

ALASKA TESTS / SUBTLE / 551
SCIENTIST JOINT COMM. ROYALTY 1977-78

Interest on State Obligations

• • CCH Explanation

in any trade or business of a person other than an exempt person (that is, a governmental unit or a religious, educational or charitable organization exempt from tax under Code Secs. 501(a) and 501(c)(3)), and

(2) Payment of the principal or interest on the obligation is, in whole or in major part, (a) secured by an interest in property (such as a factory, land, or equipment and machinery) used in a trade or business or in payments made (such as rent or lease or sales proceeds) in respect of this property, or (b) derived from payments in respect of property or borrowed money that is used (or is to be used) in a trade or business.

In determining the use to which the bond proceeds in (1) above are put, the indirect, as well as the direct, use of the proceeds is to be considered. Thus, if an exempt person uses the bond proceeds in a trade or business (such as a leasing business), the bond issue will meet the first requirement of the definition if the person borrowing the proceeds or leasing the property from the exempt person uses the property or bond proceeds in his trade or business. Similarly, the bond meets the requirements of (1), above, if an exempt person sells property acquired with the proceeds of a bond issue to other persons who, in turn, use the property in their trade or business.

It is not necessary, in order for (2), above, to apply, for the property meeting this element of the industrial development bond definition to be the same property referred to in (1), above; that is, the property securing payment need not be the same property for which the bonds are issued. The fact that the bond issue may also be secured by the full faith and credit of the governmental unit does not prevent a bond from being classified as an industrial development bond so long as payment of the obligation, in major part, also is secured by or is to be derived from the property or payments referred to in (2), above.

.014 Specific facilities exempted.—In addition to the exemption for bond issues of \$1,000,000 or less (see .0155), the Regulations exempt interest on industrial development bonds from tax if substantially all of the bond proceeds are used to provide the following facilities:

(1) Residential real property for family units. This includes the construction of buildings containing facilities for living, sleeping, eating, cooking, and sanitation. Hotels, motels, dormitories, rooming-houses, hospitals, rest homes, and trailer courts, for example, do not qualify. Residential real property is intended to include facilities which are functionally related and subordinate to the space used for family units. The fact that a minor portion of a facility is used for other nonfamily unit purposes (such as a laundromat or drugstore) will not foreclose exemption for the facility.

(2) Sports facilities, such as baseball and football stadiums, indoor sports arenas, swimming pools, golf courses, ski slopes, and tennis courts. Facilities directly related to exempt sports facilities are intended to be considered sports facilities for purposes of this exemption.

(3) Convention or trade show facilities. Only the special-purpose buildings and structures constructed for convention or trade shows

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qualify. This means, for example, that the exemption does not apply to bonds issued to finance a hotel, even though the hotel expects and does a major part of its business in catering to delegates or participants at conventions and trade shows.

(4) Airports, docks, wharves, mass commuting facilities, parking facilities, or storage or training facilities directly related to such facilities. A facility located at an airport for training flight personnel exemplifies an exempt training facility. An exempt storage facility, for example, is a grain elevator adjoining a dock or wharf directly related to the dock facility.

(5) Public utility facilities used to provide sewage or solid waste disposal facilities, and facilities designed to furnish locally electric energy or gas.

(6) Air or water pollution control facilities. This means facilities designed to abate pollution that would be present if the facilities did not exist; industrial apparatus designed not to generate pollution *ab initio* does not qualify for bond interest exemption.

(7) Facilities for the furnishing of water if (for obligations issued after January 1, 1969) available on reasonable demand to members of the general public.

However, if the industrial development bonds used to finance the above facilities and those described at .015 and .0155 are held by a "substantial user" of the facilities constructed with the bond proceeds, interest on such bonds will be taxable. A "substantial user" is defined as any person who regularly uses a part of such facility in his trade or business.

A specific exception to industrial development bond treatment applies (under P. L. 94-164) to grant tax-exempt status to obligations issued to finance a dam furnishing water for irrigation purposes which has a subordinate use in connection with the generation of electric energy by water. The exemption applies if substantially all of the stored water is contractually available for release from the dam for irrigation purposes and if the water released is available on reasonable demand to members of the general public. This provision, which was enacted specifically to cover the reconstruction of the American Falls Dam in Idaho, applies to obligations issued after December 23, 1975.

.015 Industrial parks.—A special exemption from the general rule at .013, above, has been provided by P. L. 90-364 for bond issues where substantially all of the proceeds of the bond issue are to be used for the acquisition or development of land as the site for an industrial park. An industrial park, generally, is a series of sites for industrial plants (including wholesale and distributing plants) developed under an overall plan and usually subject to special zoning restrictions.

For purposes of this exemption, the term "development of land" includes providing water, sewage, and drainage facilities, road, rail-

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road, docking and other similar transportation facilities, and power or communication facilities. The term does not include the construction of buildings or other structures.

.0155 Bond issues of \$1,000,000 or less.—A special exemption is provided by P. L. 90-364 for industrial development bonds which are part of issues of \$1 million or less and where substantially all of the proceeds from the issue are used (1) to acquire, construct, reconstruct or improve land or depreciable property or (2) to redeem all or part of a prior bond issue which was issued to acquire the property described in (1), above. (See also .0157 for an elective provision whereby a governmental unit issuing industrial development bonds may increase the exemption to \$5 million for bonds issued after October 24, 1968.)

The \$1 million exemption is not applicable, however, if a substantial portion of the proceeds is loaned to a borrower for use as working capital or to finance inventory.

In determining whether a bond issue is within the \$1 million exemption, the proceeds of outstanding prior issues, as well as issues of another governmental unit, regarding the principal user of the facility constructed with the proceeds of the first issue, are taken into account if the later facilities are located in the same incorporated municipality or located in the same county (but not in any incorporated municipality). (Neither the law nor the regulations define the terms "principal user" or "incorporated municipality," and there is no definite indication as to what construction the Internal Revenue Service gives to these terms. Thus, it is advisable for a taxpayer to seek a private ruling in connection with the proposed issuance of bonds to test whether such issue qualifies for the small issue exemption.)

Similarly, the determination of whether a bond issue is within the \$5 million limit (.0157, below) includes any prior issue qualifying for exemption under Code Sec. 103(c) if the facilities financed by the prior issue and the facilities to be financed by the new issue are in the same county or municipality and the principal user (or related person) of both facilities is the same. In addition, all capital expenditures made by the principal user (or related person) within three years before and three years after the date of the new issue count toward the \$5 million limit if they (1) were made for facilities located in the same county or municipality and used by the same principal user (or related person), (2) were not financed by the proceeds of outstanding prior exempt issues, and (3) were properly chargeable to capital account.

Example (1): County A and Corporation X contract for the county to provide a factory which X will lease for 20 years. Under the agreement (1) A will issue \$1 million of bonds on November 1, 1977, (2) the bond proceeds will be used to purchase land in Town M and to construct and equip a factory in accordance with X's specifications, (3) X will rent the facility for 20 years at an annual rental equal to the amount necessary to amortize the principal and pay the interest on the outstanding bonds, and (4) the payments by X and the facility itself will be security for the bonds. Although the bonds issued qualify as industrial develop-

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ment bonds under the rules at .013, interest on such bonds will be tax exempt by virtue of the \$1 million bond exemption.

Example (2): Assume the same facts as in Example (1), above. After the bonds are issued, X proposes to Town M that the town build a \$1 million facility in the town for X's use under terms similar to the factory arrangement. On the issue date of the new bond issue, \$750,000 of the first issue of bonds are outstanding. When M issues new bonds for the facility, the issue will not qualify under the \$1 million exemption since the prior outstanding issue of \$750,000 must be taken into account; the facilities under both issues are located in Town M and the same taxpayer will be the principal user of the new warehouse, but Town M may elect to have the \$5 million limit apply.

.0157 Election of \$5,000,000 exemption.—In lieu of the \$1 million exemption described at .0155, a governmental unit issuing industrial development bonds may elect to have a \$5 million limit apply to an issue. This elective provision, added to the Code by P. L. 90-634, applies only to obligations issued after October 24, 1968. For the procedure to be followed in electing this exemption, see .0446 below.

In determining whether an issue qualifies under the \$5 million election, a governmental unit must consider all outstanding prior issues which qualified for exemption. Any such prior issue must be counted as part of the \$5 million test figure if the previously financed facilities and the facilities to be financed under the new issue are located in the same municipality or in the same county (but in an unincorporated area) and the principal user (or a related person) of both facilities is the same. The governmental unit must also consider all capital expenditures made by the principal user (or a related person) within three years before and three years after the date of the new bond issue. Such capital expenditures are to be taken into account in testing the \$5 million limit if they (1) are made for facilities located in the same municipality or in the same county (but in an unincorporated area) and used by the same principal user (or a related person), (2) are not financed by prior exempt issues, and (3) are properly chargeable to capital account.

If a capital expenditure is chargeable to capital account, it is to be counted toward the \$5 million figure even though an elective provision is available under the Code which allows the expenditure to be deducted as a current expense. For example, research and experimental expenses are capital expenditures, but a taxpayer may elect, under Code Sec. 174, to treat them as deductions. Thus, if such expenses would otherwise qualify for inclusion in the \$5 million test figure, they must be included even though the principal user (or a related person) elects to deduct them.

The following capital expenditures are not to be counted against the \$5 million test figure:

- (1) A capital expenditure made to replace property damaged or destroyed by fire, storm, or other casualty to the extent that the amount of the capital expenditure does not exceed in dollar

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amount the fair market value (determined immediately before the casualty) of the damaged or destroyed property.

(2) A capital expenditure required pursuant to a *post-issue* change in a federal or state law, or local ordinance, which is of general application.

(3) A capital expenditure required by circumstances which could not have reasonably been foreseen on the date on which the bond issue was issued or which arose out of a mistake of law or fact—such as where the principal user (or a related person) mistakenly treated an item as a deductible repair rather than as a capital expense. Under this exception, the total amount of expenditures not taken into account for the \$5 million test figure may not exceed \$250,000 (\$1 million for expenditures incurred after December 10, 1971). Included in these expenditures are expenditures necessitated by erroneous cost estimates, by increases in costs due to inflation, strikes, delays, or architectural modifications but not increases due to expansions.

