50	352341	327847	19220	56033	0	-51559		0
2002	64062	5.50	352341	350797	18330	56033	0	-73619		0

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1364000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 60000 DIRECT EXPENSE: 6500

ALASKA GSOP

CASH FLOW

(\$000)

YEAR	REVENUES	NET INCOME	TOTAL SHAREHOLDER DISTRIBUTION	DEPRECIATION AND AMORTIZATION	DISHANTLING RESERVE	PRINCIPAL PAYMENTS	NET CASH FLOW	CUMULATIVE CASH FLOW
	\$	\$	\$	\$	\$	\$	\$	\$
1979	352341	85108	76597	56033	7500	0	72844	72844
1980	352341	79920	71935	56033	8025	25400	47451	120295
1981	352341	76925	69233	56033	8587	50000	23112	143407
1982	352341	75994	68395	56033	9188	50100	23520	166927
1983	352341	74659	67193	56033	9831	130500	-56370	110557
1984	352341	80920	72820	56033	10519	50100	25344	135701
1985	352341	70665	70799	56033	11255	88200	-12246	123655
1986	352341	79711	71740	56033	12043	53300	23547	147202
1987	352341	76723	69051	56033	12886	53200	24191	171393
1988	352341	73143	65829	56033	13788	53300	24635	196028
1989	352341	68950	62055	56033	14753	53200	25281	221309
1990	352341	64080	57672	56033	15786	88300	-9273	212036
1991	352341	62007	55806	56033	16891	88300	-8375	203661
1992	352341	59171	53254	56033	18073	53300	27523	231184
1993	352341	52018	46816	56033	19338	73500	7873	239057
1994	352341	46011	41410	56033	20692	23500	58626	297683
1995	352341	34070	30663	56033	22140	23500	50880	356563
1996	352341	21128	19015	56033	23690	23500	59136	415679
1997	352341	7116	6404	56033	25348	23500	59393	475092
1998	352341	-8042	0	56033	27122	57200	18713	493805
1999	352341	-21056	0	56033	29021	47900	16898	510703
2000	352341	-36311	0	56033	31052	62000	-10426	500277
2001	352341	-51559	0	56033	33226	8900	29600	529877
2002	352341	-73619	0	56033	35552	170000	-151234	378643

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1364000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 60000 DIRECT EXPENSE: 6500

ALASKA GSOP

NET INCOME

(\$000)

YEAR	DELIVERY VOLUMES (000 BLS)	TARIFF	REVENUES	OPERATING EXPENSES	INTEREST	DEPRECIATION AND AMORTIZATION	INCOME TAX	NET INCOME	CITIZEN SHAREHOLDER INCOME
		\$	\$	\$	\$	\$	\$	\$	ACTUAL \$
1979	64062	5.50	352341	78400	130000	54167	0	89774	199
1980	64062	5.50	352341	83880	124583	4167	0	89703	192
1981	64062	5.50	352341	89760	119167	54167	0	89247	198
1982	64062	5.50	352341	96043	113750	54167	0	88381	196
1983	64062	5.50	352341	102766	108333	54167	0	87075	193
1984	64062	5.50	352341	107960	102917	54167	0	85297	189
1985	64062	5.50	352341	117658	97500	54167	0	83016	184
1986	64062	5.50	352341	125894	92003	54167	0	80197	178
1987	64062	5.50	352341	134707	86666	54167	0	76801	170
1988	64062	5.50	352341	144137	81250	54167	0	72787	161
1989	64062	5.50	352341	154226	75833	54167	0	68115	151
1990	64062	5.50	352341	165022	70416	54167	0	62736	139
1991	64062	5.50	352341	176573	65000	54167	0	56601	125
1992	64062	5.50	352341	188933	59503	54167	0	49650	110
1993	64062	5.50	352341	202158	54166	54167	0	41050	93
1994	64062	5.50	352341	216309	48750	54167	0	33115	73
1995	64062	5.50	352341	231451	43333	54167	0	23390	51
1996	64062	5.50	352341	247652	37916	54167	0	12606	28
1997	64062	5.50	352341	264907	32499	54167	0	600	1
1998	64062	5.50	352341	283537	27083	54167	0	-12446	0
1999	64062	5.50	352341	303384	21666	54167	0	-26076	0
2000	64062	5.50	352341	324621	16249	54167	0	-42696	0
2001	64062	5.50	352341	347345	10833	54167	0	-60004	0
2002	64062	5.50	352341	371659	5416	54167	0	-78901	0

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1300000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 64700 DIRECT EXPENSE: 6300

ALASKA GSOP

CASH FLOW

(\$000)

YEAR	REVENUES	NET INCOME	TOTAL SHAREHOLDER DISTRIBUTION	DEPRECIATION AND AMORTIZATION	DISMANTLING RESERVE	PRINCIPAL PAYMENTS	NET CASH FLOW	CUMULATIVE CASH FLOW
	\$	\$	\$	\$	\$	\$	\$	\$
1979	352341	89774	80797	54167	7400	54167	16377	16377
1980	352341	89703	80733	54167	7910	54167	16808	33265
1981	352341	89247	80322	54167	8472	54167	17397	50662
1982	352341	88301	79543	54167	9065	54167	17903	68565
1983	352341	87075	78360	54167	9700	54167	18407	86972
1984	352341	85297	76767	54167	10379	54167	18909	105801
1985	352341	83016	74714	54167	11106	54167	19408	125209
1986	352341	80197	72177	54167	11883	54167	19903	145192
1987	352341	76801	69121	54167	12715	54167	20395	165507
1988	352341	72707	65508	54167	13605	54167	20884	186471
1989	352341	68115	61304	54167	14557	54167	21368	207839
1990	352341	62736	56462	54167	15576	54167	21850	229689
1991	352341	56601	50941	54167	16666	54167	22326	252015
1992	352341	49658	44692	54167	17833	54167	22799	274814
1993	352341	41850	37665	54167	19081	54167	23266	298080
1994	352341	33115	29804	54167	20417	54167	23728	321808
1995	352341	23390	21051	54167	21846	54167	24185	345993
1996	352341	12606	11345	54167	23375	54167	24636	370629
1997	352341	688	619	54167	25011	54167	25080	395709
1998	352341	-12446	0	54167	26762	54167	14316	410025
1999	352341	-26876	0	54167	28635	54167	1759	411784
2000	352341	-42696	0	54167	30639	54167	-12057	399727
2001	352341	-60004	0	54167	32784	54167	-27220	372507
2002	352341	-78901	0	54167	35079	54167	-43822	328685

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1300000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 64700 DIRECT EXPENSE: 6300

Schedule 17A

ALASKA GSOF

NET INCOME

(\$000)

YEAR	DELIVERY VOLUMES (000 BBL)	TARIFF	REVENUES	OPERATING EXPENSES	INTEREST	DEPRECIATION AND AMORTIZATION	INCOME TAX	NET INCOME	CITIZEN SHAREHOLDER INCOME
		\$	\$	\$	\$	\$	\$	\$	ACTUAL \$
1979	64062	5.50	352341	78400	130000	54167	0	89774	199
1980	64062	5.50	352341	83888	130000	54167	0	84206	187
1981	64062	5.50	352341	89760	127460	54167	0	80954	179
1982	64062	5.50	352341	94043	122460	54167	0	79671	177
1983	64062	5.50	352341	102766	117450	54167	0	77958	173
1984	64062	5.50	352341	109960	104400	54167	0	83014	186
1985	64062	5.50	352341	117650	99390	54167	0	81126	180
1986	64062	5.50	352341	125894	94070	54167	0	78210	173
1987	64062	5.50	352341	134707	85630	54167	0	77837	172
1988	64062	5.50	352341	144137	80310	54167	0	73727	163
1989	64062	5.50	352341	154226	74980	54167	0	68960	153
1990	64062	5.50	352341	165022	67660	54167	0	63492	141
1991	64062	5.50	352341	176573	64330	54167	0	57271	127
1992	64062	5.50	352341	188933	55890	54167	0	53351	118
1993	64062	5.50	352341	202158	50560	54167	0	45456	101
1994	64062	5.50	352341	216309	46710	54167	0	35155	78
1995	64062	5.50	352341	231451	41260	54167	0	25463	56
1996	64062	5.50	352341	247652	38710	54167	0	11612	25
1997	64062	5.50	352341	264987	33460	54167	0	-273	0
1998	64062	5.50	352341	283537	31110	54167	0	-16473	0
1999	64062	5.50	352341	303384	25790	54167	0	-31000	0
2000	64062	5.50	352341	324621	24500	54167	0	-50947	0
2001	64062	5.50	352341	347345	21800	54167	0	-70971	0
2002	64062	5.50	352341	371659	17710	54167	0	-91195	0

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1300000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 64700 DIRECT EXPENSE: 6300

ALASKA GSOP

CASH FLOW

(\$000)

YEAR	REVENUES	NET INCOME	TOTAL SHAREHOLDER DISTRIBUTION	DEPRECIATION AND AMORTIZATION	DISMANTLING RESERVE	PRINCIPAL PAYMENTS	NET CASH FLOW	CUMULATIVE CASH FLOW
	\$	\$	\$	\$	\$	\$	\$	\$
1977	352341	09774	80797	54167	7400	0	70544	70544
1980	352341	04286	75857	54167	7918	25400	45114	115658
1981	352341	00954	72859	54167	8472	50000	20734	136392
1982	352341	79671	71704	54167	9065	50100	21099	157491
1983	352341	77958	70162	54167	9700	130500	-58837	98654
1984	352341	83814	75433	54167	10379	50100	22827	121481
1985	352341	81126	73013	54167	11106	53200	20186	141667
1986	352341	78210	70389	54167	11803	84400	-10529	131138
1987	352341	77837	70053	54167	12715	53200	21466	152604
1988	352341	73727	66354	54167	13605	53300	21845	174449
1989	352341	68968	62071	54167	14337	53200	22421	196870
1990	352341	63492	57143	54167	15574	53300	22792	219662
1991	352341	57271	51544	54167	16666	84400	-7840	211022
1992	352341	53351	48016	54167	17833	53300	24035	235857
1993	352341	45456	40910	54167	19081	38500	39294	275151
1994	352341	35155	31640	54167	20417	54500	23599	298750
1995	352341	25463	22917	54167	21846	23500	55059	353809
1996	352341	11612	10451	54167	23375	54500	24203	378012
1997	352341	-273	0	54167	25011	23500	55405	433417
1998	352341	-16473	0	54167	26762	53200	11256	444673
1999	352341	-31000	0	54167	28635	12900	38902	483575
2000	352341	-50947	0	54167	30639	27000	6859	490434
2001	352341	-70971	0	54167	32784	40900	-24920	465514
2002	352341	-91195	0	54167	35079	170000	-171949	293565

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1300000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 64700 DIRECT EXPENSE: 6300

ALASKA GSOF

NET INCOME

(\$000)

YEAR	DELIVERY VOLUMES (000 BBLs)	TARIFF	REVENUES	OPERATING EXPENSES	INTEREST	DEPRECIATION AND AMORTIZATION	INCOME TAX	NET INCOME	CITIZEN SHAREHOLDER INCOME
		\$	\$	\$	\$	\$	\$	\$	ACTUAL \$
1979	64062	5.50	352341	78400	91000	54167	0	128774	286
1980	64062	5.50	352341	83888	87208	54167	0	127078	282
1981	64062	5.50	352341	89760	83417	54167	0	124997	277
1982	64062	5.50	352341	96043	79625	54167	0	122506	272
1983	64062	5.50	352341	102766	75833	54167	0	119575	265
1984	64062	5.50	352341	109960	72042	54167	0	116172	258
1985	64062	5.50	352341	117658	68250	54167	0	112266	249
1986	64062	5.50	352341	125094	64458	54167	0	107822	239
1987	64062	5.50	352341	134707	60666	54167	0	102801	228
1988	64062	5.50	352341	144137	56875	54167	0	97162	215
1989	64062	5.50	352341	154226	53083	54167	0	90865	201
1990	64062	5.50	352341	165022	49291	54167	0	83861	186
1991	64062	5.50	352341	176573	45500	54167	0	76101	169
1992	64062	5.50	352341	188933	41708	54167	0	67533	150
1993	64062	5.50	352341	202158	37916	54167	0	58100	129
1994	64062	5.50	352341	216309	34125	54167	0	47740	106
1995	64062	5.50	352341	231451	30333	54167	0	36390	80
1996	64062	5.50	352341	247652	26541	54167	0	23981	53
1997	64062	5.50	352341	264987	22750	54167	0	10437	23
1998	64062	5.50	352341	283537	18958	54167	0	-4321	0
1999	64062	5.50	352341	303384	15166	54167	0	-20376	0
2000	64062	5.50	352341	324621	11375	54167	0	-37822	0
2001	64062	5.50	352341	347345	7583	54167	0	-56754	0
2002	64062	5.50	352341	371659	3791	54167	0	-77276	0

INTEREST RATE: 700 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1300000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 64700 DIRECT EXPENSE: 6300

ALASKA GSIP

CASH FLOW

(\$000)

YEAR	REVENUES	NET INCOME	TOTAL SHAREHOLDER DISTRIBUTION	DEPRECIATION AND AMORTIZATION	DISMANTLING RESERVE	PRINCIPAL PAYMENTS	NET CASH FLOW	CUMULATIVE CASH FLOW
	\$	\$	\$	\$	\$	\$	\$	\$
1979	352341	120774	115897	54167	7400	54167	20277	20277
1980	352341	127078	114370	54167	7918	54167	20626	40903
1981	352341	124997	112497	54167	8472	54167	20972	61875
1982	352341	122506	110255	54167	9065	54167	21316	83191
1983	352341	119575	107618	54167	9700	54167	21657	104848
1984	352341	116172	104555	54167	10379	54167	21996	126844
1985	352341	112266	101039	54167	11106	54167	22333	149177
1986	352341	107822	97040	54167	11883	54167	22665	171842
1987	352341	102801	92521	54167	12715	54167	22995	194837
1988	352341	97162	87446	54167	13605	54167	23321	218158
1989	352341	90865	81779	54167	14557	54167	23643	241801
1990	352341	83861	75475	54167	15576	54167	23962	265763
1991	352341	76101	68491	54167	16666	54167	24276	290039
1992	352341	67533	60780	54167	17833	54167	24586	314625
1993	352341	58100	52290	54167	19081	54167	24891	339516
1994	352341	47740	42966	54167	20417	54167	25191	364707
1995	352341	36390	32751	54167	21846	54167	25485	390192
1996	352341	23981	21583	54167	23375	54167	25773	415965
1997	352341	10437	9393	54167	25011	54167	26055	442020
1998	352341	-4321	0	54167	26762	54167	22441	464461
1999	352341	-20376	0	54167	28635	54167	8259	472720
2000	352341	-37022	0	54167	30639	54167	-7183	465537
2001	352341	-56754	0	54167	32784	54167	-23970	441567
2002	352341	-77276	0	54167	35079	54167	-42197	399370