If the proceeds of a bond issue are to be used to redeem prior bond issues, the election of the \$5,000,000 limit may be made only if all of the prior issues being redeemed are qualified exempt issues. But in applying the capital expenditures test to refinancing issues, capital expenditures are to be taken into account only for purposes of determining whether the prior issues subject to a \$5,000,000 election qualified for exemption and would have continued to qualify but for the redemption.

If a bond issue qualifies under the \$5 million exemption and later becomes disqualified due to the capital expenditure rule, the loss of the tax exemption for the interest on the bonds begins only as of the date on which the expenditure which caused the disqualification was paid or incurred.

.016 Does the U. S. Constitution permit federal taxation of interest on state obligations?—The exemption for interest on state and local governmental obligations results from what is, or what was thought to be, a constitutional injunction against federal taxation of such interest. It is true that the United States Supreme Court at one time indicated that an attempt by the United States to tax interest derived from securities issued by states or their political subdivisions would be unconstitutional (*National Life Insurance Co.*, .034, below). However, this decision was handed down in 1928 during the heyday of the doctrine of "implied immunity" of state and federal governments from taxation by each other. Since that time, the doctrine of implied immunity has eroded considerably. It received a crushing blow in 1939 by the U. S. Supreme Court's decision in *Graves v. O'Keefe*, .034, below, where it was stated that income of a state employee may be the subject of a nondiscriminatory federal income tax even though the employee has been paid out of state funds for services in connection with an essential governmental function of the state. No challenge, however, has been issued against the tax-exempt status of interest on state

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obligations, and Congress, until its recent move against industrial development bonds (see .012, above), has provided for the exemption of such interest for many years.

Special assessment certificates.—Obligations of a political subdivision include certificates for public improvements (such as sewers, sidewalks, and streets) which are evidence of special assessments against specific property, which assessments become a lien against the property and which the political subdivision is required to enforce (Reg. § 1.103-1). This is true even though the obligations are to be satisfied out of special funds and not out of general funds or taxes. Accordingly, the interest upon such obligations is exempt from tax. See also the cases at .14 et seq. below.

Interest on condemnation award.—The Tax Court and other courts have sustained the Commissioner's ruling that interest paid by a municipality upon a condemnation award is not exempt as interest from a State "obligation." See .03, below.

Notes.—Interest on notes of a political subdivision of a State was held to be tax-exempt in an early Tax Court opinion. The Second Circuit holds to the same effect. See .075 et seq. below.

The Treasury Department recognizes issue discount as being "interest" in substance. Therefore, if interest on a bond is wholly exempt from federal income taxes, any discount at which the bond is issued is also exempt. The nature of discount is not altered by the fact that part of it may be received before maturity of the bond issue. Consequently, where bonds are sold by the original or subsequent holders before redemption, each holder of the bond to the date of maturity is entitled to apportion the amount of discount at which the obligation was issued according to the period of his holding (.04 below).

But any premium received upon redemption of nontaxable bonds is not "interest." It is an amount received in exchange, and consequently is taxable income. Gain on the sale of such bonds, except to the extent that it represents discount, is also taxable income (.10, below). And any loss on sale or redemption is recognized and deductible, either as a loss from investment securities or as a business loss. See ¶ 1532.66 and 4748.02.

The taxing of gain derived from the sale of county or municipal bonds is not in violation of the Constitution, the Supreme Court held (*Bunn*, .10, below). The Tax Court held, however, that gain derived from the sale of certificates of indebtedness which had been accepted in lieu of interest on municipal obligations was not taxable, even though the certificates were transferred prior to maturity. The court said that, since the interest on the municipal obligations was tax-exempt, the fact that it was actually collected through subsequent disposal of an obligation intended merely to represent the interest was ineffectual to alter the fundamental nature of the income. (*Palm Beach Tr. Co.*, .10.)—CCH.

AGO 545084

Appendix B

Sample Authority Enabling Legislation

Chapter 56. Alaska Housing Finance Corporation.

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100. Housing development fund	

Sec. 18.56.010. Findings and purpose. (a) There exists within the state a serious shortage of decent, safe and sanitary residential housing available at low or moderate prices or rentals to persons of lower and moderate income. There also exist within the state remote, underdeveloped or blighted areas where the development of decent, safe and sanitary housing is necessary to economic growth. These conditions are inimical to the safety, health, welfare and prosperity of the residents of the state and to the sound growth of urban and rural communities.

(b) The legislature finds and declares that private enterprise has not been able to provide, without assistance, an adequate supply of safe and sanitary homes at prices or rents which persons of lower or moderate income can afford, or to achieve rehabilitation of much of the present housing for persons of lower and moderate income, or to provide without assistance the housing necessary to promote the

economic growth of remote, underdeveloped or blighted areas, and that existing state and federal programs are inadequate to meet housing needs of persons of lower and moderate income or of remote, underdeveloped or blighted areas. It is imperative that the supply of housing for persons of lower and moderate income and the housing necessary to promote the economic growth of remote, underdeveloped or blighted areas be increased and that coordination and cooperation among private enterprise, state and local government be encouraged to sponsor, build and rehabilitate residential housing for these persons.

(c) The legislature finds and declares further that, in accomplishing this purpose, the creation of the Alaska Housing Finance Corporation is essential to assist in the acquisition and development of land and the construction, rehabilitation, financing, management, maintenance, sale and rental of dwelling units for persons of lower and moderate income or persons in remote, underdeveloped or blighted areas and that these activities serve a public purpose in benefiting the people of the state. The Alaska Housing Finance Corporation is empowered to act on behalf of the state and its people in serving this public purpose for the benefit of the general public. (§ 1 ch 107 SLA 1971; am § 1 ch 81 SLA 1972)

Effect of amendment. — The 1972 amendment, in subsection (a), inserted "or moderate" in the first sentence, inserted "and moderate" in that sentence, added the second sentence, and substituted "These conditions are" for "This shortage is" at the beginning of the third sentence. In the first sentence of subsection (b), the amendment inserted "and moderate" in three places, inserted "or to provide without assistance the housing necessary to promote the economic growth of remote, underdeveloped or blighted areas," inserted "state and," and inserted "or of

remote, underdeveloped or blighted areas." In the second sentence of subsection (b), the amendment inserted "and moderate" and inserted "and the housing necessary to promote the economic growth of remote, underdeveloped or blighted areas." In the first sentence of subsection (c), the amendment inserted "and moderate" and "or persons in remote, underdeveloped or blighted areas."

Legislative committee report. — For report on ch. 81, SLA 1972 (CSHB 547), see 1972 House Journal, p. 859.

Sec. 18.56.020. Alaska Housing Finance Corporation. The Alaska Housing Finance Corporation is a public corporation and government instrumentality within the Department of Commerce, but having a legal existence independent of and separate from the state. The corporation may not be terminated as long as it has bonds, notes or other obligations outstanding. Upon termination of the corporation, its rights and property pass to the state. (§ 1 ch 107 SLA 1971)

Sec. 18.56.030. Corporation governing body. The corporation shall be governed by a board of directors, consisting of the commissioner of commerce and four members appointed by the governor. Members serve without compensation except that each member may be reimbursed by the corporation for actual and necessary expenses at the same rate as set out in AS 39.20.180. (§ 1 ch 107 SLA 1971)

Sec. 18.56.040. Meetings of board. The board shall elect a chairman from among its membership at its first meeting in each year. A majority of the members constitute a quorum for organizing the board, conducting its business and exercising the powers of the corporation. The board shall meet at the call of its chairman. The board shall meet not less than once each three months. (§ 1 ch 107 SLA 1971)

Sec. 18.56.045. Minutes of meetings. The board shall keep minutes of each meeting and send a certified copy to the governor. (§ 1 ch 107 SLA 1971)

Sec. 18.56.050. Administration of affairs. The board may manage the assets and business of the corporation and prescribe, amend and repeal bylaws, rules and regulations governing the manner in which the business of the corporation is conducted and the manner in which its powers are exercised. The board may delegate to one or more of its directors, officers, agents or employees those powers and duties it considers proper. The board may delegate supervision of the administration of the corporation to an executive officer. (§ 1 ch 107 SLA 1971)

Sec. 18.56.055. Legal advisor. The attorney general is the legal counsel for the corporation. He shall advise the corporation in legal matters and represent it in suits. (§ 1 ch 107 SLA 1971)

Sec. 18.56.060. Board may employ personnel. The board may appoint other officers, hire employees and agents, and engage professional and technical advisors as employees or as independent contractors. The board shall prescribe the duties and compensation of corporation personnel. (§ 1 ch 107 SLA 1971)

Sec. 18.56.070. Personnel exempt from State Personnel Act. The personnel of the corporation are exempt from AS 39.25 to the same extent as the personnel of the Alaska State Housing Authority. (§ 1 ch 107 SLA 1971)

Sec. 18.56.080. Interdepartmental cooperation. All departments, agencies and public corporations of the state may provide information, services, facilities and loans to the corporation upon its request. The corporation may reimburse departments, agencies and public corporations of the state for loans advanced or for expenses incurred on the corporation's behalf. (§ 1 ch 107 SLA 1971)

Sec. 18.56.085. Investment of state surplus. Notwithstanding other provisions of law, when the commissioner of revenue determines that there is in the state treasury a surplus above an amount sufficient to meet current cash expenditure needs, the surplus may be invested, in addition to the investments permitted by AS 37.10.070(a), in residential mortgages owned by the corporation and secured by real estate within the state, which investments shall be subject to the terms

and conditions that the corporation and the commissioner of revenue may provide in any contract of sale. Investments allowed by this section shall be made as provided for other investments of the state money under AS 37.10.070(a), (f), (g) and (i). The terms and conditions of any contract of sale authorized to be made under this section may include but are not limited to:

(1) the investment by the state in a specified or determinable amount of mortgages;

(2) the existence of a prior lien on and pledge of the mortgages invested in by the state;

(3) provisions relating to the subordination of the state's interest in and application of annual payments of principal and interest or the proceeds of a permitted sale of, or insurance or prepayments on, the mortgages; and

(4) the right of the corporation to repurchase the mortgages at a predetermined price. (§ 2 ch 81 SLA 1972)

Legislative committee report. — For report on ch. 81, SLA 1972 (CSHB 547), see 1972 House Journal, p. 859.

Sec. 18.56.090. General powers. In addition to other powers granted in this chapter, the corporation may, for the purpose of providing housing for persons of lower and moderate income or persons located in remote, underdeveloped or blighted areas of the state

(1) make or participate in the making of construction loans to sponsors, developers and builders of land development or residential housing, if the corporation determines that construction loans are not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions;

(2) make or participate in the making of mortgage loans to sponsors, developers, builders and purchasers of residential housing, if the corporation determines that mortgage loans are not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions;

(3) purchase or participate in the purchase of mortgage loans made to sponsors, developers, builders, owners and purchasers of residential housing, if the corporation

(A) has given approval before the initial making of the loan and has determined that mortgage loans were, at the time the approval was given, not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions, or

(B) has determined that the purchase or participation will result in additional residential housing, taking into account without limitation such factors as reinvestment of the proceeds of the sale in additional mortgage loans, increased availability of mortgage loans insured by the federal government, its agencies or departments, the reduction, if any, of interest payments to be made with respect to mortgage loans, or

such other factors as will tend to increase or improve the supply of residential housing within the state;

(4) make partial rental payments and mortgage interest payments under a contract with any housing owner if the payments will be applied to decrease rental or mortgage interest charges of persons of lower and moderate income or owners or purchasers of residential housing in remote, underdeveloped or blighted areas of the state;

(5) make loans from the housing development fund;

(6) collect and pay reasonable fees and charges in connection with making, purchasing and servicing its loans, notes, bonds, commitments and other evidences of indebtedness;

(7) acquire real property, or any interest in real property, in its own name, by purchase, transfer or foreclosure, when the acquisition is necessary or appropriate to protect any loan in which the corporation has an interest; sell, transfer and convey any such property to a buyer; and, if the sale, transfer or conveyance cannot be effected with reasonable promptness or at a reasonable price, rent or lease the property to a tenant pending the sale, transfer or conveyance;

(8) sell, at public or private sale, to any purchaser, including the Federal National Mortgage Association, all or any part of a mortgage or other instrument or document securing a construction, land development, mortgage or temporary loan of any type permitted by this chapter;

(9) purchase, in order to meet the requirements of the sale of its mortgages to the Federal National Mortgage Association, stock of the Federal National Mortgage Association;

(10) procure insurance against any loss in connection with its operation;

(11) consent to the modification of the rate of interest, time of payment of any installment of principal or interest, or any other terms, of the mortgage loan, mortgage loan commitment, construction loan, temporary loan, contract or agreement of any kind to which the corporation is a party;

(12) borrow money as herein provided to carry out and effectuate its corporate purposes; and issue its obligations as evidence of any such borrowing;

(13) include in any borrowing the amounts necessary to pay financing charges, interest on the obligations for a period not exceeding one year after the date on which the corporation estimates funds will otherwise be available to pay the interest, consultant, advisory and legal fees and such other expenses as are necessary or incident to this borrowing;

(14) make and publish rules and regulations respecting its lending programs and such other rules and regulations as are necessary to effectuate its purposes;

(15) provide technical and advisory services to sponsors, builders and developers of residential housing and to residents of it;

(16) promote research and development in scientific methods of constructing low-cost residential housing of high durability;

(17) make and execute agreements, contracts and other instruments necessary or convenient in the exercise of the powers and functions of the corporation under this chapter, including contracts with any person, firm, corporation, governmental agency or other entity;

(18) receive, administer and comply with the conditions and requirements respecting any appropriation or gift, grant or donation of property or money;

(19) sue and be sued in its own name;

(20) adopt an official seal;

(21) adopt bylaws for the regulation of its affairs and the conduct of its business and prescribe rules, regulations and policies in connection with the performance of its functions and duties;

(22) employ fiscal consultants, engineers, attorneys, real estate counselors, appraisers and such other consultants and employees as may be required in the judgment of the corporation, and fix and pay their compensation from funds available to the corporation;

(23) do all acts and things necessary, convenient or desirable to carry out the powers expressly granted or necessarily implied in this chapter;

(24) invest or reinvest, subject to its contracts with noteholders and bondholders, any money or funds held by the corporation in any obligations or other securities or investments in which banks or trust companies in the state may legally invest funds held in reserves or sinking funds or any funds not required for immediate disbursement, and in certificates of deposit or time deposits secured by obligations of, or guaranteed by, the state or the United States of America. (§ 1 ch 107 SLA 1971; am § 3 ch 81 SLA 1972)

Effect of amendment. — The 1972 amendment inserted "and moderate" and "or persons located in remote, undeveloped or blighted areas of the state" in the introductory language, rewrote paragraph (3), inserted "and moderate" and "or owners or purchasers of

residential housing in remote, undeveloped or blighted areas of the state" in paragraph (4) and added paragraph (24).

Legislative committee report. — For report on ch. 81, SLA 1972 (CSHB 547), see 1972 House Journal, p. 859.

Sec. 18.56.100. Housing development fund. (a) There is created a special revolving loan fund to be known as the "housing development fund" to be administered by the corporation as a trust fund separate and distinct from any other money or funds administered by the corporation.

(b) Consistent with § 90 of this chapter, the corporation may make temporary and permanent loans from the housing development fund, at such interest rate or rates as determined by the corporation, and with such security for repayment as is necessary and practicable, to

(1) defray developer's costs of sponsors, builders, and developers of residential housing;

(2) provide to persons of lower and moderate income who are applying for mortgages, the amounts required to make down payments

and pay closing costs and to housing owners the amounts applied for partial rental payments and mortgage interest payments under § 90(4) of this chapter; or

(3) purchase, make, or participate in the making of mortgage and construction loans which are not federally insured or guaranteed to sponsors, builders, purchasers and developers of land development or residential housing, if the corporation determines that such loans are not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions.

(c) To the credit of the housing development fund shall be deposited

(1) grants and contributions to the fund and the proceeds of sale of fund notes; and

(2) all receipts of the corporation on account of repayment of or sale or other disposition of the security for any loans made under (b) of this section.

(d) The corporation may receive and accept from any source whatever any grants or contributions for the housing development fund.

(e) The corporation may provide for the issuance, at one time or from time to time, of housing development fund notes for the purpose of providing funds for the fund. The commissioner of revenue is authorized to purchase fund notes with surplus funds in the state treasury. Before submission of the executive budget to the legislature, the commissioner of revenue shall annually recommend to the governor the anticipated amounts of surplus funds available for purchase of fund notes in the fiscal year encompassed by the budget. In making his recommendation to the governor, the commissioner of revenue shall consider the expenditure and revenue projections contained in the most recent revenue source document prepared for and submitted to the legislature by the administration. If the governor agrees with the recommendation of the commissioner of revenue he shall forward the recommendation to the corporation.

(f) The principal and interest on fund notes is payable solely from the housing development fund. The corporation shall determine the date of the fund notes of each issue, the maturity of the notes, the redemption provisions, if any, including redemption prices, terms and conditions, the form and manner of execution of the notes, including any interest coupons to be attached to them, the denomination and the place of payment of principal and interest, which may be any bank, trust company, or agent, including the purchaser of any fund notes. The fund notes may be issued in coupon or in registered form, or both. The corporation may provide for the registration of any coupon fund notes as to principal or interest, or both, and for the reconversion into coupon fund notes of any fund notes registered as to both principal and interest, and for the exchange of registered and coupon fund notes. The corporation may provide for the replacement of fund notes which are mutilated, destroyed, lost or stolen.

(g) Fund notes shall bear interest at the rate, and shall be sold in the manner and for the price the corporation determines.

(h) If an officer whose signature or a facsimile of whose signature appears on any fund notes or coupons attached to them ceases to be an officer before the delivery of the fund notes or coupons, his signature or facsimile is valid for all purposes as if he had remained in office until delivery.

(i) The proceeds of sale of fund notes shall be used solely for the purposes for which issued and shall be disbursed in the manner and under the restrictions the corporation provides in the resolution authorizing the issuance of the fund notes.

(j) Fund notes may be issued without the consent of any government agency and without any other proceedings or conditions other than those which are specifically required by this chapter and the provisions of the resolution authorizing the issuance of the fund notes.

(k) No loan may be made by the corporation from the housing development fund except in accordance with a written agreement which shall include, but need not be limited to, the following terms and conditions:

(1) the proceeds of loans shall be used only for the purposes for which the loan is made, as provided in the agreement;

(2) the loan shall be repaid in full as provided in the agreement;

(3) all repayments in connection with a loan to defray development costs shall be made concurrent with receipt by the borrower of the proceeds of a construction loan or mortgage loan, or at such other times as the corporation considers reasonably necessary or practicable; and

(4) security for repayment shall be specified and shall be upon terms and conditions as the corporation considers necessary or practicable to insure all repayments. (§ 1 ch 107 SLA 1971; am § 4 ch 81 SLA 1972)

Effect of amendment. — The 1972 Legislative committee report. — For amendment inserted "and moderate" in report on ch. 81, SLA 1972 (CSHB 547), see 1972 House Journal, p. 859.

Sec. 18.56.110. Bonds and notes. (a) The corporation, by resolution, may issue bonds and bond anticipation notes in order to provide funds to carry out and effectuate its purposes.

(b) The principal and interest on these bonds or notes is payable from corporation funds, excluding funds in the housing development fund. Bond anticipation notes may be payable from the proceeds of the sale of bonds or from the proceeds of sale of other bond anticipation notes or, in the event bond or bond anticipation note proceeds are not available, such notes may be paid from other funds or assets of the corporation. Bonds or notes may be additionally secured by a pledge of a grant or contribution from the federal government, or a corporation, association, institution or person, or a pledge of money, income, or revenues of the corporation from any source.

(c) Bonds or bond anticipation notes may be issued in one or more series and shall be dated, bear interest at the rate or rates per year or

within the maximum rate, be in the denomination, be in the form, either coupon or registered, carry the conversion or registration provisions, have the rank or priority, be executed in the manner and form, be payable from the sources in the medium of payment and place or places within or outside the state, be subject to authentication by a trustee or fiscal agent, and be subject to the terms of redemption with or without premium, as the resolution of the corporation may provide. Bond anticipation notes shall mature at such time or times as may be determined by the corporation. Bonds shall mature at such time, not exceeding 50 years from their date, as may be determined by the corporation. Before the preparation of definitive bonds or bond anticipation notes, the corporation may issue interim receipts or temporary bonds or bond anticipation notes, with or without coupons, exchangeable for bonds or bond anticipation notes when these definitive bonds or bond anticipation notes have been executed and are available for delivery.