INTEREST RATE: 700 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1300000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 64700 DIRECT EXPENSE: 6300

Schedule 19A

ALASKA GSOP

NET INCOME

(\$000)

YEAR	DELIVERY VOLUMES (000 BBL)	TARIFF	REVENUES	OPERATING EXPENSES	INTEREST	DEPRECIATION AND AMORTIZATION	INCOME TAX	NET INCOME	CITIZEN SHAREHOLDER INCOME	ACTUAL \$
		\$	\$	\$	\$	\$	\$	\$		
1977	64062	6.35	406794	73700	130000	54167	0	148927		330
1980	64062	6.35	406794	78859	124583	54167	0	149185		331
1981	64062	6.35	406794	84379	119167	54167	0	149081		331
1982	64062	6.35	406794	90286	113750	54167	0	140591		330
1983	64062	6.35	406794	96606	108333	54167	0	147688		328
1984	64062	6.35	406794	103368	102917	54167	0	146342		325
1985	64062	6.35	406794	110605	97500	54167	0	144522		321
1986	64062	6.35	406794	118347	92083	54167	0	142197		315
1987	64062	6.35	406794	126631	86666	54167	0	139330		309
1988	64062	6.35	406794	135495	81250	54167	0	135082		301
1989	64062	6.35	406794	144979	75033	54167	0	131815		292
1990	64062	6.35	406794	155128	70416	54167	0	127083		282
1991	64062	6.35	406794	165986	65000	54167	0	121641		270
1992	64062	6.35	406794	177605	59583	54167	0	115439		256
1993	64062	6.35	406794	190037	54166	54167	0	108424		240
1994	64062	6.35	406794	203340	48750	54167	0	100537		223
1995	64062	6.35	406794	217574	43333	54167	0	91720		203
1996	64062	6.35	406794	232804	37916	54167	0	81907		182
1997	64062	6.35	406794	249100	32499	54167	0	71028		157
1998	64062	6.35	406794	266538	27083	54167	0	59006		131
1999	64062	6.35	406794	285195	21666	54167	0	45766		101
2000	64062	6.35	406794	305159	16249	54167	0	31219		69
2001	64062	6.35	406794	326520	10833	54167	0	15274		33
2002	64062	6.35	406794	349377	5416	54167	0	-2166		0

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1300000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 60000 DIRECT EXPENSE: 6300

ALASKA 500F

CASH FLOW

(5000)

YEAR	REVENUES	NET INCOME	TOTAL SHAREHOLDER DISTRIBUTION	DEPRECIATION AND AMORTIZATION	DISMANTLING RESERVE	PRINCIPAL PAYMENTS	NET CASH FLOW	CUMULATIVE CASH FLOW
1979	406794	148227	134034	54167	7400	54167	22293	22293
1980	406794	142185	134267	54167	7918	54167	22036	45129
1981	406794	149081	134173	54167	8472	54167	23300	68509
1982	406794	148591	133733	54167	7065	54167	23924	92433
1983	406794	147608	132919	54167	9700	54167	24469	116902
1984	406794	146342	131708	54167	10379	54167	25013	141915
1985	406794	144522	130070	54167	11106	54167	25558	167473
1986	406794	142197	127977	54167	11883	54167	26103	193576
1987	406794	139330	125397	54167	12715	54167	26640	220224
1988	406794	135882	122294	54167	13605	54167	27193	247417
1989	406794	131015	118634	54167	14557	54167	27738	275155
1990	406794	127003	114375	54167	15576	54167	28284	303439
1991	406794	121641	109477	54167	16666	54167	28830	332269
1992	406794	115439	103093	54167	17833	54167	29377	361646
1993	406794	108424	97502	54167	19081	54167	29923	391569
1994	406794	100537	90483	54167	20417	54167	30471	422040
1995	406794	91720	82548	54167	21846	54167	31010	453058
1996	406794	81907	73716	54167	23375	54167	31566	484624
1997	406794	71028	63925	54167	25011	54167	32111	516738
1998	406794	59006	53105	54167	26762	54167	32663	549201
1999	406794	45766	41189	54167	28635	54167	33212	582613
2000	406794	31219	28097	54167	30639	54167	33761	616374
2001	406794	15274	13747	54167	32784	54167	34311	650685
2002	406794	-2166	0	54167	35079	54167	32913	683598

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1300000 POPULATION RATE: 000 POPULATION: 405

ALASKA EXPENSE: 60000 DIRECT EXPENSE: 6300

Schedule 20A

ALASKA OSUP

NET INCOME

(\$000)

YEAR	DELIVERY VOLUMES (000 BLS)	TARIFF	REVENUES	OPERATING EXPENSES	INTEREST	DEPRECIATION AND AMORTIZATION	INCOME TAX	NET INCOME	CITIZEN SHAREHOLDER INCOME
		\$	\$	\$	\$	\$	\$	\$	ACTUAL \$
1979	64062	6.35	406794	73700	105000	62500	0	165594	367
1980	64062	6.35	406794	78859	100625	62500	0	164810	366
1981	64062	6.35	406794	84379	96250	62500	0	163665	363
1982	64062	6.35	406794	90286	91875	62500	0	162133	360
1983	64062	6.35	406794	96606	87500	62500	0	160108	355
1984	64062	6.35	406794	103360	83125	62500	0	157801	350
1985	64062	6.35	406794	110605	78750	62500	0	154939	344
1986	64062	6.35	406794	118347	74375	62500	0	151572	336
1987	64062	6.35	406794	126631	70000	62500	0	147643	328
1988	64062	6.35	406794	135495	65625	62500	0	143174	318
1989	64062	6.35	406794	144979	61250	62500	0	138065	306
1990	64062	6.35	406794	155128	56875	62500	0	132291	293
1991	64062	6.35	406794	165906	52500	62500	0	125008	279
1992	64062	6.35	406794	177605	48125	62500	0	118564	263
1993	64062	6.35	406794	190037	43750	62500	0	110507	245
1994	64062	6.35	406794	203340	39375	62500	0	101579	225
1995	64062	6.35	406794	217574	35000	62500	0	91720	203
1996	64062	6.35	406794	232804	30625	62500	0	80865	179
1997	64062	6.35	406794	249100	26250	62500	0	68944	153
1998	64062	6.35	406794	266538	21875	62500	0	55881	124
1999	64062	6.35	406794	285195	17500	62500	0	41579	92
2000	64062	6.35	406794	305159	13125	62500	0	26010	57
2001	64062	6.35	406794	326520	8750	62500	0	9024	20
2002	64062	6.35	406794	349377	4375	62500	0	-9458	0

INTEREST RATE: 700 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1500000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 60000 DIRECT EXPENSE: 6300

ALASKA GSNP

CASH FLOW

(\$000)

YEAR	REVENUES	NET INCOME	TOTAL SHAREHOLDER DISTRIBUTION	DEPRECIATION AND AMORTIZATION	DISMANTLING RESERVE	PRINCIPAL PAYMENTS	NET CASH FLOW	CUMULATIVE CASH FLOW
	\$	\$	\$	\$	\$	\$	\$	\$
1979	406794	165594	149035	62500	7400	62500	23959	23959
1980	406794	164010	148329	62500	7910	62500	24399	48358
1981	406794	163665	147299	62500	8472	62500	24838	73196
1982	406794	162133	145920	62500	9065	62500	25278	98474
1983	406794	160188	144169	62500	9700	62500	25719	124193
1984	406794	157801	142021	62500	10379	62500	26159	150352
1985	406794	154939	139445	62500	11106	62500	26600	176952
1986	406794	151572	136415	62500	11803	62500	27040	203992
1987	406794	147663	132897	62500	12715	62500	27481	231473
1988	406794	143174	128857	62500	13605	62500	27923	259395
1989	406794	138065	124259	62500	14557	62500	28363	287758
1990	406794	132291	119062	62500	15576	62500	28805	316563
1991	406794	125800	113227	62500	16666	62500	29247	345810
1992	406794	118564	106798	62500	17833	62500	29689	375499
1993	406794	110507	99454	62500	19081	62500	30132	405631
1994	406794	101579	91421	62500	20417	62500	30575	436206
1995	406794	91720	82548	62500	21846	62500	31018	467224
1996	406794	80865	72779	62500	23375	62500	31461	498605
1997	406794	68944	62050	62500	25011	62500	31905	530590
1998	406794	55811	50293	62500	26762	62500	32350	562940
1999	406794	41599	37439	62500	28635	62500	32795	595735
2000	406794	26010	23409	62500	30639	62500	33240	628975
2001	406794	9024	8122	62500	32784	62500	33686	662661
2002	406794	-9458	0	62500	35079	62500	25621	688282

INTEREST RATE: 700 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1500000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 60000 DIRECT EXPENSE: 6300

Schedule 21A

ALASKA GSDP

NET INCOME

(\$000)

YEAR	DELIVERY VOLUMES (000 BBLs)	TARIFF	REVENUES	OPERATING EXPENSES	INTEREST	DEPRECIATION AND AMORTIZATION	INCOME TAX	NET INCOME	CITIZEN SHAREHOLDER INCOME	ACTUAL \$
		\$	\$	\$	\$	\$	\$	\$		
1982	85429	4.68	399000	103000	160000	66670	0	70138		155
1983	85429	4.68	399000	110210	153333	66670	0	69595		154
1984	85429	4.68	399000	117925	146666	66670	0	68547		152
1985	85429	4.68	399000	126179	139999	66670	0	66960		140
1986	85429	4.68	399000	135012	133332	66670	0	64794		143
1987	85429	4.68	399000	144463	126665	66670	0	62010		137
1988	85429	4.68	399000	154576	119990	66670	0	58564		130
1989	85429	4.68	399000	165395	113331	66670	0	54412		120
1990	85429	4.68	399000	176973	106664	66670	0	49501		110
1991	85429	4.68	399000	189360	99997	66670	0	43781		97
1992	85429	4.68	399000	202615	93330	66670	0	37193		82
1993	85429	4.68	399000	216797	86663	66670	0	29678		65
1994	85429	4.68	399000	231973	79996	66670	0	21169		47
1995	85429	4.68	399000	248211	73329	66670	0	11598		25
1996	85429	4.68	399000	265585	66662	66670	0	891		1
1997	85429	4.68	399000	284175	59995	66670	0	-11032		0
1998	85429	4.68	399000	304067	53328	66670	0	-24257		0
1999	85429	4.68	399000	32535	46661	66670	0	-38875		0
2000	85429	4.68	399000	34812	39994	66670	0	-54703		0
2001	85429	4.68	399000	372495	33327	66670	0	-72604		0
2002	85429	4.68	399000	398569	26660	66670	0	-92091		0
2003	85429	4.68	399000	426469	19993	66670	0	-113324		0
2004	85429	4.68	399000	456321	13326	66670	0	-136509		0
2005	85429	4.68	399000	488264	6659	66670	0	-161785		0

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1600000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 05000 DIRECT EXPENSE: 9000

Schedule J13

ALASKA GSOP

CASH FLOW

(\$000)

YEAR	REVENUES	NET INCOME	TOTAL SHAREHOLDER DISTRIBUTION	DEPRECIATION AND AMORTIZATION	DISHANTLING RESERVE	PRINCIPAL PAYMENTS	NET CASH FLOW	CUMULATIVE CASH FLOW
	\$	\$	\$	\$	\$	\$	\$	\$
1982	399800	70130	63124	66670	9000	66670	16014	16014
1983	399800	69595	62636	66670	9630	66670	16589	32603
1984	399800	68547	61692	66670	10304	66670	17159	49762
1985	399800	66960	60264	66670	11025	66670	17721	67483
1986	399800	64794	58315	66670	11797	66670	18276	85759
1987	399800	62010	55809	66670	12623	66670	10824	104503
1988	399800	58564	52708	66670	13507	66670	19363	123946
1989	399800	54412	48971	66670	14452	66670	19893	143039
1990	399800	49501	44551	66670	15464	66670	20414	164253
1991	399800	43701	39003	66670	16546	66670	20924	185177
1992	399800	37193	33474	66670	17704	66670	21423	206600
1993	399800	29670	26710	66670	18943	66670	21911	228511
1994	399800	21169	19052	66670	20269	66670	22386	250897
1995	399800	11590	10430	66670	21680	66670	22840	273745
1996	399800	891	802	66670	23206	66670	23295	297040
1997	399800	-11032	0	66670	24830	66670	13790	310030
1998	399800	-24257	0	66670	26568	66670	2311	313149
1999	399800	-38075	0	66670	28428	66670	-10447	302702
2000	399800	-54983	0	66670	30418	66670	-24565	278137
2001	399800	-72604	0	66670	32547	66670	-40137	238000
2002	399800	-92091	0	66670	34825	66670	-57266	180734
2003	399800	-113324	0	66670	37263	66670	-76061	104673
2004	399800	-136509	0	66670	39871	66670	-96630	8035
2005	399800	-161705	0	66670	42662	66670	-119123	-111088

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1600000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 85000 DIRECT EXPENSE: 9000

Schedule 22A

ALASKA GSOP

NET INCOME

(\$000)