(d) Bonds or bond anticipation notes may be sold in the manner, on the terms and at the price the corporation determines.

(e) If an officer whose signature or a facsimile of whose signature appears on any bonds or notes or coupons attached to them ceases to be an officer before the delivery of the bond, note or coupon, his signature or facsimile is valid the same as if he had remained in office until delivery.

(f) In any resolution of the corporation authorizing or relating to the issuance of bonds or bond anticipation notes, the corporation has power by provisions in the resolution which will constitute covenants of the corporation and contracts with the holders of the bonds or bond anticipation notes

(1) to pledge to any payment or purpose all or any part of its revenues to which its right then exists or may thereafter come into existence, and the money derived from the revenues, and the proceeds of any bonds or notes;

(2) to covenant against pledging all or any part of its revenues, or against permitting or suffering a lien on the revenues or its property;

(3) to covenant as to the use and disposition of any and all payments of principal or interest received by the corporation on mortgage loans, construction loans or other investments held by the corporation;

(4) to covenant as to establishment of reserves or sinking funds and the making of provision for and the regulation and disposition of the reserves or sinking funds;

(5) to covenant with respect to or against limitations on a right to sell or otherwise dispose of property of any kind;

(6) to covenant as to bonds and notes to be issued, and their limitations, terms and conditions, and as to the custody, application and disposition of the proceeds of the bonds and notes;

(7) to covenant as to the issuance of additional bonds or notes, or as to

limitations on the issuance of additional bonds or notes and the incurring of other debts;

(8) to covenant as to the payment of the principal of or interest on the bonds or notes, as to the sources and methods of the payment, as to the rank or priority of the bonds or notes with respect to a lien or security, or as to the acceleration of the maturity of the bonds or notes;

(9) to provide for the replacement of lost, stolen, destroyed or mutilated bonds or notes;

(10) to covenant against extending the time for the payment of bonds or notes or interest on the bonds or notes;

(11) to covenant as to the redemption of bonds or notes and privileges of their exchange for other bonds or notes of the corporation;

(12) to covenant to create or authorize the creation of special funds of money to be held in pledge or otherwise for operating expenses, payment or redemption of bonds or notes, reserves or other purposes, and as to the use and disposition of the money held in the funds;

(13) to establish the procedure, if any, by which the terms of any contract or covenant with or for the benefit of the holders of bonds or notes may be amended or abrogated, the amount of bonds or notes the holders of which must consent to amendment or abrogation, and the manner in which the consent may be given;

(14) to covenant as to the custody of any of its properties or investments, their safekeeping and insurance, and the use and disposition of insurance money;

(15) to covenant as to the time or manner of enforcement or restraint from enforcement of any rights of the corporation arising by reason of or with respect to nonpayment of any principal or interest of any mortgage loans or construction loans;

(16) to provide for the rights and liabilities, powers and duties arising upon the breach of any covenant, condition or obligation, and to prescribe the events of default and the terms and conditions upon which any or all the bonds, notes or other obligations of the corporation become or may be declared due and payable before maturity and the terms and conditions upon which any such declaration and its consequences may be waived;

(17) to vest in a trustee or trustees within or outside the state such property, rights, powers and duties in trust as the corporation may determine, which may include any or all of the rights, powers and duties of any trustee appointed by the holders of any bonds or notes, and to limit or abrogate the right of the holders of any bonds or notes of the corporation to appoint a trustee under this chapter or limit the rights, powers and duties of the trustee;

(18) to pay the costs or expenses incident to the enforcement of the bonds or notes or of the provisions of the resolution or of any covenant or agreement of the corporation with the holders of its bonds or notes;

(19) to agree with any corporate trustee which may be any trust company or bank having the powers of a trust company within or

outside the state as to the pledging or assigning of revenues or funds to which or in which the corporation has any rights or interest; the agreement may further provide for such other rights and remedies exercisable by the trustee as may be proper for the protection of the holders of any bonds or notes of the corporation and not otherwise in violation of law and may provide for the restriction of the rights of an individual holder of bonds or notes of the corporation;

(20) to appoint and provide for the duties and obligations of any paying agent or paying agents, or such other fiduciaries as the resolution may provide within or outside the state;

(21) to limit the rights of the holders of any bonds or notes to enforce any pledge or covenant securing bonds or notes;

(22) to make covenants other than and in addition to the covenants expressly authorized in this section, of like or different character, and to make such covenants to do or refrain from doing such acts and things as may be necessary, or convenient and desirable, in order to better secure bonds or notes or which, in the absolute discretion of the corporation, will tend to make bonds or notes more marketable, notwithstanding that the covenants, acts or things may not be enumerated in this section. (§ 1 ch 107 SLA 1971)

Sec. 18.56.115. Prohibited bidding on bonds and notes. (a) No person who provides fiscal programming or marketing assistance to the corporation in connection with the issuance or sale of the corporation's bonds or bond anticipation notes may bid or negotiate on the bonds or notes.

(b) The sale of bonds or notes of the corporation to a person who is prohibited from bidding on the bonds or notes under (a) of this section is against public policy and the sale is void.

(c) In this section, "person" means an individual, firm, agent, factor, intermediary, partnership, corporation, association, bond house, stockbroker or bond broker. (§ 4 ch 102 SLA 1974)

Sec. 18.56.120. Validity of any pledge. The pledge of assets or revenues of the corporation to the payment of the principal or interest on any obligations of the agency is valid and binding from the time the pledge is made and any such assets or revenues are immediately subject to the lien of the pledge without physical delivery or further act. The lien of any pledge is valid and binding against all parties having claims of any kind in tort, contract or otherwise against the corporation, irrespective of whether those parties have notice of the lien of the pledge. Nothing herein prohibits the corporation from selling assets subject to any pledge, except that any sale may be restricted by the trust agreement or resolution providing for the issuance of the obligations. (§ 1 ch 107 SLA 1971)

Sec. 18.56.130. Remedies. A holder of obligations or coupons attached to them issued under the provisions of this chapter, and a

trustee under any trust agreement or resolution authorizing the issuance of the obligations, except as restricted by a trust agreement or resolution, either at law or in equity, may enforce all rights granted hereunder or under the trust agreement or resolution, or under any other contract executed by the corporation under this chapter, and may enforce and compel the performance of all duties required by this chapter or by the trust agreement or resolution to be performed by the corporation or by any officer of it. (§ 1 ch 107 SLA 1971)

Sec. 18.56.140. Negotiable instruments. All obligations and interest coupons attached to them are negotiable instruments under the laws of this state, subject only to any applicable provisions for registration. (§ 1 ch 107 SLA 1971)

Sec. 18.56.150. Obligations eligible for investment. Obligations issued under the provisions of this chapter are securities in which all public officers and public bodies of the state and its political subdivisions, all insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. These obligations may be deposited with any state or municipal officer of any agency or political subdivision of the state for any purpose for which the deposit of bonds, notes or obligations of the state is authorized by law. (§ 1 ch 107 SLA 1971)

Sec. 18.56.160. Refunding obligations. (a) The corporation may provide for the issuance of refunding obligations for the purpose of refunding any obligations then outstanding which have been issued under the provisions of this chapter, including the payment of any redemption premium on them and any interest accrued or to accrue to the date of redemption of the obligations. The issuance of the obligations, the maturities and other details of them, the rights of the holders of them, and the rights, duties and obligations of the corporation in respect of them are governed by the provisions of this chapter which relate to the issuance of obligations, insofar as those provisions may be appropriate therefor.

(b) Refunding obligations may be sold or exchanged for outstanding obligations issued under this chapter and, if sold, the proceeds may be applied, in addition to any other authorized purposes, to the purchase, redemption or payment of the outstanding obligations. Pending the application of the proceeds of any such refunding obligations, with any other available funds, to the payment of the principal, accrued interest and any redemption premium on the obligations being refunded, and, if so provided or permitted in the resolution authorizing the issuance of the refunding obligations or in the trust agreement securing them, to the payment of any interest on the refunding obligations and any expenses in connection with the refunding, the proceeds may be invested in direct obligations of, or obligations the principal of and the

interest on which are unconditionally guaranteed by the United States of America which mature or which will be subject to redemption, at the option of the holders of them, not later than the respective dates when the proceeds, together with the interest accruing on them, will be required for the purposes intended. (§ 1 ch 107 SLA 1971)

Sec. 18.56.170. Credit of state not pledged. (a) Obligations issued under the provisions of this chapter do not constitute a debt, liability or obligation of the state or of any political subdivision of the state or a pledge of the faith and credit of the state or of any such political subdivision but are payable solely from the revenues or assets of the corporation. Each obligation issued under this chapter shall contain on its face a statement that the corporation is not obligated to pay it nor the interest on it except from the revenues or assets pledged for it and that neither the faith and credit nor the taxing power of the state or of any political subdivision of the state is pledged to the payment of the principal of or the interest on the obligation.

(b) Expenses incurred by the corporation in carrying out the provisions of this chapter are payable from funds provided under this chapter and no liability may be incurred by the corporation in excess of these funds. (§ 1 ch 107 SLA 1971)

Sec. 18.56.180. Officers not liable. No member or other officer of the corporation is subject to personal liability or accountability by reason of his execution of any obligations or the issuance of them. (§ 1 ch 107 SLA 1971)

Sec. 18.56.190. Tax exemption. (a) The exercise of the powers granted by this chapter will be in all respects for the benefit of the people of the state, for their well-being and prosperity and for the improvement of their social and economic conditions, and the corporation is not required to pay a tax or assessment on any property owned by the corporation under the provisions of this chapter or upon the income from it, except taxes on real property of which the corporation is fee owner.