YEAR	DELIVERY VOLUMES (000 BBL)	TARIFF	REVENUES	OPERATING EXPENSES	INTEREST	DEPRECIATION AND AMORTIZATION	INCOME TAX	NET INCOME	CITIZEN SHAREHOLDER INCOME
		\$	\$	\$	\$	\$	\$	\$	ACTUAL \$
1982	85429	4.60	399800	92500	101500	60417	0	145391	323
1983	85429	4.60	399800	90975	97271	60417	0	143145	318
1984	85429	4.60	399800	105904	93042	60417	0	140445	312
1985	85429	4.60	399800	113317	80012	60417	0	137262	305
1986	85429	4.60	399800	121250	84503	60417	0	133558	294
1987	85429	4.60	399800	129730	80354	60417	0	129299	287
1988	85429	4.60	399800	130021	76125	60417	0	124445	276
1989	85429	4.60	399800	140530	71896	60417	0	118957	264
1990	85429	4.60	399800	150937	67666	60417	0	112780	250
1991	85429	4.60	399800	170062	63437	60417	0	105092	235
1992	85429	4.60	399800	181966	59208	60417	0	98217	210
1993	85429	4.60	399800	194704	54977	60417	0	89708	199
1994	85429	4.60	399800	208334	50750	60417	0	80307	178
1995	85429	4.60	399800	222917	46521	60417	0	69953	155
1996	85429	4.60	399800	230521	42291	60417	0	58579	130
1997	85429	4.60	399800	255217	38062	60417	0	46112	102
1998	85429	4.60	399800	273082	33833	60417	0	32476	72
1999	85429	4.60	399800	292198	29604	60417	0	17509	39
2000	85429	4.60	399800	312652	25375	60417	0	1364	3
2001	85429	4.60	399800	334537	21145	60417	0	-16291	0
2002	85429	4.60	399800	357954	16916	60417	0	-35479	0
2003	85429	4.60	399800	383011	12687	60417	0	-56307	0
2004	85429	4.60	399800	409021	8450	60417	0	-78008	0
2005	85429	4.60	399800	438508	4229	60417	0	-103346	0

INTEREST RATE: 700 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1450000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 75000 DIRECT EXPENSE: 9000

ALASKA GSUP

CASH FLOW

(5000)

YEAR	REVENUES	NET INCOME	TOTAL SHAREHOLDER DISTRIBUTION	DEPRECIATION AND AMORTIZATION	DISMANTLING RESERVE	PRINCIPAL PAYMENTS	NET CASH FLOW	CUMULATIVE CASH FLOW
	\$	\$	\$	\$	\$	\$	\$	\$
1902	399008	145391	130052	60417	8500	60417	23039	23039
1903	399008	143145	128031	60417	9095	60417	23409	46448
1904	399008	140445	126401	60417	9732	60417	23776	70224
1905	399008	137262	123536	60417	10413	60417	24139	94363
1906	399008	133550	120202	60417	11142	60417	24498	118061
1907	399008	129299	116369	60417	11922	60417	24852	143713
1908	399008	124445	112001	60417	12757	60417	25201	168914
1909	399008	118957	107061	60417	13650	60417	25546	194460
1990	399008	112700	101509	60417	14606	60417	25885	220345
1991	399008	105892	95303	60417	15628	60417	26217	246562
1992	399008	98217	88395	60417	16722	60417	26544	273106
1993	399008	89708	80737	60417	17893	60417	26864	299970
1994	399008	80307	72276	60417	19146	60417	27177	327147
1995	399008	69953	62950	60417	20486	60417	27481	354628
1996	399008	58579	52721	60417	21920	60417	27778	382406
1997	399008	46112	41501	60417	23454	60417	28065	410471
1998	399008	32476	29228	60417	25096	60417	28344	438815
1999	399008	17589	15830	60417	26857	60417	28612	467427
2000	399008	1364	1228	60417	28733	60417	28869	496296
2001	399008	-16291	0	60417	30744	60417	14453	510749
2002	399008	-35479	0	60417	32896	60417	-2503	508166
2003	399008	-56307	0	60417	35199	60417	-21108	487058
2004	399008	-78888	0	60417	37663	60417	-41225	445833
2005	399008	-103346	0	60417	40299	60417	-63047	382786

INTEREST RATE: 700 TAX RATE: 0 INFLATION RATE: 0%

PIPELINE VALUE: 1450000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 75000 DIRECT EXPENSE: 9000

ALASKA GSOP

NET INCOME

(\$000)

YEAR	DELIVERY VOLUMES (000 BBL)	TARIFF	REVENUES	OPERATING EXPENSES	INTEREST	DEPRECIATION AND AMORTIZATION	INCOME TAX	NET INCOME	CITIZEN SHAREHOLDER INCOME	ACTUAL \$
		\$	\$	\$	\$	\$	\$	\$		\$
1982	85429	5.00	427145	103000	160000	66670	0	97475	216	
1983	85429	5.00	427145	110210	153333	66670	0	96932	215	
1984	85429	5.00	427145	117925	146666	66670	0	95884	213	
1985	85429	5.00	427145	126179	139999	66670	0	94297	209	
1986	85429	5.00	427145	135012	133332	66670	0	92131	204	
1987	85429	5.00	427145	144463	126665	66670	0	89347	198	
1988	85429	5.00	427145	154576	119998	66670	0	85901	190	
1989	85429	5.00	427145	165395	113331	66670	0	81749	181	
1990	85429	5.00	427145	176973	106664	66670	0	76838	170	
1991	85429	5.00	427145	189360	99997	66670	0	71118	158	
1992	85429	5.00	427145	202615	93330	66670	0	64530	143	
1993	85429	5.00	427145	216797	86663	66670	0	57015	126	
1994	85429	5.00	427145	231973	79996	66670	0	48506	107	
1995	85429	5.00	427145	248211	73329	66670	0	38935	86	
1996	85429	5.00	427145	265585	66662	66670	0	28220	62	
1997	85429	5.00	427145	284175	59995	66670	0	16305	36	
1998	85429	5.00	427145	304067	53328	66670	0	3000	6	
1999	85429	5.00	427145	325352	46661	66670	0	-11530	0	
2000	85429	5.00	427145	348127	39994	66670	0	-27646	0	
2001	85429	5.00	427145	372495	33327	66670	0	-45347	0	
2002	85429	5.00	427145	398569	26660	66670	0	-64754	0	
2003	85429	5.00	427145	426469	19993	66670	0	-85987	0	
2004	85429	5.00	427145	456321	13326	66670	0	-109172	0	
2005	85429	5.00	427145	480264	6659	66670	0	-134448	0	

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1600000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 85000 DIRECT EXPENSE: 9000

Schedule 23B

ALASKA GSOP

CASH FLOW

(\$000)

YEAR	REVENUES	NET INCOME	TOTAL SHAREHOLDER DISTRIBUTION	DEPRECIATION AND AMORTIZATION	DISHANTLING RESERVE	PRINCIPAL PAYMENTS	NET CASH FLOW	CUMULATIVE CASH FLOW
	\$	\$	\$	\$	\$	\$	\$	\$
1982	427145	97475	87728	66670	9000	66670	18747	18747
1983	427145	96932	87239	66670	9630	66670	19323	38070
1984	427145	95884	86296	66670	10304	66670	19892	57962
1985	427145	94297	84867	66670	11025	66670	20455	78417
1986	427145	92131	82918	66670	11797	66670	21010	99427
1987	427145	89347	80412	66670	12623	66670	21558	120985
1988	427145	85901	77311	66670	13507	66670	22097	143082
1989	427145	81749	73574	66670	14452	66670	22627	165709
1990	427145	76838	69154	66670	15464	66670	23148	188857
1991	427145	71110	64006	66670	16546	66670	23658	212515
1992	427145	64530	58077	66670	17704	66670	24157	236672
1993	427145	57015	51314	66670	18943	66670	24644	261316
1994	427145	48506	43655	66670	20269	66670	25120	286436
1995	427145	38935	35042	66670	21688	66670	25581	312017
1996	427145	28220	25405	66670	23206	66670	26029	338046
1997	427145	16305	14675	66670	24830	66670	26460	364506
1998	427145	3080	2772	66670	26568	66670	26876	391382
1999	427145	-11538	0	66670	28420	66670	16890	408272
2000	427145	-27646	0	66670	30418	66670	2772	411044
2001	427145	-45347	0	66670	32547	66670	-12800	398244
2002	427145	-64754	0	66670	34825	66670	-29929	368315
2003	427145	-85987	0	66670	37263	66670	-48724	319591
2004	427145	-109172	0	66670	39871	66670	-69301	250290
2005	427145	-134448	0	66670	42662	66670	-91786	158504

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1600000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 85000 DIRECT EXPENSE: 9000

Schedule 24A

ALASKA GSOP

NET INCOME

(\$000)

YEAR	DELIVERY VOLUMES (000 BRLS)	TARIFF	REVENUES	OPERATING EXPENSES	INTEREST	DEPRECIATION AND AMORTIZATION	INCOME TAX	NET INCOME	CITIZEN SHAREHOLDER INCOME	ACTUAL \$
1982	85429	5.00	427145	103000	150000	66670	0	107475	238	238
1983	85429	5.00	427145	110210	144990	66670	0	105275	233	233
1984	85429	5.00	427145	117925	131940	66670	0	110610	245	245
1985	85429	5.00	427145	126179	126930	66670	0	107366	238	238
1986	85429	5.00	427145	135012	116110	66670	0	107353	243	243
1987	85429	5.00	427145	144463	110790	66670	0	105222	233	233
1988	85429	5.00	427145	154576	105460	66670	0	100439	223	223
1989	85429	5.00	427145	165395	100130	66670	0	94950	211	211
1990	85429	5.00	427145	176973	94810	66670	0	88692	197	197
1991	85429	5.00	427145	189369	83980	66670	0	87135	193	193
1992	85429	5.00	427145	202615	73150	66670	0	84710	188	188
1993	85429	5.00	427145	216797	67820	66670	0	78858	168	168
1994	85429	5.00	427145	231973	58470	66670	0	70032	155	155
1995	85429	5.00	427145	240211	56120	66670	0	56144	124	124
1996	85429	5.00	427145	265585	53770	66670	0	41120	91	91
1997	85429	5.00	427145	284175	51420	66670	0	24800	55	55
1998	85429	5.00	427145	304067	49070	66670	0	7338	16	16
1999	85429	5.00	427145	325352	41350	66670	0	-6227	0	0
2000	85429	5.00	427145	340137	34560	66670	0	-23212	0	0
2001	85429	5.00	427145	372495	26360	66670	0	-38380	0	0
2002	85429	5.00	427145	390569	25470	66670	0	-63564	0	0
2003	85429	5.00	427145	426469	24580	66670	0	-90574	0	0
2004	85429	5.00	427145	456321	23690	66670	0	-119536	0	0
2005	85429	5.00	427145	480264	22800	66670	0	-150509	0	0

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1500000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 05000 DIRECT EXPENSE: 9000

ALASKA GSDP

CASH FLOW

(\$000)

YEAR	REVENUES	NET INCOME	TOTAL SHAREHOLDER DISTRIBUTION	DEPRECIATION AND AMORTIZATION	DISMANTLING RESERVE	PRINCIPAL PAYMENTS	NET CASH FLOW	CUMULATIVE CASH FLOW
	\$	\$	\$	\$	\$	\$	\$	\$
1982	427145	107475	96720	66670	9000	50100	36317	36317
1983	427145	105275	94740	66670	9630	130500	-43673	-7356
1984	427145	110610	99549	66670	10304	50100	37935	30579
1985	427145	107366	96629	66670	11025	108200	-19768	10811
1986	427145	109353	98418	66670	11797	53200	36202	47013
1987	427145	105222	94700	66670	12623	53300	36515	83528
1988	427145	100439	90395	66670	13507	53300	36921	120449
1989	427145	94950	85455	66670	14452	53200	37417	157866
1990	427145	88692	79823	66670	15464	108300	-17297	140569
1991	427145	87135	70422	66670	16546	108300	-16371	124190
1992	427145	84710	76239	66670	17704	53300	39545	163743
1993	427145	75058	68272	66670	18943	93500	-301	163442
1994	427145	70032	63029	66670	20269	23500	70442	233804
1995	427145	56144	50530	66670	21680	23500	70472	304356
1996	427145	41120	37008	66670	23206	23500	70488	374044
1997	427145	24800	22392	66670	24030	23500	70400	445332
1998	427145	7338	6604	66670	26560	77200	16772	462104
1999	427145	-6227	0	66670	28420	67900	20971	483075
2000	427145	-22212	0	66670	30410	82000	-7124	475951
2001	427145	-38300	0	66670	32547	8900	51937	527088
2002	427145	-63564	0	66670	34025	8900	29031	556919
2003	427145	-90574	0	66670	37263	8900	4459	561370
2004	427145	-119536	0	66670	39871	8900	-21895	539483
2005	427145	-150589	0	66670	42662	152000	-193257	346226

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1500000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 85000 DIRECT EXPENSE: 9000

ALASKA GSUP

NET INCOME

(\$000)

YEAR	DELIVERY VOLUMES (000 BBLs)	TARIFF	REVENUES	OPERATING EXPENSES	INTEREST	DEPRECIATION AND AMORTIZATION	INCOME TAX	NET INCOME	CITIZEN SHAREHOLDER INCOME
		\$	\$	\$	\$	\$	\$	\$	ACTUAL \$
1982	85429	5.00	427145	103000	112000	66670	0	145475	323
1983	85429	5.00	427145	110210	107333	66670	0	142932	317
1984	85429	5.00	427145	117925	102666	66670	0	139884	310
1985	85429	5.00	427145	126179	97999	66670	0	136297	302
1986	85429	5.00	427145	135012	93332	66670	0	132131	293
1987	85429	5.00	427145	144463	88666	66670	0	127346	282
1988	85429	5.00	427145	154576	83999	66670	0	121900	270
1989	85429	5.00	427145	165395	79332	66670	0	115740	257
1990	85429	5.00	427145	176973	74665	66670	0	100037	241
1991	85429	5.00	427145	189360	69998	66670	0	101117	224
1992	85429	5.00	427145	202615	65331	66670	0	92529	205
1993	85429	5.00	427145	216797	60664	66670	0	83014	184
1994	85429	5.00	427145	231973	55997	66670	0	72505	161
1995	85429	5.00	427145	240211	51330	66670	0	60934	135
1996	85429	5.00	427145	265505	46663	66670	0	48227	107
1997	85429	5.00	427145	204175	41997	66670	0	34303	76
1998	85429	5.00	427145	304067	37330	66670	0	19078	42
1999	85429	5.00	427145	325352	32663	66670	0	2460	5
2000	85429	5.00	427145	348127	27996	66670	0	-15648	0
2001	85429	5.00	427145	372495	23329	66670	0	-35349	0
2002	85429	5.00	427145	398569	18662	66670	0	-56756	0
2003	85429	5.00	427145	426469	13995	66670	0	-79989	0
2004	85429	5.00	427145	456321	9320	66670	0	-105174	0
2005	85429	5.00	427145	488264	4661	66670	0	-132450	0