(b) All obligations issued under this chapter are hereby declared to be issued by a body corporate and public of the state and for an essential public and governmental purpose, and the obligations, and the interest and income on and from the obligations, and all fees, charges, funds, revenues, income and other money pledged or available to pay or secure the payment of the obligations, or interest on the obligations, are exempt from taxation except for transfer, inheritance and estate taxes. (§ 1 ch 107 SLA 1971)

Sec. 18.56.200. Annual report. The corporation shall prepare and transmit annually a report accounting to the governor and the legislature for the efficient discharge of all responsibility assigned by law or by directive to the corporation. (§ 1 ch 107 SLA 1971)

Sec. 18.56.210. Definitions. In this chapter, unless the context clearly indicates a different meaning

(1) "corporation" means the Alaska Housing Finance Corporation created by this chapter;

(2) "board" means the board of directors of the corporation;

(3) "development costs" means the costs approved by the corporation as appropriate expenditures which may be incurred by sponsors, builders and developers of residential housing, before commitment and initial advance of the proceeds of a construction loan or of a mortgage loan, including but not limited to

(A) payments for options to purchase properties on the proposed residential housing site, deposits on contracts of purchase, or, with prior approval of the corporation, payments for the purchase of the properties;

(B) legal and organizational expenses, including payments of attorney fees, project manager, clerical and other staff salaries, office rent and other incidental expenses;

(C) payment of fees for preliminary feasibility studies and advances for planning, engineering and architectural work;

(D) expenses for tenant surveys and market analyses; and

(E) necessary application and other fees;

(4) "governmental agency" means any department, division, public agency, political subdivision or other public instrumentality of the state or the federal government;

(5) "housing development fund" means the housing development fund created by § 100 of this chapter;

(6) "construction loan" means a construction loan for land development or residential housing which is secured by a federally insured or guaranteed mortgage or which is insured or guaranteed by the United States or an instrumentality thereof, or for which there is a commitment by the United States or an instrumentality thereof to insure or guarantee such a loan, or a construction loan for land development or residential housing which land development or residential housing will be secured by a mortgage loan;

(7) "mortgage" or "mortgage loan" means a mortgage loan for residential housing insured or guaranteed by the United States or an instrumentality thereof or for which there is a commitment by the United States or an instrumentality thereof to insure or guarantee such a mortgage, or if not so insured or guaranteed or if there is no such commitment, which the corporation determines meets the conditions described in § 100(k) of this chapter or which shall be secured upon such terms and conditions as the corporation considers necessary or practicable to insure all repayments;

(8) "land development" means the process of acquiring land primarily for residential housing construction for persons of lower and moderate income and making, installing or constructing nonresidential housing improvements, including water, sewer and other utilities,

roads, streets, curbs, gutters, sidewalks, storm drainage facilities and other installations or works, whether on or off the site, which the corporation considers necessary or desirable to prepare the land primarily for residential housing construction;

(9) "obligations" means any bonds, bond anticipation notes or fund notes authorized to be issued by the agency under the provisions of this chapter;

(10) "persons of lower and moderate income" means a person or persons considered by the corporation to require assistance available under this chapter on account of insufficient or inadequate personal or family income or otherwise limited personal financial resources, taking into consideration, without limitation, such factors as

(A) the amount of the total income of the persons available for housing needs;

(B) the size of the family;

(C) the cost and condition of housing facilities available;

(D) standards established for various federal programs determining eligibility based on income of the persons; and

(E) the ability of the persons to compete successfully in the normal housing market and to pay the amounts at which private enterprise is providing decent, safe and sanitary housing;

(11) "residential housing" means a specific work or improvement undertaken primarily to provide dwelling accommodations without limitation as to form of lawful occupancy, whether rental, under contract, fee ownership, cooperative housing, condominium or other lawful forms of ownership, for persons of lower and moderate income, or in remote, underdeveloped or blighted areas, including the acquisition, construction or rehabilitation of land, buildings and improvements thereto, and such other nonhousing facilities as may be incidental or appurtenant thereto;

(12) "remote, underdeveloped or blighted areas" means areas considered by the corporation to require assistance available under this chapter on account of insufficient availability of the residential housing necessary to promote, develop or maintain the economic growth or potential of the area, taking into consideration, without limitation, the following:

(A) the population, resources and environment of the area;

(B) the present availability and condition of residential housing in and near the area;

(C) the cost of construction and rehabilitation of residential housing in the area;

(D) the availability of other federal or state sponsored programs to facilitate the development of residential housing in the area; and

(E) the ability of residents of the area to finance the purchase of residential housing or to rent or lease such housing at rates comparable

to those in effect in other areas of the state. (§ 1 ch 107 SLA 1971; am §§ 5 — 10 ch 81 SLA 1972)

Effect of amendment. — The 1972 amendment inserted "loan" following "mortgage" in the introductory language of paragraph (3); substituted "or which shall be secured upon such term/s and conditions as the corporation considers necessary or practicable to insure all repayments" for "for a loan from the housing development fund" in paragraph (7); inserted "and moderate" in paragraph (8); inserted "and moderate," "a person

or," "or inadequate," and "or otherwise limited personal financial resources" in the introductory language of paragraph (10); inserted "and moderate" and "or in remote, underdeveloped or blighted areas" in paragraph (11); and added paragraph (12).

Legislative committee report. — For report on ch. 81, SLA 1972 (CSHB 547), see 1972 House Journal, p. 859.

SCOMM

#16:10

APPENDIX
STATE OF ALASKA
Feasibility Study of
Pipeline Transportation
Royalty Gas and NGL

Prepared for

THE STATE OF ALASKA
and BONNER & MOORE ASSOCIATES, INC.

January 1978

Prepared by
PIPE LINE TECHNOLOGISTS, INC.

P. O. Box 22146
Houston, Texas 77027

APPENDIX

CASE

I

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE 1A1 PROCESS 8/8 GAS AT PRUDHOE -EXTRACT ETHANE- -LIQ PL TO FAIRBANKS

TIME PERIOD	1981	1982	1983	1984	1985	1986	1987	1988	1989
DAILY TRANSPORTATION VOLUME (BBLs)	0	0	182600	182600	182600	182600	182600	182600	182600
COST OF SERVICE (\$/BBL)	.467	.467	.467	.467	.467	.467	.467	.467	.467
TOTAL REVENUE	0	0	31103859	31103859	31103859	31103859	31103859	31103859	31103859
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	0	0	16700000	16700000	16700000	16700000	16700000	16700000	16700000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	0	0	17832500	17832500	17832500	17832500	17832500	17832500	17832500
TOTAL EXPENSES	0	0	34532500	34532500	34532500	34532500	34532500	34532500	34532500
INCOME BEFORE TAXES	0	0	-3428641	-3428641	-3428641	-3428641	-3428641	-3428641	-3428641
INVESTMENT TAX CREDIT	0	0	35665000	0	0	0	0	0	0
TAX DEPRECIATION	0	0	35665000	32098500	28888650	25999785	23399807	21059826	18953843
TAXABLE INCOME	0	0	-21261141	-17694641	-14484791	-11595926	-8995948	-6655967	-4549984
CURRENT INCOME TAX	0	0	-45870348	-8493428	-6952700	-5566045	-4318055	-3194864	-2183992
DEFERRED INCOME TAX	0	0	8559600	6847680	5306952	3920297	2672307	1549116	538244
TOTAL INCOME TAXES	0	0	-37310748	-1645748	-1645748	-1645748	-1645748	-1645748	-1645748
NET INCOME (BOOK)	0	0	33882107	-1782893	-1782893	-1782893	-1782893	-1782893	-1782893
SOURCES OF FUNDS									
NET INCOME	0	0	33882107	-1782893	-1782893	-1782893	-1782893	-1782893	-1782893
FINANCIAL DEPRECIATION	0	0	17832500	17832500	17832500	17832500	17832500	17832500	17832500
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	0	0	8559600	6847680	5306952	3920297	2672307	1549116	538244
NET ADDITIONS TO EQUITY	178325000	178325000	0	0	0	0	0	0	0
TOTAL SOURCES	178325000	178325000	60274207	22897287	21356559	19969904	18721914	17598723	16587851
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	178325000	178325000	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	178325000	178325000	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	0	0	60274207	22897287	21356559	19969904	18721914	17598723	16587851
CUMULATIVE NET CASH GENERATED	0	0	60274207	83171494	104528053	124497957	143219871	160818594	177406445
RATE OF RETURN ON EQUITY	0.00	0.00	9.50	-1.50	-1.50	-1.50	-1.50	-1.50	-1.50

AGO 545106

EARNINGS AND CASH FLOW PROJECTION CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE 1A1 PROCESS 8/8 GAS AT PRUDHOE -EXTRACT ETHANE+ -LIQ PL TO FAIRBANKS

TIME PERIOD	1990	1991	1992	1993	1994	1995	1996	1997	1998
DAILY TRANSPORTATION VOLUME (BBLS)	182600	182600	182600	182600	182600	182600	182600	182600	182600
COST OF SERVICE (\$/BBL)	.467	.467	.467	.467	.467	.467	.467	.467	.467
TOTAL REVENUE	31103859	31103859	31103859	31103859	31103859	31103859	31103859	31103859	31103859
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	16700000	16700000	16700000	16700000	16700000	16700000	16700000	16700000	16700000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	17832500	17832500	17832500	17832500	17832500	17832500	17832500	17832500	17832500
TOTAL EXPENSES	34532500	34532500	34532500	34532500	34532500	34532500	34532500	34532500	34532500
INCOME BEFORE TAXES	-3428641	-3428641	-3428641	-3428641	-3428641	-3428641	-3428641	-3428641	-3428641
INVESTMENT TAX CREDIT	0	0	0	0	0	0	0	0	0
TAX DEPRECIATION	17058459	15352513	13817352	12435617	12435617	12435617	12435617	12435617	12435617
TAXABLE INCOME	-2654600	-948754	586507	1968242	1968242	1968242	1968242	1968242	1968242
CURRENT INCOME TAX	-1274208	-455402	281523	944756	944756	944756	944756	944756	944756
DEFERRED INCOME TAX	-371540	-1190346	-1927271	-2590504	-2590504	-2590504	-2590504	-2590504	-2590504
TOTAL INCOME TAXES	-1645748	-1645748	-1645748	-1645748	-1645748	-1645748	-1645748	-1645748	-1645748
NET INCOME (BOOK)	-1782893	-1782893	-1782893	-1782893	-1782893	-1782893	-1782893	-1782893	-1782893
SOURCES OF FUNDS									
NET INCOME	-1782893	-1782893	-1782893	-1782893	-1782893	-1782893	-1782893	-1782893	-1782893
FINANCIAL DEPRECIATION	17832500	17832500	17832500	17832500	17832500	17832500	17832500	17832500	17832500
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	-371540	-1190346	-1927271	-2590504	-2590504	-2590504	-2590504	-2590504	-2590504
NET ADDITIONS TO EQUITY	0	0	0	0	0	0	0	0	0
TOTAL SOURCES	15678067	14859261	14122336	13459103	13459103	13459103	13459103	13459103	13459103
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	0	0	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	15678067	14859261	14122336	13459103	13459103	13459103	13459103	13459103	13459103
CUMULATIVE NET CASH GENERATED	193084512	207943773	222066109	235525212	249984315	262443418	275902521	289361624	30.820727
RATE OF RETURN ON EQUITY	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50