INTEREST RATE: 700 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1600000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 85000 DIRECT EXPENSE: 9000

ALASKA GSUP

CASH FLOW

(\$000)

YEAR	REVENUES	NET INCOME	TOTAL SHAREHOLDER DISTRIBUTION	DEPRECIATION AND AMORTIZATION	DISHANTLING RESERVE	PRINCIPAL PAYMENTS	NET CASH FLOW	CUMULATIVE CASH FLOW
	\$	\$	\$	\$	\$	\$	\$	\$
1982	427145	145475	130920	66670	9000	66670	23547	23547
1983	427145	142932	128639	66670	7630	66670	23923	47470
1984	427145	139884	125896	66670	10304	66670	24292	71762
1985	427145	136297	122667	66670	11025	66670	24655	96417
1986	427145	132131	118910	66670	11797	66670	25010	121427
1987	427145	127346	114611	66670	12623	66670	25358	146785
1988	427145	121900	109710	66670	13507	66670	25697	172482
1989	427145	115748	104173	66670	14452	66670	26027	198509
1990	427145	108837	97953	66670	15464	66670	26348	224857
1991	427145	101117	91005	66670	16546	66670	26658	251515
1992	427145	92529	83276	66670	17704	66670	26957	278472
1993	427145	83014	74713	66670	18943	66670	27244	305716
1994	427145	72505	65255	66670	20269	66670	27519	333235
1995	427145	60934	54841	66670	21688	66670	27781	361016
1996	427145	48227	43404	66670	23206	66670	28029	389045
1997	427145	34303	30873	66670	24830	66670	28260	417305
1998	427145	19078	17170	66670	26568	66670	28476	445781
1999	427145	2460	2214	66670	28428	66670	28674	474455
2000	427145	-15648	0	66670	30418	66670	14770	489225
2001	427145	-35349	0	66670	32547	66670	-2802	486423
2002	427145	-56756	0	66670	34825	66670	-21931	464492
2003	427145	-79989	0	66670	37263	66670	-42726	421766
2004	427145	-105174	0	66670	39871	66670	-65303	356463
2005	427145	-132450	0	66670	42662	66670	-89788	266675

INTEREST RATE: 700 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1600000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 85000 DIRECT EXPENSE: 9000

ALASKA GSUP

NET INCOME

(\$000)

YEAR	DELIVERY VOLUMES (000 BBL)	TARIFF	REVENUES	OPERATING EXPENSES	INTEREST	DEPRECIATION AND AMORTIZATION	INCOME TAX	NET INCOME	CITIZEN SHAREHOLDER INCOME
		\$	\$	\$	\$	\$	\$	\$	ACTUAL \$
1982	85429	5.25	448502	92500	145000	60147	0	150855	335
1983	85429	5.25	448502	98975	138985	60147	0	150395	334
1984	85429	5.25	448502	105904	132971	60147	0	149480	332
1985	85429	5.25	448502	113317	126956	60147	0	148002	329
1986	85429	5.25	448502	121250	120941	60147	0	146164	324
1987	85429	5.25	448502	129738	114927	60147	0	143690	319
1988	85429	5.25	448502	138821	108912	60147	0	140622	312
1989	85429	5.25	448502	148538	102897	60147	0	136920	304
1990	85429	5.25	448502	158937	96882	60147	0	132536	294
1991	85429	5.25	448502	170062	90868	60147	0	127425	283
1992	85429	5.25	448502	181966	84853	60147	0	121536	270
1993	85429	5.25	448502	194704	78838	60147	0	114813	255
1994	85429	5.25	448502	208334	72824	60147	0	107197	238
1995	85429	5.25	448502	222917	66809	60147	0	98629	219
1996	85429	5.25	448502	238521	60794	60147	0	89040	197
1997	85429	5.25	448502	255217	54780	60147	0	78358	174
1998	85429	5.25	448502	273002	48765	60147	0	66508	147
1999	85429	5.25	448502	292198	42750	60147	0	53407	118
2000	85429	5.25	448502	312652	36735	60147	0	38968	86
2001	85429	5.25	448502	334537	30721	60147	0	23097	51
2002	85429	5.25	448502	357954	24706	60147	0	5693	12
2003	85429	5.25	448502	383011	18691	60147	0	-13347	0
2004	85429	5.25	448502	409821	12677	60147	0	-34143	0
2005	85429	5.25	448502	438500	6662	60147	0	-56815	0

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1450000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 75000 DIRECT EXPENSE: 9000

ALASKA GSOP

CASH FLOW

(5000)

YEAR	REVENUES	NET INCOME	TOTAL SHAREHOLDER DISTRIBUTION	DEPRECIATION AND AMORTIZATION	DISMANTLING RESERVE	PRINCIPAL PAYMENTS	NET CASH FLOW	CUMULATIVE CASH FLOW
	\$	\$	\$	\$	\$	\$	\$	\$
1982	448502	150855	135770	60147	8500	60147	23585	23585
1983	448502	150395	135356	60147	9095	60147	24134	47719
1984	448502	149400	134532	60147	9732	60147	24680	72399
1985	448502	148082	133274	60147	10413	60147	25221	97620
1986	448502	146164	131540	60147	11142	60147	25758	123378
1987	448502	143690	129321	60147	11922	60147	26291	149669
1988	448502	140622	126560	60147	12757	60147	26819	176488
1989	448502	136920	123220	60147	13650	60147	27342	203830
1990	448502	132536	119282	60147	14606	60147	27860	231690
1991	448502	127425	114683	60147	15628	60147	28370	260060
1992	448502	121536	109382	60147	16722	60147	28876	288936
1993	448502	114813	103332	60147	17893	60147	29374	318310
1994	448502	107197	96477	60147	19146	60147	29866	348176
1995	448502	98629	88766	60147	20486	60147	30349	378525
1996	448502	89040	80136	60147	21920	60147	30824	409349
1997	448502	78358	70522	60147	23454	60147	31290	440639
1998	448502	66500	59857	60147	25096	60147	31747	472386
1999	448502	53407	48066	60147	26853	60147	32194	504580
2000	448502	38968	35071	60147	28733	60147	32630	537210
2001	448502	23097	20787	60147	30744	60147	33054	570264
2002	448502	5695	5126	60147	32896	60147	33465	603729
2003	448502	-13347	0	60147	35199	60147	21052	625581
2004	448502	-34143	0	60147	37643	60147	3520	629101
2005	448502	-56815	0	60147	40299	60147	-16516	612585

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1450000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 75000 DIRECT EXPENSE: 9000

ALASKA GSOP

NET INCOME

(5000)

YEAR	DELIVERY VOLUMES (000 MBL'S)		TARIFF	REVENUES	OPERATING EXPENSES	INTEREST	DEPRECIATION AND AMORTIZATION		INCOME TAX	NET INCOME	CITIZEN SHAREHOLDER INCOME
	DELIVERY	VOLUMES					AMORTIZATION	TAX			
1982	85429	5.50	469860	92500	160000	66667	0	0	150693	334	
1983	85429	5.50	469860	90975	153333	66667	0	0	150805	335	
1984	85429	5.50	469860	105704	146667	66667	0	0	150622	334	
1985	85429	5.50	469860	113317	140000	66667	0	0	149876	333	
1986	85429	5.50	469860	121250	133333	66667	0	0	148610	330	
1987	85429	5.50	469860	129730	126667	66667	0	0	146708	326	
1988	85429	5.50	469860	130021	120000	66667	0	0	144372	320	
1989	85429	5.50	469860	140530	113333	66667	0	0	141322	314	
1990	85429	5.50	469860	158937	106666	66667	0	0	137590	305	
1991	85429	5.50	469860	170062	100000	66667	0	0	133131	295	
1992	85429	5.50	469860	181966	93333	66667	0	0	127894	284	
1993	85429	5.50	469860	194704	86666	66667	0	0	121823	270	
1994	85429	5.50	469860	208334	80000	66667	0	0	114859	255	
1995	85429	5.50	469860	222917	73333	66667	0	0	106943	237	
1996	85429	5.50	469860	238521	66666	66667	0	0	98006	217	
1997	85429	5.50	469860	255217	60000	66667	0	0	87976	195	
1998	85429	5.50	469860	273082	53333	66667	0	0	76778	170	
1999	85429	5.50	469860	292198	46666	66667	0	0	64329	142	
2000	85429	5.50	469860	312652	39999	66667	0	0	50542	112	
2001	85429	5.50	469860	334537	33333	66667	0	0	35323	78	
2002	85429	5.50	469860	357954	26666	66667	0	0	18573	41	
2003	85429	5.50	469860	385011	19999	66667	0	0	183	0	
2004	85429	5.50	469860	409821	13333	66667	0	0	-19941	0	
2005	85429	5.50	469860	430508	6666	66667	0	0	-41901	0	

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1600000 FURIGATION RATE: 000 FURIGATION: 405

ALASKA EXPENSE: 75000 DIRECT EXPENSE: 9000

ALASKA GSDP

CASH FLOW

(\$000)

YEAR	REVENUES	NET INCOME	TOTAL SHAREHOLDER DISTRIBUTION	DEPRECIATION AND AMORTIZATION	DISMANTLING RESERVE	PRINCIPAL PAYMENTS	NET CASH FLOW	CUMULATIVE CASH FLOW
	\$	\$	\$	\$	\$	\$	\$	\$
1902	469860	150693	135624	66667	8500	66667	23569	23569
1903	469860	150005	135797	66667	9095	66667	24103	47752
1904	469860	150622	135560	66667	9732	66667	24794	72546
1905	469860	149076	134000	66667	10413	66667	25401	97947
1906	469860	140610	133749	66667	11142	66667	26003	123950
1907	469860	146700	132109	66667	11922	66667	26601	150551
1908	469860	144372	129935	66667	12757	66667	27194	177745
1909	469860	141322	127190	66667	13650	66667	27702	205527
1990	469860	137590	123031	66667	14606	66667	28365	233892
1991	469860	133131	119810	66667	15620	66667	28941	262033
1992	469860	127894	115105	66667	16722	66667	29511	292344
1993	469860	121023	109641	66667	17893	66667	30075	322419
1994	469860	114859	103373	66667	19146	66667	30632	353051
1995	469860	106743	96249	66667	20406	66667	31100	384231
1996	469860	98006	88205	66667	21920	66667	31721	415952
1997	469860	87976	79170	66667	23454	66667	32252	448204
1998	469860	76778	69100	66667	25096	66667	32774	480970
1999	469860	64329	57096	66667	26853	66667	33206	514264
2000	469860	50542	45400	66667	28733	66667	33707	548051
2001	469860	35323	31791	66667	30744	66667	34276	582327
2002	469860	18574	16716	66667	32896	66667	34753	617080
2003	469860	103	165	66667	35199	66667	35217	652297
2004	469860	-19961	0	66667	37663	66667	17702	669999
2005	469860	-41901	0	66667	40299	66667	-1602	668317

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1600000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 75000 DIRECT EXPENSE: 9000

Schedule 28A

ALASKA GSDF

NET INCOME

(\$000)

YEAR	DELIVERY VOLUMES (000 DRLS)	TARIFF	REVENUES	OPERATING EXPENSES	INTEREST	DEPRECIATION AND AMORTIZATION	INCOME TAX	NET INCOME	CITIZEN SHAREHOLDER INCOME
		\$	\$	\$	\$	\$	\$	\$	ACTUAL \$
1982	85429	5.50	469860	92500	150000	62500	0	164060	366
1983	85429	5.50	469860	90975	143750	62500	0	164635	365
1984	85429	5.50	469860	105904	137500	62500	0	163956	364
1985	85429	5.50	469860	113317	131250	62500	0	163793	361
1986	85429	5.50	469860	121250	125000	62500	0	161110	358
1987	85429	5.50	469860	129738	118750	62500	0	158072	353
1988	85429	5.50	469860	138821	112500	62500	0	156039	346
1989	85429	5.50	469860	148538	106250	62500	0	153572	339
1990	85429	5.50	469860	158937	100000	62500	0	148423	329
1991	85429	5.50	469860	170062	93750	62500	0	143540	318
1992	85429	5.50	469860	181966	87500	62500	0	137894	306
1993	85429	5.50	469860	194704	81250	62500	0	131406	292
1994	85429	5.50	469860	208334	75000	62500	0	124026	275
1995	85429	5.50	469860	222917	68750	62500	0	115693	257
1996	85429	5.50	469860	238521	62500	62500	0	106339	236
1997	85429	5.50	469860	255217	56250	62500	0	95893	213
1998	85429	5.50	469860	273002	50000	62500	0	84278	187
1999	85429	5.50	469860	292198	43750	62500	0	71412	158
2000	85429	5.50	469860	312652	37500	62500	0	57208	127
2001	85429	5.50	469860	334537	31250	62500	0	41573	92
2002	85429	5.50	469860	357954	25000	62500	0	24406	54
2003	85429	5.50	469860	383011	18750	62500	0	5599	12
2004	85429	5.50	469860	409821	12500	62500	0	-14961	0
2005	85429	5.50	469860	438508	6250	62500	0	-37390	0

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1500000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 75000 DIRECT EXPENSE: 9000

Schedule 28E

ALASKA GSDF

CASH FLOW

(\$000)