AGD 545107

E A R N I N G S A N D C A S H F L O W P R O J E C T I O N C A S E

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE 1A1 PROCESS 8/8 GAS AT PRUDHOE -EXTRACT ETHANE+ -LIQ PL TO FAIRBANKS

	TIME PERIOD				
	1999	2000	2001	2002	9999
DAILY TRANSPORTATION VOLUME (BBLS)	182600	182600	182600	182600	3652000
COST OF SERVICE (\$/BBL)	.467	.467	.467	.467	10.274
TOTAL REVENUE	31103859	31103859	31103859	31103859	622077180
EXPENSES					
OPERATIONS AND MAINTENANCE EXPENSES	16700000	16700000	16700000	16700000	334000000
INTEREST EXPENSES	0	0	0	0	0
FINANCIAL DEPRECIATION	17832500	17832500	17832500	17832500	356650000
TOTAL EXPENSES	34532500	34532500	34532500	34532500	690650000
INCOME BEFORE TAXES	-3428641	-3428641	-3428641	-3428641	-68572820
INVESTMENT TAX CREDIT	0	0	0	0	35665000
TAX DEPRECIATION	12435617	12435617	12435617	12435617	252712340
TAXABLE INCOME	1968242	1968242	1968242	1968242	388572820
CURRENT INCOME TAX	944756	944756	944756	944756	1889516
DEFERRED INCOME TAX	-2590504	-2590504	-2590504	-2590504	-5181008
TOTAL INCOME TAXES	-1645748	-1645748	-1645748	-1645748	-3291496
NET INCOME (BOOK)	-1782893	-1782893	-1782893	-1782893	-35787816
SOURCES OF FUNDS					
NET INCOME	-1782893	-1782893	-1782893	-1782893	-35787816
FINANCIAL DEPRECIATION	17832500	17832500	17832500	17832500	356650000
LONG TERM BORROWING	0	0	0	0	0
DEFERRED INCOME TAXES	-2590504	-2590504	-2590504	-2590504	-5181008
NET ADDITIONS TO EQUITY	0	0	0	0	356650000
TOTAL SOURCES	13459103	13459103	13459103	13459103	268411680
APPLICATIONS OF FUNDS					
CAPITAL OUTLAY	0	0	0	0	356650000
LONG TERM DEPT RETIREMENT	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	356650000
NET CASH GENERATED DURING YEAR	13459103	13459103	13459103	13459103	268411680
CUMULATIVE NET CASH GENERATED	316279830	329738933	343198036	356657139	721896139
RATE OF RETURN ON EQUITY	-0.50	-0.50	-0.50	-0.50	0.00

AGO 545108

EARNINGS AND CASH FLOW PROJECTION CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE 181 PROCESS 8/8 GAS AT PRUDHOE -EXTRACT ETHANE+ -LIQ PL TO HAINES

TIME PERIOD	1981	1982	1983	1984	1985	1986	1987	1988	1989
DAILY TRANSPORTATION VOLUME (BBLs)	0	0	182600	182600	182600	182600	182600	182600	182600
COST OF SERVICE (4/BBL)	1.121	1.121	1.121	1.121	1.121	1.121	1.121	1.121	1.121
TOTAL REVENUE	0	0	74737234	74737234	74737234	74737234	74737234	74737234	74737234
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	0	0	39615000	39615000	39615000	39615000	39615000	39615000	39615000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	0	0	43482600	43482600	43482600	43482600	43482600	43482600	43482600
TOTAL EXPENSES	0	0	83097600	83097600	83097600	83097600	83097600	83097600	83097600
INCOME BEFORE TAXES	0	0	-8360366	-8360366	-8360366	-8360366	-8360366	-8360366	-8360366
INVESTMENT TAX CREDIT	0	0	86965200	0	0	0	0	0	0
TAX DEPRECIATION	0	0	86965200	78268680	70441812	63397631	57057868	51352081	44216873
TAXABLE INCOME	0	0	-51842966	-43146446	-35319578	-28275397	-21935634	-16229847	-11094639
CURRENT INCOME TAX	0	0	-111849824	-20710294	-16953397	-13572190	-10529104	-7790327	-5325427
DEFERRED INCOME TAX	0	0	20871648	16697318	12940421	9559214	6516128	3777351	1312451
TOTAL INCOME TAXES	0	0	-90978176	-4012976	-4012976	-4012976	-4012976	-4012976	-4012976
NET INCOME (BOOK)	0	0	82617810	-4347390	-4347390	-4347390	-4347390	-4347390	-4347390
SOURCES OF FUNDS									
NET INCOME	0	0	82617810	-4347390	-4347390	-4347390	-4347390	-4347390	-4347390
FINANCIAL DEPRECIATION	0	0	43482600	43482600	43482600	43482600	43482600	43482600	43482600
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	0	0	20871648	16697318	12940421	9559214	6516128	3777351	1312451
NET ADDITIONS TO EQUITY	434826000	434826000	0	0	0	0	0	0	0
TOTAL SOURCES	434826000	434826000	146972058	55832528	52075631	48694424	45651338	42912561	40447661
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	434826000	434826000	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	434826000	434826000	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	0	0	146972058	55832528	52075631	48694424	45651338	42912561	40447661
CUMULATIVE NET CASH GENERATED	0	0	146972058	202804586	254880217	303574641	349225979	392138540	432586201
RATE OF RETURN ON EQUITY	0.00	0.00	9.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50

AGO 545109

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE 1B1 PROCESS 8/8 GAS AT PRUDHOE -EXTRACT ETHANE+ -L1Q PL TO HAINES

TIME PERIOD	1990	1991	1992	1993	1994	1995	1996	1997	1998
DAILY TRANSPORTATION VOLUME (BBLS)	182600	182600	182600	182600	182600	182600	182600	182600	182600
COST OF SERVICE (\$/BBL)	1.121	1.121	1.121	1.121	1.121	1.121	1.121	1.121	1.121
TOTAL REVENUE	74737234	74737234	74737234	74737234	74737234	74737234	74737234	74737234	74737234
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	39615000	39615000	39615000	39615000	39615000	39615000	39615000	39615000	39615000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	43482600	43482600	43482600	43482600	43482600	43482600	43482600	43482600	43482600
TOTAL EXPENSES	83097600	83097600	83097600	83097600	83097600	83097600	83097600	83097600	83097600
INCOME BEFORE TAXES	-8360366	-8360366	-8360366	-8360366	-8360366	-8360366	-8360366	-8360366	-8360366
INVESTMENT TAX CREDIT	0	0	0	0	0	0	0	0	0
TAX DEPRECIATION	41595186	37435657	33692100	30322890	30322890	30322890	30322890	30322890	30322890
TAXABLE INCOME	-6472952	-2313433	1430134	4799344	4799344	4799344	4799344	4799344	4799344
CURRENT INCOME TAX	-3107017	-1110448	646464	2303685	2303685	2303685	2303685	2303685	2303685
DEFERRED INCOME TAX	-905959	-2902528	-4699440	-6316661	-6316661	-6316661	-6316661	-6316661	-6316661
TOTAL INCOME TAXES	-4012976	-4012976	-4012976	-4012976	-4012976	-4012976	-4012976	-4012976	-4012976
NET INCOME (BOOK)	-4347390	-4347390	-4347390	-4347390	-4347390	-4347390	-4347390	-4347390	-4347390
SOURCES OF FUNDS									
NET INCOME	-4347390	-4347390	-4347390	-4347390	-4347390	-4347390	-4347390	-4347390	-4347390
FINANCIAL DEPRECIATION	43482600	43482600	43482600	43482600	43482600	43482600	43482600	43482600	43482600
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	-905959	-2902528	-4699440	-6316661	-6316661	-6316661	-6316661	-6316661	-6316661
NET ADDITIONS TO EQUITY	0	0	0	0	0	0	0	0	0
TOTAL SOURCES	38229251	36232682	34435770	32818549	32818549	32818549	32818549	32818549	32818549
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	0	0	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	38229251	36232682	34435770	32818549	32818549	32818549	32818549	32818549	32818549
CUMULATIVE NET CASH GENERATED	470815452	507048134	541483904	574302453	607121002	639939551	672758100	705576649	738395198
RATE OF RETURN ON EQUITY	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50

AG0 545110

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE 1B1 PROCESS 8/8 GAS AT PRUDHDE -EXTRACT ETHANE+ -LIQ PL TO HAINES

TIME PERIOD	1999	2000	2001	2002	9999	8888
DAILY TRANSPORTATION VOLUME (BBLs)	182600	182500	182600	182600	3652000	182600
COST OF SERVICE (\$/BRL)	1.121	1.121	1.121	1.121	24.662	1.233
TOTAL REVENUE	74737234	74737234	74737234	74737234	1494744690	74737234
EXPENSES						
OPERATIONS AND MAINTENANCE EXPENSES	39615000	39615000	39615000	39615000	792300000	39615000
INTEREST EXPENSES	0	0	0	0	0	0
FINANCIAL DEPRECIATION	43482600	43482600	43482600	43482600	869652000	43482600
TOTAL EXPENSES	83097600	83097600	83097600	83097600	1661952000	83097600
INCOME BEFORE TAXES	-8360366	-8360366	-8360366	-8360366	-167207320	-8360366
INVESTMENT TAX CREDIT	0	0	0	0	86965200	43482600
TAX DEPRECIATION	30322890	30322890	30322890	30322890	869651998	43482600
TAXABLE INCOME	4799344	4799344	4799344	4799344	-167207318	-8360366
CURRENT INCOME TAX	2303685	2303685	2303685	2303685	-167224714	-8361236
DEFERRED INCOME TAX	-6316661	-6316661	-6316661	-6316661	-6	0
TOTAL INCOME TAXES	-4012976	-4012976	-4012976	-4012976	-167224720	-8361236
NET INCOME (BOOK)	-4347390	-4347390	-4347390	-4347390	17400	870
SOURCES OF FUNDS						
NET INCOME	-4347390	-4347390	-4347390	-4347390	17400	870
FINANCIAL DEPRECIATION	43482600	43482600	43482600	43482600	869652000	43482600
LONG TERM BORROWING	0	0	0	0	0	0
DEFERRED INCOME TAXES	-6316661	-6316661	-6316661	-6316661	-6	0
NET ADDITIONS TO EQUITY	0	0	0	0	869652000	43482600
TOTAL SOURCES	32818549	32818549	32818549	32818549	1739321394	86966070
APPLICATIONS OF FUNDS						
CAPITAL OUTLAY	0	0	0	0	869652000	43482600
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	869652000	43482600
NET CASH GENERATED DURING YEAR	32818549	32818549	32818549	32818549	869669394	43483470
CUMULATIVE NET CASH GENERATED	771213747	804032296	836850845	869669394	*****	541069447
RATE OF RETURN ON EQUITY	-0.50	-0.50	-0.50	-0.50	0.00	0.00

AGO 545111

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE IC1 PROCESS 8/8 GAS AT PRUDHOE -EXTRACT ETHANE+ -LIQ PL TO KENAI

TIME PERIOD	1981	1982	1983	1984	1985	1986	1987	1988	1989
DAILY TRANSPORTATION VOLUME (BBLs)	0	0	182600	182600	182600	182600	182600	182600	182600
COST OF SERVICE (\$/BBL)	.922	.922	.922	.922	.922	.922	.922	.922	.922
TOTAL REVENUE	0	0	61427624	61427624	61427624	61427624	61427624	61427624	61427624
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	0	0	32730000	32730000	32730000	32730000	32730000	32730000	32730000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	0	0	35528700	35528700	35528700	35528700	35528700	35528700	35528700
TOTAL EXPENSES	0	0	68258700	68258700	68258700	68258700	68258700	68258700	68258700
INCOME BEFORE TAXES	0	0	-6831076	-6831076	-6831076	-6831076	-6831076	-6831076	-6831076
INVESTMENT TAX CREDIT	0	0	71057400	0	0	0	0	0	0
TAX DEPRECIATION	0	0	71057400	63951660	57556494	51800845	46620760	41958684	37762816
TAXABLE INCOME	0	0	-42359776	-35254036	-28858870	-23103221	-17923136	-13261060	-9065192
CURRENT INCOME TAX	0	0	-91390092	-16921937	-13852258	-11089546	-8603105	-6365309	-4351292
DEFERRED INCOME TAX	0	0	17053776	13643021	10573342	7810630	5324189	3086393	1072376
TOTAL INCOME TAXES	0	0	-74336316	-3278916	-3278916	-3278916	-3278916	-3278916	-3278916
NET INCOME (BOOK)	0	0	67505240	-3552160	-3552160	-3552160	-3552160	-3552160	-3552160
SOURCES OF FUNDS									
NET INCOME	0	0	67505240	-3552160	-3552160	-3552160	-3552160	-3552160	-3552160
FINANCIAL DEPRECIATION	0	0	35528700	35528700	35528700	35528700	35528700	35528700	35528700
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	0	0	17053776	13643021	10573342	7810630	5324189	3086393	1072376
NET ADDITIONS TO EQUITY	355287000	355287000	0	0	0	0	0	0	0
TOTAL SOURCES	355287000	355287000	120087716	45619561	42549882	39787170	37300729	35062933	33048916
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	355287000	355287000	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	355287000	355287000	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	0	0	120087716	45619561	42549882	39787170	37300729	35062933	33048916
CUMULATIVE NET CASH GENERATED	0	0	120087716	165707277	208257159	248044329	285345058	320407991	353456907
RATE OF RETURN ON EQUITY	0.00	0.00	9.50	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0

AGO 545112

Pipe Line Technologists, Inc.

a Kaneb company

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE 1C1 PROCESS 8/8 GAS AT PRUDHOE -EXTRACT ETHANE+ -LIQ PL TO KENAI

TIME PERIOD	1990	1991	1992	1993	1994	1995	1996	1997	1998
DAILY TRANSPORTATION VOLUME (BBL/S)	182600	182600	182600	182600	182600	182600	182600	182600	182600
COST OF SERVICE (\$/BBL)	.922	.922	.922	.922	.922	.922	.922	.922	.922
TOTAL REVENUE	61427624	61427624	61427624	61427624	61427624	61427624	61427624	61427624	61427624
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	32730000	32730000	32730000	32730000	32730000	32730000	32730000	32730000	32730000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	35528700	35528700	35528700	35528700	35528700	35528700	35528700	35528700	35528700
TOTAL EXPENSES	68258700	68258700	68258700	68258700	68258700	68258700	68258700	68258700	68258700
INCOME BEFORE TAXES	-6831076	-6831076	-6831076	-6831076	-6831076	-6831076	-6831076	-6831076	-6831076
INVESTMENT TAX CREDIT	0	0	0	0	0	0	0	0	0
TAX DEPRECIATION	33986534	30587881	27529093	24775183	24776183	24776183	24776183	24776183	24776183
TAXABLE INCOME	-5288910	-1890257	1168531	3921441	3921441	3921441	3921441	3921441	3921441
CURRENT INCOME TAX	-2538677	-907323	560895	1882292	1882292	1882292	1882292	1882292	1882292
DEFERRED INCOME TAX	-740239	-2371593	-3839811	-5161208	-5161208	-5161208	-5161208	-5161208	-5161208
TOTAL INCOME TAXES	-3278916	-3278916	-3278916	-3278916	-3278916	-3278916	-3278916	-3278916	-3278916
NET INCOME (BOOK)	-3552160	-3552160	-3552160	-3552160	-3552160	-3552160	-3552160	-3552160	-3552160
SOURCES OF FUNDS									
NET INCOME	-3552160	-3552160	-3552160	-3552160	-3552160	-3552160	-3552160	-3552160	-3552160
FINANCIAL DEPRECIATION	35528700	35528700	35528700	35528700	35528700	35528700	35528700	35528700	35528700
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	-740239	-2371593	-3839811	-5161208	-5161208	-5161208	-5161208	-5161208	-5161208
NET ADDITIONS TO EQUITY	0	0	0	0	0	0	0	0	0
TOTAL SOURCES	31236301	29604947	28136729	26815332	26815332	26815332	26815332	26815332	26815332
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	0	0	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	31236301	29604947	28136729	26815332	26815332	26815332	26815332	26815332	26815332
CUMULATIVE NET CASH GENERATED	384693208	414298155	442434884	469250216	496065548	522880880	549696212	576511544	603326876
RATE OF RETURN ON EQUITY	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50

AGD 545113

Pipe Line Technologists, Inc.

a Kaneb company

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)

CASE IC1 PROCESS 8/8 GAS AT PRUDHOE -EXTRACT ETHANE+ -L10 PL TO KENAI

TIME PERIOD	1999	2000	2001	2002	9999	8888
DAILY TRANSPORTATION VOLUME (BBLS)	182600	182500	182600	182600	3652000	182600
COST OF SERVICE (\$/BBL)	.922	.922	.922	.922	20.284	1.014
TOTAL REVENUE	61427624	61427624	61427624	61427624	1228552480	61427624
EXPENSES						
OPERATIONS AND MAINTENANCE EXPENSES	32730000	32730000	32730000	32730000	654600000	32730000
INTEREST EXPENSES	0	0	0	0	0	0
FINANCIAL DEPRECIATION	35528700	35528700	35528700	35528700	710574000	35528700
TOTAL EXPENSES	68258700	68258700	68258700	68258700	1365174000	68258700
INCOME BEFORE TAXES	-6831076	-6831076	-6831076	-6831076	-136621520	-6831076
INVESTMENT TAX CREDIT	0	0	0	0	71057400	3552870
TAX DEPRECIATION	24776183	24776183	24776183	24776183	710573997	35528700
TAXABLE INCOME	3921441	3921441	3921441	3921441	-136621517	-6831076
CURRENT INCOME TAX	1882292	1882292	1882292	1882292	-136635724	-6831786
DEFERRED INCOME TAX	-5161208	-5161208	-5161208	-5161208	4	0
TOTAL INCOME TAXES	-3278915	-3278916	-3278916	-3278916	-136635720	-6831786
NET INCOME (BOOK)	-3552160	-3552160	-3552160	-3552160	14200	710
SOURCES OF FUNDS						
NET INCOME	-3552160	-3552160	-3552160	-3552160	14200	710
FINANCIAL DEPRECIATION	35528700	35528700	35528700	35528700	710574000	35528700
LONG TERM BORROWING	0	0	0	0	0	0
DEFERRED INCOME TAXES	-5161208	-5161208	-5161208	-5161208	4	0
NET ADDITIONS TO EQUITY	0	0	0	0	710574000	35528700
TOTAL SOURCES	26815332	26815332	26815332	26815332	1421162204	71058110
APPLICATIONS OF FUNDS						
CAPITAL OUTLAY	0	0	0	0	710574000	35528700
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	710574000	35528700
NET CASH GENERATED DURING YEAR	26815332	26815332	26815332	26815332	710588204	35529410
CUMULATIVE NET CASH GENERATED	630142208	656957540	683772872	710588204	8841924784	442096239
RATE OF RETURN ON EQUITY	-.50	-.50	-.50	-.50	0.00	0.00

AG0 545114

Pipe Line Technologists, Inc.

a Kaneb company

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE 1A2 PROCESS 8/8 GAS AT PRUDHOE -EXTRACT PROPANE+ -LIQ PL TO FAIRBANKS