YEAR	REVENUES	NET INCOME	TOTAL SHAREHOLDER DISTRIBUTION	DEPRECIATION AND AMORTIZATION	DISHANTLING RESERVE	PRINCIPAL PAYMENTS	NET CASH FLOW	CUMULATIVE CASH FLOW
	\$	\$	\$	\$	\$	\$	\$	\$
1982	469860	164860	148374	62500	8500	62500	24986	24986
1983	469860	164635	148172	62500	9095	62500	25558	50544
1984	469860	163956	147560	62500	9732	62500	26128	76672
1985	469860	162793	146514	62500	10413	62500	26692	103364
1986	469860	161110	144999	62500	11142	62500	27253	130617
1987	469860	158872	142985	62500	11922	62500	27809	158426
1988	469860	156039	140435	62500	12757	62500	28361	186787
1989	469860	152572	137315	62500	13650	62500	28907	215694
1990	469860	148423	133581	62500	14606	62500	29448	245142
1991	469860	143548	129193	62500	15628	62500	29983	275125
1992	469860	137894	124105	62500	16722	62500	30511	305636
1993	469860	131406	118265	62500	17893	62500	31034	336670
1994	469860	124026	111623	62500	19146	62500	31549	368219
1995	469860	115693	104124	62500	20486	62500	32055	400274
1996	469860	106339	95705	62500	21920	62500	32554	432828
1997	469860	95893	86304	62500	23454	62500	33043	465871
1998	469860	84278	75850	62500	25096	62500	33524	499395
1999	469860	71412	64271	62500	26853	62500	33994	533389
2000	469860	57208	51487	62500	28733	62500	34454	567843
2001	469860	41573	37416	62500	30744	62500	34901	602744
2002	469860	24406	21965	62500	32896	62500	35337	638081
2003	469860	5599	5039	62500	35199	62500	35759	673840
2004	469860	-14961	0	62500	37663	62500	22702	696542
2005	469860	-37398	0	62500	40299	62500	2901	699443

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1500000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 75000 DIRECT EXPENSE: 9000

Schedule 29A

ALASKA GSOF

NET INCOME

(\$000)

YEAR	DELIVERY VOLUMES (000 BBL.S)	TARIFF	REVENUES	OPERATING EXPENSES	INTEREST	DEPRECIATION AND AMORTIZATION	INCOME TAX	NET INCOME	CITIZEN SHAREHOLDER INCOME
		\$	\$	\$	\$	\$	\$	\$	ACTUAL \$
1982	85429	5.50	469860	92500	112000	66667	0	190693	441
1983	85429	5.50	469860	90975	107333	66667	0	196805	437
1984	85429	5.50	469860	105904	102667	66667	0	194622	432
1985	85429	5.50	469860	113317	90000	66667	0	191076	426
1986	85429	5.50	469860	121250	93333	66667	0	188610	419
1987	85429	5.50	469860	129738	80667	66667	0	184700	410
1988	85429	5.50	469860	138821	84000	66667	0	180372	400
1989	85429	5.50	469860	140538	79333	66667	0	175322	389
1990	85429	5.50	469860	158937	74666	66667	0	169590	376
1991	85429	5.50	469860	170062	70000	66667	0	163131	362
1992	85429	5.50	469860	181966	65333	66667	0	155894	346
1993	85429	5.50	469860	194704	60666	66667	0	147823	328
1994	85429	5.50	469860	208334	56000	66667	0	138859	308
1995	85429	5.50	469860	222917	51333	66667	0	128943	286
1996	85429	5.50	469860	238521	46666	66667	0	118006	262
1997	85429	5.50	469860	255217	42000	66667	0	105976	235
1998	85429	5.50	469860	273002	37333	66667	0	92770	206
1999	85429	5.50	469860	292198	32666	66667	0	78329	174
2000	85429	5.50	469860	312652	28000	66667	0	62541	138
2001	85429	5.50	469860	334537	23333	66667	0	45323	100
2002	85429	5.50	469860	357954	18666	66667	0	26573	59
2003	85429	5.50	469860	383011	14000	66667	0	6182	13
2004	85429	5.50	469860	409821	9333	66667	0	-15961	0
2005	85429	5.50	469860	438508	4666	66667	0	-39981	0

INTEREST RATE: 700 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 160000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 75000 DIRECT EXPENSE: 9000

ALASKA GSOP

CASH FLOW

(5000)

YEAR	REVENUES	NET INCOME	TOTAL SHAREHOLDER DISTRIBUTION	DEPRECIATION AND AMORTIZATION	DISHANTLING RESERVE	PRINCIPAL PAYMENTS	NET CASH FLOW	CUMULATIVE CASH FLOW
	\$	\$	\$	\$	\$	\$	\$	\$
1982	469060	198693	170824	66667	8500	66667	28369	28369
1983	469060	176805	177197	66667	9095	66667	28783	57152
1984	469060	194622	175160	66667	9732	66667	29194	86346
1985	469060	191076	172688	66667	10413	66667	29601	115947
1986	469060	188610	169749	66667	11142	66667	30003	145950
1987	469060	184700	166309	66667	11922	66667	30401	176351
1988	469060	180372	162335	66667	12759	66667	30794	207145
1989	469060	175322	157790	66667	13650	66667	31182	238327
1990	469060	169590	152631	66667	14606	66667	31565	269892
1991	469060	163131	146810	66667	15628	66667	31941	301833
1992	469060	155894	140303	66667	16722	66667	32311	334144
1993	469060	147023	133041	66667	17893	66667	32675	366819
1994	469060	138059	124973	66667	19146	66667	33032	399851
1995	469060	128943	116049	66667	20406	66667	33380	433231
1996	469060	118006	106205	66667	21920	66667	33721	466952
1997	469060	105976	95370	66667	23454	66667	34052	501004
1998	469060	92778	83500	66667	25096	66667	34374	535378
1999	469060	78329	70496	66667	26853	66667	34686	570064
2000	469060	62541	56207	66667	28733	66667	34987	605051
2001	469060	45323	40791	66667	30744	66667	35276	640327
2002	469060	26573	23916	66667	32896	66667	35553	675880
2003	469060	6102	5564	66667	35199	66667	35817	711697
2004	469060	-15961	0	66667	37663	66667	21702	733399
2005	469060	-39901	0	66667	40299	66667	318	733717

INTEREST RATE: 700 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1600000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 75000 DIRECT EXPENSE: 9000

ALASKA GSUP

NET INCOME

(\$000)

YEAR	DELIVERY VOLUMES (000 BBL)	TARIFF	REVENUES	OPERATING EXPENSES	INTEREST	DEPRECIATION AND AMORTIZATION	INCOME TAX	NET INCOME	CITIZEN SHAREHOLDER INCOME
			\$	\$	\$	\$	\$	\$	ACTUAL \$
1982	85429	5.50	469860	103000	105000	62500	0	199360	443
1983	85429	5.50	469860	110210	100625	62500	0	196525	436
1984	85429	5.50	469860	117925	96250	62500	0	193185	429
1985	85429	5.50	469860	126179	91075	62500	0	189306	420
1986	85429	5.50	469860	135012	87500	62500	0	184848	410
1987	85429	5.50	469860	144463	83125	62500	0	179772	399
1988	85429	5.50	469860	154576	78750	62500	0	174034	386
1989	85429	5.50	469860	165395	74375	62500	0	167590	372
1990	85429	5.50	469860	176973	70000	62500	0	160387	356
1991	85429	5.50	469860	189360	65625	62500	0	152375	338
1992	85429	5.50	469860	202615	61250	62500	0	143495	318
1993	85429	5.50	469860	216797	56875	62500	0	133688	297
1994	85429	5.50	469860	231973	52500	62500	0	122887	273
1995	85429	5.50	469860	248211	48125	62500	0	111024	246
1996	85429	5.50	469860	265585	43750	62500	0	98025	217
1997	85429	5.50	469860	284175	39375	62500	0	83010	186
1998	85429	5.50	469860	304067	35000	62500	0	68293	151
1999	85429	5.50	469860	325352	30625	62500	0	51383	114
2000	85429	5.50	469860	348127	26250	62500	0	32983	73
2001	85429	5.50	469860	372495	21875	62500	0	12990	28
2002	85429	5.50	469860	398569	17500	62500	0	-8709	0
2003	85429	5.50	469860	426469	13125	62500	0	-32234	0
2004	85429	5.50	469860	456321	8750	62500	0	-57711	0
2005	85429	5.50	469860	488264	4375	62500	0	-85279	0

INTEREST RATE: 700 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1500000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 85000 DIRECT EXPENSE: 9000

ALASKA GSOP

CASH FLOW

(\$000)

YEAR	REVENUES	NET INCOME	TOTAL SHAREHOLDER DISTRIBUTION	DEPRECIATION AND AMORTIZATION	DISMANTLING RESERVE	PRINCIPAL PAYMENTS	NET CASH FLOW	CUMULATIVE CASH FLOW
	\$	\$	\$	\$	\$	\$	\$	\$
1982	469860	199360	179424	62500	9000	62500	28936	28936
1983	469860	196525	176073	62500	9630	62500	29282	58218
1984	469860	193185	173867	62500	10304	62500	29622	87840
1985	469860	189306	170375	62500	11025	62500	29956	117796
1986	469860	184848	166363	62500	11797	62500	30282	148078
1987	469860	179772	161795	62500	12623	62500	30600	178678
1988	469860	174034	156631	62500	13507	62500	30910	209588
1989	469860	167590	150831	62500	14452	62500	31211	240799
1990	469860	160387	144348	62500	15464	62500	31503	272302
1991	469860	152375	137138	62500	16546	62500	31783	304085
1992	469860	143495	129146	62500	17704	62500	32053	336138
1993	469860	133688	120319	62500	18943	62500	32312	368450
1994	469860	122887	110598	62500	20269	62500	32558	401008
1995	469860	111024	99922	62500	21688	62500	32790	433798
1996	469860	98025	88223	62500	23206	62500	33008	466806
1997	469860	83810	75429	62500	24850	62500	33211	500017
1998	469860	68293	61464	62500	26568	62500	33397	533414
1999	469860	51383	46245	62500	28428	62500	33566	566980
2000	469860	32983	29685	62500	30418	62500	33716	600696
2001	469860	12990	11691	62500	32547	62500	33846	634542
2002	469860	-8709	0	62500	34825	62500	26116	660658
2003	469860	-32234	0	62500	37263	62500	5029	665687
2004	469860	-57711	0	62500	39871	62500	-17840	647847
2005	469860	-85279	0	62500	42662	62500	-42617	605230

INTEREST RATE: 700 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1500000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 05000 DIRECT EXPENSE: 9000

ALASKA GROUP

NET INCOME

(\$000)

YEAR	DELIVERY VOLUMES (000 BBLs)	TARIFF	REVENUES	OPERATING EXPENSES	INTEREST	DEPRECIATION		INCOME TAX	NET INCOME	CITIZEN SHAREHOLDER INCOME	ACTUAL \$
						ANNUAL	AMORTIZATION				
1982	85429	5.50	469860	92509	101500	60417	60417	0	215443	478	
1983	85429	5.50	469860	90975	97271	60417	60417	0	213197	473	
1984	85429	5.50	469860	105904	93042	60417	60417	0	210497	467	
1985	85429	5.50	469860	113317	80812	60417	60417	0	207314	460	
1986	85429	5.50	469860	121250	84583	60417	60417	0	203610	452	
1987	85429	5.50	469860	129738	80354	60417	60417	0	199351	443	
1988	85429	5.50	469860	138821	74125	60417	60417	0	194497	432	
1989	85429	5.50	469860	148538	71896	60417	60417	0	189009	420	
1990	85429	5.50	469860	158937	67666	60417	60417	0	182840	406	
1991	85429	5.50	469860	170062	63437	60417	60417	0	175944	390	
1992	85429	5.50	469860	181966	59208	60417	60417	0	168269	373	
1993	85429	5.50	469860	194704	54979	60417	60417	0	159760	355	
1994	85429	5.50	469860	208334	50750	60417	60417	0	150359	334	
1995	85429	5.50	469860	222917	46521	60417	60417	0	140005	311	
1996	85429	5.50	469860	238521	42291	60417	60417	0	128631	285	
1997	85429	5.50	469860	255117	38062	60417	60417	0	116164	258	
1998	85429	5.50	469860	273082	33833	60417	60417	0	102520	227	
1999	85429	5.50	469860	292190	29604	60417	60417	0	87641	194	
2000	85429	5.50	469860	312652	25375	60417	60417	0	71416	158	
2001	85429	5.50	469860	334537	21145	60417	60417	0	53761	119	
2002	85429	5.50	469860	357954	16916	60417	60417	0	34573	76	
2003	85429	5.50	469860	383011	12607	60417	60417	0	13745	30	
2004	85429	5.50	469860	409821	8458	60417	60417	0	-8836	0	
2005	85429	5.50	469860	438508	4229	60417	60417	0	-33294	0	

INTEREST RATE: 7.00 TAX RATE: 0.00 INFLATION RATE: 0.70
 PIPELINE VALUE: 1450000 POPULATION RATE: 0.00 POPULATION: 405
 ALASKA EXPENSE: 75000 DIRECT EXPENSE: 9000

ALASKA GSUP

CASH FLOW

(5000)

YEAR	REVENUES	NET INCOME	TOTAL SHAREHOLD. DISTRIBUTION	DEPRECIATION AND AMORTIZATION	DISMANTLING RESERVE	PRINCIPAL PAYMENTS	NET CASH FLOW	CUMULATIVE CASH FLOW
	\$	\$	\$	\$	\$	\$	\$	\$
1982	469860	215443	193899	60417	8500	60417	30044	30044
1983	469860	213197	191877	60417	7095	60417	30415	60459
1984	469860	210497	189447	60417	9732	60417	30782	91241
1985	469860	207314	186583	60417	10413	60417	31144	122385
1986	469860	203610	183249	60417	11142	60417	31503	153888
1987	469860	199351	179416	60417	11922	60417	31857	185745
1988	469860	194497	175947	60417	12757	60417	32207	217952
1989	469860	189007	170100	60417	13650	60417	32551	250503
1990	469860	182040	164556	60417	14606	60417	32890	283393
1991	469860	175944	158250	60417	15620	60417	33222	316615
1992	469860	168269	151442	60417	16722	60417	33549	350164
1993	469860	159760	143784	60417	17893	60417	33869	384033
1994	469860	150359	135323	60417	19146	60417	34182	418215
1995	469860	140005	126005	60417	20486	60417	34486	452701
1996	469860	128631	115768	60417	21920	60417	34783	487404
1997	469860	116164	104548	60417	23454	60417	35070	522554
1998	469860	102520	92275	60417	25096	60417	35349	557903
1999	469860	87641	78877	60417	26853	60417	35617	593520
2000	469860	71416	64274	60417	28733	60417	35875	629395
2001	469860	53761	48385	60417	30744	60417	36120	665515
2002	469860	34573	31116	60417	32896	60417	36353	701868
2003	469860	13745	12371	60417	35199	60417	36573	738441
2004	469860	-8836	0	60417	37663	60417	28827	767268
2005	469860	-33294	0	60417	40299	60417	7005	774273

INTEREST RATE: 700 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1450000 POPULATION RATE: 000 POPULATION: 405

ALYESKA EXPENSE: 75000 DIRECT EXPENSE: 9000

Schedule 32A

ALASKA GSOF

NET INCOME

(\$000)

YEAR	DELIVERY VOLUMES (000 BBL'S)	TARIFF	REVENUES	OPERATING EXPENSES	INTEREST	DEPRECIATION AND AMORTIZATION	INCOME TAX	NET INCOME	CITIZEN SHAREHOLDER INCOME	ACTUAL \$
		\$	\$	\$	\$	\$	\$	\$		\$
1982	05429	6.35	542474	92500	160600	66667	0	223307		496
1983	05429	6.35	542474	90975	153333	66667	0	223499		496
1984	05429	6.35	542474	105904	146667	66667	0	223236		496
1985	05429	6.35	542474	113317	140000	66667	0	222490		494
1986	05429	6.35	542474	121250	133333	66667	0	221224		491
1987	05429	6.35	542474	129730	126667	66667	0	219402		487
1988	05429	6.35	542474	130021	120000	66667	0	216906		482
1989	05429	6.35	542474	140530	113333	66667	0	213936		475
1990	05429	6.35	542474	150937	106666	66667	0	210204		467
1991	05429	6.35	542474	170062	100000	66667	0	205745		457
1992	05429	6.35	542474	181966	93333	66667	0	200500		445
1993	05429	6.35	542474	194704	86666	66667	0	194437		432
1994	05429	6.35	542474	200334	80000	66667	0	187473		416
1995	05429	6.35	542474	222917	73333	66667	0	179557		399
1996	05429	6.35	542474	238521	66666	66667	0	170620		379
1997	05429	6.35	542474	255217	60000	66667	0	160590		356
1998	05429	6.35	542474	273002	53333	66667	0	149392		331
1999	05429	6.35	542474	292198	46666	66667	0	136943		304
2000	05429	6.35	542474	312652	39999	66667	0	123156		273
2001	05429	6.35	542474	334537	33333	66667	0	107937		239
2002	05429	6.35	542474	357954	26666	66667	0	91107		202
2003	05429	6.35	542474	383011	19999	66667	0	72797		161
2004	05429	6.35	542474	409021	13333	66667	0	52653		117
2005	05429	6.35	542474	430500	6666	66667	0	30633		60

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1600000 POPULATION RATE: 000 POPULATION: 405

ALASKA EXPENSE: 75000 DIRECT EXPENSE: 9000

Schedule 32B

ALASKA GSDP

CASH FLOW

(\$000)

YEAR	REVENUES	NET INCOME	TOTAL SHAREHOLDER DISTRIBUTION	DEPRECIATION AND AMORTIZATION	DISHANLING RESERVE	PRINCIPAL PAYMENTS	NET CASH FLOW	CUMULATIVE CASH FLOW
	\$	\$	\$	\$	\$	\$	\$	\$
1982	542474	223307	200976	66667	0500	66667	30831	30831
1983	542474	223499	201149	66667	9095	66667	31445	62276
1984	542474	223236	200912	66667	9732	66667	32056	94332
1985	542474	222490	200241	66667	10413	66667	32662	126994
1986	542474	221224	199102	66667	11142	66667	33264	160258
1987	542474	219402	197462	66667	11922	66667	33862	194120
1988	542474	216906	195207	66667	12757	66667	34456	228576
1989	542474	213936	192542	66667	13650	66667	35044	263620
1990	542474	210204	189184	66667	14606	66667	35626	299246
1991	542474	205745	185171	66667	15620	66667	36202	335448
1992	542474	200500	180457	66667	16722	66667	36773	372221
1993	542474	194437	174993	66667	17893	66667	37337	409558
1994	542474	187473	168726	66667	19146	66667	37893	447451
1995	542474	179557	161601	66667	20486	66667	38442	485893
1996	542474	170620	153558	66667	21920	66667	38982	524875
1997	542474	160590	144531	66667	23454	66667	39513	564388
1998	542474	149392	134453	66667	25096	66667	40035	604423
1999	542474	136943	123249	66667	26853	66667	40547	644970
2000	542474	123156	110840	66667	28733	66667	41049	686019
2001	542474	107937	97143	66667	30744	66667	41538	727557
2002	542474	91187	82068	66667	32896	66667	42015	769572
2003	542474	72797	65517	66667	35199	66667	42479	812051
2004	542474	52653	47388	66667	37663	66667	42928	854779
2005	542474	30633	27570	66667	40299	66667	43362	898341

INTEREST RATE: 1000 TAX RATE: 0 INFLATION RATE: 070

PIPELINE VALUE: 1600000 POPULATION RATE: 000 POPULATION: 405

ALASKA EXPENSE: 75000 DIRECT EXPENSE: 9000

CRITICAL PATH

1979

1980

1981

1982

1983

2 3 4 5 6 7 8 9 10 11 12 | 1 2 3 4 5 6 7 8 9 10 11 12 | 1 2 3 4 5 6 7 8 9 10 11 12 | 1 2 3 4 5 6 7 8 9 10 11 12 | 1 2 3 4 5 6 7 8 9 10 11 12

ALASKA LEGISLATIVE APPROVAL



START-UP



ROLL TAKING



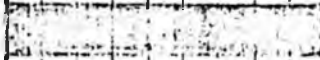
INVESTMENT SEARCH



BONDING EFFORT



LEGAL ERROR
Alaska & U.S.



PROVE
IT WORKS



CRITICAL PATH

1979

1980

1981

1982

1983

1 2 3 4 5 6 7 8 9 10 11 12 1 2 3 4 5 6 7 8 9 10 11 12 1 2 3 4 5 6 7 8 9 10 11 12 1 2 3 4 5 6 7 8 9 10 11 12

ALASKA LEGISLATIVE APPROVAL



START-UP



ROLL TAKING



INVESTMENT SEARCH



BONDING EFFORT



LEGAL ERROR
Alaska & U.S.



PROVE
IT WORKS



BILL SUMMARY

ALASKA GENERAL STOCK OWNERSHIP CORPORATION

The general stock ownership corporation (GSOC) bill provides for the creation of a GSOC in Alaska and a new chapter of Alaska Statutes to regulate it. The AGSOC, taking advantage of new federal law, will be exempt from corporate income taxes. Income will be distributed to the shareholders and they will pay tax at their personal rates. The shareholders will be all the residents of Alaska as of the bill's effective date and stock will be distributed to them free of charge. The AGSOC will borrow funds to finance investments.

FORMATION OF THE AGSOC

The Alaska General Stock Ownership Corporation is formed by three incorporators appointed one each by the Speaker, Senate President and Governor. The incorporators will select nine people to serve as the initial board of directors subject to disapproval within 15 days by two of the three state officials mentioned. The incorporators will prepare and file the articles of incorporation to begin the AGSOC. The articles will include technical requirements of federal law restricting transfer of shares for five years and mandating issue of stock to all Alaska residents.

The directors, appointed by the incorporators, adopt bylaws, hire officers and begin the process of shareholder identification. The initial board serves only until the first shareholder meeting when the appointed directors must stand for election. The initial articles and bylaws of the corporation must be submitted to the legislature within 30 days of adoption and the legislature has 60 legislative days within which to disapprove of any provision by concurrent resolution.

AGSOC SHARES

One share of stock will be distributed free of charge to each Alaskans resident who was a resident on the effective date of the bill. Resident means a person who lives in Alaska and intends to remain here permanently. Only individuals may own AGSOC shares and no one may own more than ten. Each week for three months before issuance of stock the AGSOC must by newspaper, radio and television notify residents of their eligibility to receive stock. A resident who does not wish to receive stock may decline. For one year after the initial stock issue a qualified resident may receive his share of stock without charge and for an additional year may purchase his share for book value.

Federal law requires GSOCs to have a charter providing for the issuance of "at least one share (of stock) to each eligible individual." To fulfill this requirement the first share of GSOC stock must be issued without charge to the shareholders. However, there is no restriction upon subsequent sales of GSOC stock. Thus, provision is made for the subsequent sale of AGSOC stock if the shareholders approve.

United States Senate

April 26, 1979

Dear Friends:

Governor Hammond in his "Working Paper on Dividend Dispersal Programs" criticises the House State Affairs Committee AGSOC bill. He assures me that his comments were not intended to give the impression that he would veto the AGSOC bill, but were offered as an aid in moving the bill forward. However, the Governor has made some assertions which are wrong and need to be corrected.

The Governor implies that AGSOC, like Alaska Inc., is merely a means of distributing "dividends" to Alaskans. AGSOC is not a scheme for distributing state assets to Alaskans, but a vehicle through which Alaskans can acquire new wealth independently of government. AGSOC is a vehicle for new capital ownership by the citizens of Alaska, not a scheme to distribute something they already own.

The Governor maintains that AGSOC would place the interests of the shareholders at odds with the interests of the state. The interests of the state are not independent of the interests of its people. The shareholders of AGSOC will be the people of Alaska. It is my conviction that people will be better citizens if they have a real economic interest in private enterprise and that they will act in their own best interests as economic shareholders and political citizens.

The Governor criticises AGSOC because it will create two types of citizens, shareholders and non-shareholders, and proposes as a remedy a scheme which creates many classes of citizens shareholders based on length of residency in Alaska. The Governor misses the point of AGSOC. The rationale for AGSOC is not to "compensate" anyone for living in Alaska, but to provide a means other than the taxing power of the state for Alaskans to participate in the economic development of their state.


The House State Affairs Committee AGSOC bill prohibits ownership of AGSOC shares by outsiders. When a shareholder leaves the state he is required to sell his stock either to the corporation or another Alaskan.

The House Committee carefully considered the question of state financial assistance to AGSOC and made it clear that AGSOC was to be treated no differently than any other private corporation seeking state financial assistance. If, after full legislative action, the state decides to assist in AGSOC financing it will be doing no more than what it has already done for those Alaskans holding more than \$150 million in state low interest business loans.

The corporate doctrine of limited liability protects the shareholders of AGSOC from any liability for the debts of the corporation.

There is no requirement that an Alaskan become a shareholder of AGSOC. He may reject the stock offered to him at any time within one year of its issue. If he becomes a shareholder and does not want the corporation involved in a particular investment he may put the question to a vote of the shareholders.

Best regards,


Mike Gravel

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

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SHAREHOLDER POWERS

Each share of stock may be voted at shareholder meetings with 1/3 of the shares required for a quorum. Proxies are prohibited and in their place a corporate ballot and shareholder's pamphlet will be prepared, under regulations insuring fairness, and mailed to each shareholder. Shareholders vote their ballot by mail and cumulative voting is prohibited. The shareholders may nominate directors and place issues on the corporate ballot by petition of 1,000 shareholders. Notice of the right to nominate directors and place issues on the corporation ballot must be made by publication at least 150 days before the shareholder meeting and the meeting notice and ballot must be mailed at least 60 days before the meeting.

AGSOC is required to keep complete books and records available for shareholder inspection and any corporate agent wrongfully refusing shareholder access may be fined \$1,000 per day. Shareholders have the right to remove the entire board by a majority vote or any single director by a vote at least as large as that which elected him. The attorney general or 100 shareholders may file suit to remove a director for fraudulent or dishonest acts or gross abuse of authority. Any shareholder may file a derivative suit on behalf of the corporation if those responsible inside the AGSOC fail to do so. The shareholders have the right to amend the bylaws and with a 2/3 vote the articles of incorporation.

DIRECTORS AND OFFICERS

The board of directors has management responsibility for AGSOC. The chairman and at least 3/4 of the board must be Alaskans. Board meetings must be held in the state, but members may participate by conference telephone. Outside directors can never constitute a quorum except when meeting to fill vacancies in the board. AGSOC will have nine directors although the number may be changed in the bylaws. The entire appointed initial board will stand for election at the first annual meeting. Thereafter, members serve for two years with half the board elected each year. Criminal misdemeanor penalties are provided for directors making distributions designed to deceive creditors or shareholders of AGSOC and any agent of AGSOC who makes fraudulent statements regarding the value of shares.

Officers of the AGSOC are appointed by the board of directors and serve at their pleasure. The board establishes the duties of the officers and may replace them at any time.

OTHER PROVISIONS

AGSOC is prevented from making endorsements of political candidates or ballot issues and may not spend money for lobbying of the legislature. Many of the other provisions of the Committee bill have been carried over substantially from existing Alaska corporate law. The provisions regarding sales of assets outside the ordinary course of business, dissolution of the corporation, restatement of the articles of incorporation, requirements for annual reports to the Dept. of Commerce, filing fees and charges, procedural provisions and forms, and power of the Commissioner of Commerce are all basically the same provisions which apply to existing Alaska corporations. The bill does retain the right in the legislature to change the law with respect to AGSOC at any time so long as the creditors of the corporation are protected.

United States Senate

April 26, 1979

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Best regards,


Mike Gravel

Introduced: 3/6/79
Referred: State Affairs and
Finance

BY DUNCAN, COTTEN, HURLBERT,
MCKINNON, MILES, MILLER,
MUNSON, PARKER AND GARDINER

1 IN THE HOUSE

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 240

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act creating the Alaska General Stock Ownership
7 Corporation; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 10 is amended by adding a new chapter to read:

10 CHAPTER 50. ALASKA GENERAL STOCK OWNERSHIP CORPORATION.

11 Sec. 10.50.010. ALASKA GENERAL STOCK OWNERSHIP CORPORATION

12 CREATED. (a) The governor shall appoint nine persons, at least five of
13 whom are residents of the state, to act as incorporators of the Alaska
14 General Stock Ownership Corporation.

15 (b) The corporation is a general stock ownership corporation and
16 shall be formed in accordance with subchapter U of the Internal Revenue
17 Code of 1954, as amended, (26 U.S.C. secs. 1391 - 1397), and with
18 AS 10.05. The corporation is subject to the provisions of AS 10.05,
19 except when inconsistent with this chapter or 26 U.S.C. sec. 1391(a).

20 (c) The corporation is not and may not be considered to be an
21 agency, instrumentality, or political subdivision of the state for any
22 purpose.

23 Sec. 10.50.020. ARTICLES OF INCORPORATION. The corporation's
24 articles of incorporation shall provide

25 (1) for the issuance of only one class of stock;

26 (2) that shares of stock may be issued only to individuals
27 who were residents of the state on the effective date of this Act, and
28 who continued to be residents until the date of issuance of the shares;

29 (3) for the issuance of at least one share of stock to each

1 individual eligible under (2) of this section, unless that individual
2 elects within one year after the date of issuance not to receive the
3 share;

4 (4) that no share of stock may be voluntarily or involun-
5 tarily transferred

6 (A) or encumbered by a shareholder, other than by will
7 or under the laws relating to intestate succession, until five
8 years after the date of issuance of the share, except if the share-
9 holder ceases to be a resident of the state;

10 (B) to an individual other than one who is a resident on
11 the date of transfer;

12 (C) to an individual who, after the transfer, would own
13 more than 10 shares of stock of the corporation;

14 (D) or encumbered by a shareholder under 18 years of age
15 or encumbered by that shareholder's parent or legal guardian;

16 (5) that the corporation must qualify as a general stock
17 ownership corporation under subchapter U of the Internal Revenue Code of
18 1954, as amended, (26 U.S.C. secs. 1391 - 1397);

19 (6) that the corporation may not invest in properties
20 acquired by it, or for its benefit, through the right of eminent domain;

21 (7) that the corporation has a first option to purchase, at
22 book value, its shares of stock offered to be transferred by a share-
23 holder within five years after the date of issuance of the shares; if
24 the corporation exercises the right to purchase, shares purchased shall
25 be considered treasury stock and not entitled to dividends, if any, or
26 to voting privileges.

27 Sec. 10.50.030. BOARD OF DIRECTORS. (a) The corporation shall be
28 governed by a board of directors. A majority of the members of the
29 board of directors shall be residents of the state at all times during

1 their terms of office. Except as provided in (b) of this section, the
2 term of office of each director is three years. A director, upon the
3 expiration of his term, shall continue to hold office until his succes-
4 sor is elected and qualified.

5 (b) The initial board of directors shall consist of the incorpor-
6 ators of the corporation. The board shall, as nearly as possible, be
7 equally divided into three classes of directors. The initial class one
8 directors shall serve one-year terms of office; the initial class two
9 directors shall serve two-year terms of office; and the initial class
10 three directors shall serve three-year terms of office.

11 Sec. 10.50.040. NOTIFICATION OF ELIGIBLE SHAREHOLDERS. Beginning
12 not less than 90 days before the issuance of any stock, the corporation
13 shall at least weekly notify the public of its intention to issue stock
14 and the method for qualifying and applying for shares. The notice shall
15 be by publication in at least one newspaper of statewide circulation, by
16 radio and television announcements, and by other means the corporation
17 determines to be appropriate and reasonable, and shall be continued at
18 least once each month for 11 months following the date of issuance of
19 shares.

20 Sec. 10.50.050. CORPORATION NOT LIABLE TO SHAREHOLDERS. Registra-
21 tion as a shareholder of the corporation is a responsibility solely of
22 an individual eligible under AS 10.50.020(2) to receive shares of the
23 corporation. The corporation may not be held liable for

24 (1) any loss resulting directly or indirectly from the
25 failure of an individual to apply for shares of the corporation; or

26 (2) payment of a declared or paid dividend to an individual
27 who would have been entitled to receive the dividend had he been a
28 shareholder at the time of declaration or payment.

29 Sec. 10.50.060. LATE APPLICATION FOR SHARES. An individual eli-

1 gible under AS 10.50.020(2) to receive shares of the corporation who
2 failed to apply for the shares before their issuance may apply for and
3 receive the shares any time within one year after the date of issuance
4 if he is otherwise qualified to own stock of the corporation and upon
5 the payment of the book value of the shares.

6 Sec. 10.50.070. PENALTIES FOR MISREPRESENTATION OF ELIGIBILITY AS
7 SHAREHOLDER. (a) The ownership interest in shares of the corporation's
8 stock issued to an individual ineligible to receive the shares who has
9 presented fraudulent or misleading information regarding his eligibility
10 to own the shares, is void upon the issuance of an appropriate order by
11 the superior court. The ineligible individual is also liable for the
12 full amount of dividends, or other distributions to shareholders re-
13 ceived by him plus interest from the date of distribution, and legal
14 fees and costs of recovery incurred by the corporation. This section
15 applies to an individual who has presented fraudulent or misleading
16 information regarding the eligibility of another person for whom he acts
17 in the capacity of legal guardian.

18 (b) An individual who transfers or obtains shares of the
19 corporation, or in his capacity as legal guardian obtains shares of the
20 corporation for another, through fraud, misrepresentation, or any
21 deceitful or illegal means is guilty of a felony.

22 Sec. 10.50.080. DIVIDENDS OF THE CORPORATION. Dividends, or other
23 distributions, may be declared and paid by the corporation at any time
24 and from any source to the extent considered necessary by the board in
25 order to comply with the distribution requirements of subchapter U of
26 the Internal Revenue Code of 1954, as amended, (26 U.S.C. secs. 1391 -
27 1397), except that no dividend or other distribution may be declared if
28 the corporation is insolvent or if the declaration would cause the
29 corporation to become insolvent.

1 Sec. 10.50.090. EXEMPTION FROM AS 10.05. The corporation is
2 exempt from the requirements of AS 10.05.012, 10.05.216(e), 10.05.255(7),
3 and 10.05.264.

4 Sec. 10.50.100. LOAN GUARANTEE FUND. (a) There is a special fund
5 of the state known as the "Alaska General Stock Ownership Corporation
6 loan guarantee fund" which shall be completely segregated from all other
7 funds of the state, and which is a trust fund for the uses and purposes
8 of this section.

9 (b) The commissioner of revenue shall use the fund to guarantee
10 loans made to the corporation by lenders other than the state. In
11 guaranteeing loans the commissioner of revenue shall review the loans
12 for the purpose of guarding against fraud and misrepresentation. A
13 guarantee of a loan may not be for an amount in excess of the un-
14 obligated balance of the fund at the time the guarantee is made.

15 Sec. 10.50.900. DEFINITIONS. In this chapter,

16 (1) "board" means the board of directors of the Alaska
17 General Stock Ownership Corporation;

18 (2) "corporation" means the Alaska General Stock Ownership
19 Corporation;

20 (3) "fund" means the Alaska General Stock Ownership Corpora-
21 tion loan guarantee fund;

22 (4) "resident" means an individual who maintains a permanent
23 place of abode in the state with the intention of making the state his
24 permanent place of residence and who resides in the state continuously
25 except for temporary purposes only and with the intent of returning; a
26 person may not be considered to have gained a residence solely by reason
27 of his presence and he may not lose it solely by reason of his absence
28 while in the civil or military service of this state or of the United
29 States or of his absence because of marriage to a person engaged in the

1 civil or military service of this state or the United States; while a
2 student at an institution of learning; while in an institution or asylum
3 at public expense; while confined in public prison; while engaged in the
4 navigation of waters of this state, of the United States, or of the high
5 seas; or while residing upon an Indian or military reservation; a minor
6 takes the residence of his parent or of his legal guardian; a married
7 woman may establish her own residence and does not presumptively take
8 the residence of her husband.

9 * Sec. 2. AS 37.10.065(a) is amended by adding a new paragraph to read:
10 (9) secured loans to the Alaska General Stock Ownership
11 Corporation.

12 * Sec. 3. AS 37.10.070(a) is amended by adding a new paragraph to read:
13 (14) bonds or other forms of indebtedness of the Alaska
14 General Stock Ownership Corporation.

15 * Sec. 4. AS 45.55.140(a) is amended by adding a new paragraph to read:
16 (12) a security issued by the Alaska General Stock Ownership
17 Corporation.

18 * Sec. 5. Notwithstanding any other provision of law, a civil action to
19 contest the legality of this Act is barred unless the complaint is filed
20 within one year of the effective date of this Act. The purpose of this
21 limitation on suits is to insure that, after the expiration of a reasonable
22 period of time, the right, title, and interest of shareholders of the Alaska
23 General Stock Ownership Corporation will be vested with certainty and that
24 the corporation will be able to carry on its business activities with cer-
25 tainty.

26 * Sec. 6. Notwithstanding AS 01.10.030, the requirements of this Act for
27 eligibility to receive original issue shares of the Alaska General Stock
28 Ownership Corporation are not severable. If those requirements, or the
29 application of them to any person or circumstance, are held invalid, this Act

1 is void in its entirety.

2 * Sec. 7. AS 10.50.070(b) is amended to read:

3 (b) An individual who transfers or obtains shares of the corpora-
4 tion, or in his capacity as legal guardian obtains shares of the
5 corporation for another, through fraud, misrepresentation, or any
6 deceitful or illegal means is guilty of a class C felony.

7 * Sec. 8. Sections 1 - 6 of this Act take effect immediately in accor-
8 dance with AS 01.10.070(c).

9 * Sec. 9. Section 7 of this Act takes effect January 1, 1980.

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CRITICAL PATH

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ALASKA LEGISLATIVE APPROVAL



START-UP



ROLL TAKING



INVESTMENT SEARCH



BONDING EFFORT



LEGAL ERROR
Alaska & U.S.



PROVE
IT WORKS



**A Discussion of the Financial Foundation
for General Stock Ownership Plans***

by

Stephen A. Buser
(April 1979)**

***This paper was prepared in part from material gathered under a research project for the Ford Foundation and was submitted in support of oral testimony before the Alaska State Legislature in Juneau on March 20, 1979.**

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I. Preface and Summary

A General Stock Ownership Corporation (GSOC) is not a magical money machine. In the absence of external support in some form, a GSOC cannot be expected to earn a net cash flow simply by borrowing from one group of capital owners in order to finance asset acquisitions from other capital owners. Inappropriate analogies are sometimes drawn between financed asset acquisitions that a GSOC might undertake and those that wealthy individuals and solvent firms undertake as a matter of routine. By definition, wealthy individuals and solvent firms have equity bases to cushion temporary or chronic operating deficits. In contrast, the financial condition of an unsubsidized GSOC, is similar to that of any other firm whose liabilities exceed its assets; it is insolvent. Like any other insolvent firm, a GSOC can be made to show an operating profit if given sufficient subsidies in the form of donated cash or assets, tax benefits, and/or credit assistance. However, since these subsidies would have earned a normal return if put to alternative uses, it is erroneous to attribute a GSOC "profit" to its leverage-acquisitions. Any such "profit" is simply a residual of the normal return on the subsidies invested in a GSOC, after the GSOC's own expenses have been deducted.

Therefore, despite optimistic claims by a few exuberant supporters, a GSOC is more accurately described as an elaborate financial device for capturing and redistributing the federal taxes currently paid on privately owned assets. Since these tax payments can be sizable, the implicit federal subsidy represents a potentially valuable source of State revenue. However, under the federal "enabling" legislation a GSOC's tax liability is not forgiven but instead is passed through to (and borne fully by) the citizen shareholders of the GSOC. Technically, the federal tax "break" is limited distributions in excess of the

GSOC (pass through) tax liability. This provision carries important implications both for the financial viability of the GSOC and for the form of the distribution of the federal subsidy.

In terms of financial viability, the pass-through restriction, reduces the portion of the federal subsidy that a GSOC can use to cover its own overhead and debt-service expenses. Projected GSOC operating deficits (which any pure leverage investment company would run) must be funded from some other source. Most likely, State assistance will be required on a continuing basis and in an amount that is significant when measured against the after-tax benefits received by the citizens of the State.

In an attempt to lessen its own subsidy burden, a State might direct its GSOC to acquire assets that would generate a low (or even a zero) pass through tax liability. However, to the extent that such assets also generate low tax liabilities for existing owners, the federal subsidy is reduced as well. The "solution" that seems implicit in the federal legislation is for the GSOC to acquire assets that are eligible for tax credits and/or accelerated depreciation charges from owners who have already exhausted such benefits for themselves. Since nonsubsidized firms have a similar tax incentive for acquiring such assets, a GSOC must expect to pay prices above those that would otherwise prevail in the secondary market for depreciated assets. Sales at inflated prices would allow the selling firms to capitalize a greater portion of their scheduled tax payments to the federal government, reducing the portion of the subsidy captured by the GSOC.

GSOC advocates have suggested that careful investment analysis might eliminate such overpricing. However, the GSOC's investment team, will be virtually totally dependent on projections provided by the selling firms. Experi-

enced negotiators for selling firms also have been known to cite pressing cash needs or other smokescreens in an effort to convince buyers that the assets are actually offered below the prevailing market prices. Experienced buyers recognize, of course, that if such were in fact the case, a rational seller would always sell at the higher market price unless the sale at the lower price constituted an implicit payment for some past or future consideration. Such might be the case in a "pilot" program where a selling firm has a clear incentive to "prove" that the GSOC is viable in order to establish a future flow of subsidy benefits. In other cases, selling firms may simply rely on the observation that even at inflated prices, the GSOC will show a "profit" as long as the federal subsidy is less than fully capitalized by the seller.

Despite the apparent inevitability of the diversion of GSOC subsidies to selling firms, even GSOC directors with impeccable standards may be hard pressed to determine the true extent of these diversions. Efforts at extensive investment analysis might succeed in limiting the subsidies to selling firms but ^{by} only creating another type of subsidy diversion in its place since the required analysis is apt to be quite expensive, and these costs must be subsidized as well. Regrettably, it is unlikely that even an outside "watch dog" agent (perhaps established by the State legislature) could successfully monitor GSOC activities. On the contrary, the risk appears far greater that outside pressure will be exerted on the GSOC directors to use their considerable subsidy powers in support of particular firms or banks that might be deemed "essential" to the State or local economy. In fact, it might be argued by some that the GSOC has a "moral obligation" to provide such support as long as it can do so and still show an operating "profit." For example, subsidy diversions to the shareholders of particular firms might be regarded as necessary to continue employment for

workers who might otherwise face a loss of jobs. Unfortunately, the firms destined for subsidy diversions are capital intensive rather than labor intensive so that GSOC subsidy diversions are apt to be extremely inefficient (in terms of cost per worker) as a means of providing job security.

When the inherent disadvantages of the GSOC concept are measured against the ambiguous federal support for the program, a State may decide that the "price" it must pay for a GSOC is too high in relation to the potential benefits. Even if a State determines that GSOC benefits are "offered" at a bargain under the federal legislation, the State should be aware that the citizen-shareholders in a GSOC will share the federal and State subsidies with the GSOC bureaucracy and with the firms that sell assets or lend funds to the GSOC. While subsidy diversions in small amounts might be regarded as "normal" operating costs, the potential for large-scale subsidy diversions cannot be ignored. Such diversions are not necessarily "bad," but they defeat the expressed purpose of the GSOC concept by funnelling benefits to existing capital owners rather than to new capital owners. At present the "unintended beneficiaries" of a GSOC program appear to be the shareholder of capital intensive firms, as well as banks and other lending institutions that might win the favor of a particular board of GSOC directors. The federal immunity from personal income taxes on distribution in excess of the GSOC pass-through tax liability obviously benefits citizens in the highest tax brackets the most. Those who pay little or nothing in the way of taxes obviously receive little or no benefits from this tax "break." Those suffering the most from the proposed GSOC program would be firms that would have to compete with the GSOC, either in the market for credit or in the market for depreciated assets. In addition, despite the fact that the costs of the federal and State subsidies would be dispersed, every dollar of benefits distributed

by the GSOC will have to be made up, either in the form of additional tax revenues to replace those diverted or in the form of greater inflation if the lost tax revenues are not made up.

Economists note that asset transfers do not create new cash flows. In fact, transfer programs, no matter how socially desirable they might be, absorb rather than generate market value as new costs are merely grafted onto the existing economy. Thus economists place a heavy burden of proof on the proponents of particular plans to show that their plans are adequately funded (or subsidized) and that the benefits actually accrue to the targeted groups. Unfortunately, despite the force of a highly emotional call for action, the GSOC backers have not satisfied these basic requirements. "Faith" and "vision" are all that have been offered in support of the contention that a GSOC can achieve its intended goals and avoid becoming simply one more program that promises broad-based benefits but instead imposes broad-based costs and funnels the benefits to familiar recipients, the banks, the capital intensive industries, and of course, bureaucracy itself.

II. Financial Viability of a GSOC

Case 1: Viability without external support

To appreciate the limitations of the federal GSOC legislation, it is important to understand precisely how and why a GSOC is not financially viable without external support. To do so, let us reexamine a hypothetical example of financed capitalism found on p. 71 of the report submitted by Kelso & Co. to the Alaska State Legislature, "Design of an Alaskan General Stock Ownership Plan, Volume I" (February 15, 1979). In that example, a Mr. Adams borrows \$200,000 and builds a fourplex which he rents out for a total of \$24,000 per year. For simplicity, the drafters of the Kelso & Co. report abstract from vacancy risk, from taxes, from overhead expenses, and even from interest on the loan. Such simplifications might have served the narrow purposes of the commission issued by the State to Kelso & Co. They do little, however, to reassure a potential lender who is concerned with the financial viability of a GSOC. For example, with an interest rate of 10% (generous by today's standards), the annual debt service on a ten-year fully amortized loan is \$32,500 rather than the \$20,000 figure used in the interest-free example. Thus even if the \$24,000 earnings figure is reinterpreted as net taxes and net of all expenses, the financed acquisition plan would fall considerably short of the goal of self-liquidation. Instead of an excess annual cash flow of \$4,000 found in the zero-interest example, Mr. Adams would have to cover a short-fall of \$8,500 per year over the life of the loan. The loan could be amortized over a longer period, thus reducing the annual debt service. However the interest alone amounts to \$20,000 per year so that a self-liquidating the mortgage would have to be written with exceptionally long maturity. At an interest rate of 12% or better, the mortgage could never be paid off out of the projected rents alone.

Advocates for the concept of financed capitalism might observe that the rental rates chosen by the drafters of the Kelso & Co. report were arbitrary and just happened to be too low in order to make sense when representative charges are introduced. Therefore, it is important to recognize that even if the example were restructured so that Mr. Adams would have been able to arrange self-liquidating financing for his investment, that does not mean he would sell his fourplex to the GSOC at a price that (in the absence of external support) would allow the GSOC to finance the acquisition with a self-liquidating loan. On the contrary, rather than sell at such a price, Mr. Adams would simply refinance any outstanding mortgage against his fourplex, in order to raise the same amount of additional cash that the sale would have produced (after repaying the loan). Thus even though the financed capitalism concept might work for original investments, the model breaks down when it is applied to asset transfers. As long as asset sellers require full compensation for the stream of earnings they relinquish, the debt service on loans to provide such compensation must exhaust the full value of the asset's earning potential. Otherwise, the alternative of financed asset retention dominates the decision to sell the asset.

In reaching this general conclusion, it must be remembered that external factors, such as tax considerations, have not yet been introduced. Similarly, differences in borrowing capacities have not yet been considered. Thus the general conclusion is not contradicted by examples of asset acquisitions that are entirely financed via self-liquidating loans to individuals or firms who can secure the loan pledging more than just the asset's own earnings. Implicit in such arrangements is the very important premise that, if needed, the borrower can draw on other funds or resources. In contrast, a GSOC has no equity base to use

as supplemental collateral for loans. Thus in the absence of external support, a GSOC would be unable to acquire assets via self liquidating loans even though equity firms and some individuals might be able to do so. GSOC's are by no means unique in this regard. Extensive analysis of investment companies (including mutual funds) confirms that these equity institutions would not be viable as pure-debt firms. I.e., they do not earn a rate of return equal to their risk-adjusted cost of capital.

Case 2: Viability under the federal legislation

The federal "enabling" legislation is not a legal requirement for the operation of a GSOC. It is merely an open admission that a GSOC is not financially viable without external support of some form. On its own a GSOC would not earn leverage arbitrage profits, it would make leverage arbitrage losses as would any other pure-debt investment company. Without an equity base or an external subsidy to offset these losses no lender would extend funds to a GSOC. This observation, more than any other single factor, explains why pure-leverage investment companies have failed to materialize on their own despite promises of sure profits offered by advocates of financed capitalism.

Recent federal legislation grants qualifying GSOC's immunity from the federal corporate income tax. Had immunity been granted in an unrestricted form, a GSOC would have been able to use a greater portion of the pretax earnings on assets to cover GSOC overhead and to service the debt raised to finance asset acquisitions. Any excess subsidy would then have been available for distribution to citizen-shareholders or for accumulation as equity in the GSOC. To illustrate this point, let us return to the previous example, and assume that the pretax earnings on Mr. Adams' fourplex had been \$40,000, of which he was required to pay \$10,000 in federal taxes and another \$6,000 in state

taxes, leaving \$24,000 for expenses and debt service. Under federal (but not state) immunity, the GSOC would have the use of \$34,000 per year, and thus, over some price range, could afford to offer Mr. Adams more for the asset than he would be able to raise via his own self-liquidating loan. At such a price, Mr. Adams would capitalize all of the after-tax earnings plus a portion of the earnings stream otherwise lost to the federal government. In such a case, both Mr. Adams and the GSOC would benefit at the expense of the U.S. Treasury.

Apparently the U.S. Congress did not intend that the federal legislation reduce to merely a tax dodge (at least not so simply). Therefore, in granting GSOC's immunity, the "enabling" legislation also mandates that the equivalent tax liability be passed through to the citizen-shareholders without regard for the special tax status of the recipients. Had the GSOC been a viable-self-supporting firm, the pass-through restriction would not have been especially significant. A GSOC would simply pass through its own tax savings in order to cover the tax liability that it must also pass through. However, the GSOC requires these (or some other) funds to cover the amount by which its overhead and interest costs will exceed its (after-tax) earnings. Thus, as presently structured, the federal legislation does nothing to improve the financial condition of a GSOC. To qualify for the tax subsidy, the GSOC must accept an offsetting financial commitment.

Despite this negative assessment, a GSOC would have the same opportunities for tax-arbitrage exchanges as any other firm would, and it might be able to make use of such opportunities to strengthen its financial base. Tax savings arise if the tax payments that would have been made by an existing owner (by Mr. Adams in the hypothetical example), are less than those that a GSOC would incur and this difference is less than fully capitalized in the sale of the asset to

the GSOC. The corresponding portion of the pre-tax earnings flow is, in effect, donated by the federal government rather than purchased from the previous asset owner. Such opportunities arise as a matter of routine because of federal tax laws that provide acquisition tax credits and/or accelerated depreciation charges which are renewable only if the qualified assets are transferred to new owners. Thus a GSOC might earn a tax-arbitrage profit by acquiring depreciable assets from owners that have already exhausted the liberal tax benefits for themselves. Unfortunately, these assets offer similar tax advantages for acquiring firms other than GSOC's. Thus GSOC's must bid against other firms for these assets, and this competition will allow the selling firms to capitalize even greater portions of their projected tax payments.

Since a GSOC cannot earn tax-arbitrage profits by acquiring assets from firms in lower tax brackets than the GSOC (based on the pass-through computation), the only way that a GSOC might be able to strengthen its own financial base is to divert a portion of the federal tax subsidy to the shareholders of large capital-intensive corporations seeking to unload some of their depreciable assets after the initial tax benefits have been gutted.

This description of the federal legislation is vastly different from the expressed intentions of the backers of the GSOC concept. So much so in fact, that it is difficult to imagine that the U.S. Congress had a similar goal in mind in settling on the form of this particular "enabling" legislation. It would be far easier to explain the federal "enabling" legislation as an attempt to provide large capital-intensive firms with additional relief from federal taxation.

Case 3: Viability under alternative forms of State assistance

At present, the extent of federal support for a GSOC appears anything but overwhelming. Kelso & Co. or some other source may be able to furnish a

description of the type of asset acquisitions that would recover enough of the federal subsidy to render a GSOC financial viability. As yet, however, no such encouragement has been provided. Nor is there any evidence for a legitimate reference to required State assistance as "start-up" costs. Surprisingly few of the proposed budget items are truly nonrecurring. On the contrary, virtually all of the GSOC's expenses contribute to the annual deficits that a GSOC must run in the absence of continuing financial assistance. These annual deficits are projected as substantial and must be supported from some external source. Moreover even after these deficits have been absorbed (by the State), the State must directly or indirectly provide for every dollar of benefits distributed by the GSOC (in excess of the GSOC tax liability). Recall the federal "contribution" is limited to forgiving the personal taxes that citizen-shareholders would otherwise owe on these excess distributions.

Although there are many forms that State assistance might take, any such assistance reduces to two basic dimensions, perpetual year-by-year maintenance, and/or an initial endowment. As a substitute for equity capital in a normal firm, an initial endowment of cash or earning assets would provide an income flow needed for an initial operating margin. To the extent that such an initial subsidy is insufficient, supplemental annual subsidies will be required as well. One obvious possibility for an annual maintenance subsidy is immunity from the State corporate income tax. In essence, the State could donate its own tax flow in support of the federal subsidy. Assuming that this benefit is less than fully capitalized in the sale prices of assets, the GSOC would then capture at least a part of the State subsidy (with the balance accruing to the seller of the asset as with the federal tax subsidy).

Credit assistance provides an alternative form of a maintenance subsidy. Instead of furnishing additional revenue, a credit subsidy is designed to reduce

borrowing costs and hence lower debt service claims against GSOC income. Agency status would provide the GSOC with direct access to the tax exempt borrowing market. Equivalently, the State could borrow (or divert funds from other uses) and lend to the GSOC at rates less than those charged in the fully taxable market. In either case, however, the State could have earned the higher (market) rate, on its funds and thus the State, should regard the difference in revenue as a subsidy to the GSOC.

Loan guarantees have been proposed as a low cost form of subsidy. Unfortunately, it is only the visibility of the cost that is low. In any insurance situation, such as a loan guarantee, it is not the visible or out-of-pocket expense that determines the true cost to the insurer. Far more important is the associated risk that must be borne. Without a highly diversified asset base to support precise actuarial assessments, the invisible costs of insurance are usually regarded as prohibitive rather than as negligible. If lenders (who are apt to be more highly diversified than the State) believed that these costs were negligible, they would not offer a substantial reduction in rates in exchange for a loan guarantee. The fact that lenders are willing to accept less interest in exchange for a loan guarantee indicates that they presume that the implicit risks are high. In effect, lenders are betting the difference in interest charges that even with massive federal and State subsidies, the GSOC may be overextended in relation to its financial commitments. It is important to note that financial overextension can arise even if the asset portfolio of a firm is of the highest possible quality.

A normal firm that is overextended but otherwise sound is referred to as undercapitalized. In order to raise debt capital, such a firm may first have to raise additional equity capital. In the case of a GSOC, there is no initial equity capital, only a subsidy base. If this base is insufficient to assure an adequate

operating profit margin, the condition of the GSOC is analogous to that of the undercapitalized firm. Loan guarantees provide an additional subsidy, and eliminate the lender's risks. But, since there is no reason to presume that the State has any advantage over lenders in terms of bearing such risks, any apparent "profit" from selling loan guarantees (in exchange for lower borrowing costs) is purely illusory.

-In terms of pure cost effectiveness, direct cash payments provide by far the most efficient form for subsidies since they are the least costly to administer. However, these payments are also the most visible and therefore they are often the least attractive from a political standpoint. Opting for less visible but also less efficient forms of subsidy makes it difficult, if not impossible, for the State to assess the extent of its own subsidy. (Just as it is already difficult to assess the extent of the subsidy implicit in the federal GSOC legislation.) For a State that is truly concerned about the extent of its own subsidy to the GSOC program, it is especially important to consider only the most cost-effective and visible subsidy program. It is difficult to imagine what is to be gained, other than short-run political expediency, by burying the unavoidable costs of a GSOC through a series of complex financial arrangements.