TIME PERIOD	1981	1982	1983	1984	1985	1986	1987	1988	1989
DAILY TRANSPORTATION VOLUME (BBLS)	0	0	70800	70800	70800	70800	70800	70800	70800
COST OF SERVICE (\$/BBL)	.861	.861	.861	.861	.861	.861	.861	.861	.861
TOTAL REVENUE	0	0	22241461	22241461	22241461	22241461	22241461	22241461	22241461
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	0	0	13120000	13120000	13120000	13120000	13120000	13120000	13120000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	0	0	11292700	11292700	11292700	11292700	11292700	11292700	11292700
TOTAL EXPENSES	0	0	24412700	24412700	24412700	24412700	24412700	24412700	24412700
INCOME BEFORE TAXES	0	0	-2171239	-2171239	-2171239	-2171239	-2171239	-2171239	-2171239
INVESTMENT TAX CREDIT	0	0	22585400	0	0	0	0	0	0
TAX DEPRECIATION	0	0	22585400	20326860	18294174	16464757	14818281	13336453	12002808
TAXABLE INCOME	0	0	-13463939	-11205399	-9172713	-7343296	-5696420	-4214992	-2881347
CURRENT INCOME TAX	0	0	-29048091	-5378591	-4402902	-3524782	-2734473	-2023196	-1383046
DEFERRED INCOME TAX	0	0	5420496	4336396	3360707	2482587	1692278	981001	340851
TOTAL INCOME TAXES	0	0	-23627595	-1042195	-1042195	-1042195	-1042195	-1042195	-1042195
NET INCOME (BOOK)	0	0	21456356	-1129044	-1129044	-1129044	-1129044	-1129044	-1129044
SOURCES OF FUNDS									
NET INCOME	0	0	21456356	-1129044	-1129044	-1129044	-1129044	-1129044	-1129044
FINANCIAL DEPRECIATION	0	0	11292700	11292700	11292700	11292700	11292700	11292700	11292700
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	0	0	5420496	4336396	3360707	2482587	1692278	981001	340851
NET ADDITIONS TO EQUITY	112927000	112927000	0	0	0	0	0	0	0
TOTAL SOURCES	112927000	112927000	38169552	14500052	13524363	12646243	11855434	11144657	10504507
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	112927000	112927000	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	112927000	112927000	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	0	0	38169552	14500052	13524363	12646243	11855434	11144657	10504507
CUMULATIVE NET CASH GENERATED	0	0	38169552	52669604	66193967	78840210	90696144	101840801	112345308
RATE OF RETURN ON EQUITY	0.00	0.00	9.50	-5.50	-5.50	-5.50	-5.50	-5.50	-5.50

AGO 545115

Pipe Line Technologists, Inc.

a Kaneb company

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE 1A2 PROCESS B/8 GAS AT PRUDHOE -EXTRACT PROPANE+ -LIQ PL TO FAIRBANKS

TIME PERIOD	1990	1991	1992	1993	1994	1995	1996	1997	1998
DAILY TRANSPORTATION VOLUME (BBLs)	70800	70800	70800	70800	70800	70800	70800	70800	70800
COST OF SERVICE (\$/BBL)	.861	.861	.861	.861	.861	.861	.861	.861	.861
TOTAL REVENUE	22241461	22241461	22241461	22241461	22241461	22241461	22241461	22241461	22241461
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	13120000	13120000	13120000	13120000	13120000	13120000	13120000	13120000	13120000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	11292700	11292700	11292700	11292700	11292700	11292700	11292700	11292700	11292700
TOTAL EXPENSES	24412700	24412700	24412700	24412700	24412700	24412700	24412700	24412700	24412700
INCOME BEFORE TAXES	-2171239	-2171239	-2171239	-2171239	-2171239	-2171239	-2171239	-2171239	-2171239
INVESTMENT TAX CREDIT	0	0	0	0	0	0	0	0	0
TAX DEPRECIATION	10802527	9722274	8750047	7875042	7875042	7875042	7875042	7875042	7875042
TAXABLE INCOME	-1681066	-600913	371414	1246419	1246419	1246419	1246419	1246419	1246419
CURRENT INCOME TAX	-806911	-289390	178279	598281	598281	598281	598281	598281	598281
DEFERRED INCOME TAX	-235284	-753805	-1220474	-1640476	-1640476	-1640476	-1640476	-1640476	-1640476
TOTAL INCOME TAXES	-1042195	-1042195	-1042195	-1042195	-1042195	-1042195	-1042195	-1042195	-1042195
NET INCOME (BOOK)	-1129044	-1129044	-1129044	-1129044	-1129044	-1129044	-1129044	-1129044	-1129044
SOURCES OF FUNDS									
NET INCOME	-1129044	-1129044	-1129044	-1129044	-1129044	-1129044	-1129044	-1129044	-1129044
FINANCIAL DEPRECIATION	11292700	11292700	11292700	11292700	11292700	11292700	11292700	11292700	11292700
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	-235284	-753805	-1220474	-1640476	-1640476	-1640476	-1640476	-1640476	-1640476
NET ADDITIONS TO EQUITY	0	0	0	0	0	0	0	0	0
TOTAL SOURCES	9928372	9409851	8943182	8523180	8523180	8523180	8523180	8523180	8523180
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	0	0	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	9928372	9409851	8943182	8523180	8523180	8523180	8523180	8523180	8523180
CUMULATIVE NET CASH GENERATED	122273680	131683531	140626713	149149897	157673073	166196253	174719433	183242613	191765793
RATE OF RETURN ON EQUITY	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50

AG0 545116

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)

CASE 1A2 PROCESS 8/8 GAS AT PRUDHOE -EXTRACT PROPANE+ -LIQ PL TO FAIRBANKS

TIME PERIOD	1999	2000	2001	2002	9999	8888
DAILY TRANSPORTATION VOLUME (BBLS)	70800	70300	70800	70800	1416000	70800
COST OF SERVICE (\$/BBL)	.861	.861	.861	.861	18.942	.947
TOTAL REVENUE	22241461	22241461	22241461	22241461	444829220	22241461
EXPENSES						
OPERATIONS AND MAINTENANCE EXPENSES	13120000	13120000	13120000	13120000	262400000	13120000
INTEREST EXPENSES	0	0	0	0	0	0
FINANCIAL DEPRECIATION	11292700	11292700	11292700	11292700	225854000	11292700
TOTAL EXPENSES	24412700	24412700	24412700	24412700	488254000	24412700
INCOME BEFORE TAXES	-2171239	-2171239	-2171239	-2171239	-43424780	-2171239
INVESTMENT TAX CREDIT	0	0	0	0	22585400	1129270
TAX DEPRECIATION	7875042	7875042	7875042	7875042	225854001	11292700
TAXABLE INCOME	1246419	1246419	1246419	1246419	-43424781	-2171239
CURRENT INCOME TAX	598281	598281	598281	598281	-43429293	-2171465
DEFERRED INCOME TAX	-1640476	-1640476	-1640476	-1640476	-7	0
TOTAL INCOME TAXES	-1042195	-1042195	-1042195	-1042195	-43429300	-2171465
NET INCOME (BOOK)	-1129044	-1129044	-1129044	-1129044	4520	226
SOURCES OF FUNDS						
NET INCOME	-1129044	-1129044	-1129044	-1129044	4520	226
FINANCIAL DEPRECIATION	11292700	11292700	11292700	11292700	225854000	11292700
LONG TERM BORROWING	0	0	0	0	0	0
DEFERRED INCOME TAXES	-1640476	-1640476	-1640476	-1640476	-7	0
NET ADDITIONS TO EQUITY	0	0	0	0	225854000	11292700
TOTAL SOURCES	8523180	8523180	8523180	8523180	451712513	22585626
APPLICATIONS OF FUNDS						
CAPITAL OUTLAY	0	0	0	0	225854000	11292700
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	225854000	11292700
NET CASH GENERATED DURING YEAR	8523180	8523180	8523180	8523180	225858513	11292926
CUMULATIVE NET CASH GENERATED	200288973	208812153	217335333	225858513	2810381540	140519077
RATE OF RETURN ON EQUITY	-.50	-.50	-.50	-.50	0.00	0.00

AG0 545117

Pipe Line Technologists, Inc.

a Kaneb company

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND MGL STUDY (PROJECT 1149)
CASE 1B2 PROCESS 8/8 GAS AT PRUDHOE -EXTRACT PROPANE+ -LIQ PL TO HAINES

TIME PERIOD	1981	1982	1983	1984	1985	1986	1987	1988	1989
DAILY TRANSPORTATION VOLUME (BBLS)	0	0	70800	70800	70800	70800	70800	70800	70800
COST OF SERVICE (\$/BBL)	2.050	2.050	2.050	2.050	2.050	2.050	2.050	2.050	2.050
TOTAL REVENUE	0	0	52981175	52981175	52981175	52981175	52981175	52981175	52981175
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	0	0	30800000	30800000	30800000	30800000	30800000	30800000	30800000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	0	0	27461100	27461100	27461100	27461100	27461100	27461100	27461100
TOTAL EXPENSES	0	0	58261100	58261100	58261100	58261100	58261100	58261100	58261100
INCOME BEFORE TAXES	0	0	-5279925	-5279925	-5279925	-5279925	-5279925	-5279925	-5279925
INVESTMENT TAX CREDIT	0	0	54922200	0	0	0	0	0	0
TAX DEPRECIATION	0	0	54922200	49429980	44486982	40038284	36034455	32431010	29187909
TAXABLE INCOME	0	0	-32741025	-27248805	-22305807	-17857109	-13853280	-10249835	-7006734
CURRENT INCOME TAX	0	0	-70637892	-13079426	-10706787	-8571412	-6649574	-4919921	-3363232
DEFERRED INCOME TAX	0	0	13181328	10545062	8172423	6037048	4115210	2385557	828868
TOTAL INCOME TAXES	0	0	-57456564	-2534364	-2534364	-2534364	-2534364	-2534364	-2534364
NET INCOME (BOOK)	0	0	52176639	-2745561	-2745561	-2745561	-2745561	-2745561	-2745561
SOURCES OF FUNDS									
NET INCOME	0	0	52176639	-2745561	-2745561	-2745561	-2745561	-2745561	-2745561
FINANCIAL DEPRECIATION	0	0	27461100	27461100	27461100	27461100	27461100	27461100	27461100
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	0	0	13181328	10545062	8172423	6037048	4115210	2385557	828868
NET ADDITIONS TO EQUITY	274611000	274611000	0	0	0	0	0	0	0
TOTAL SOURCES	274611000	274611000	92819067	35260601	32887962	30752587	28830749	27101096	25444407
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	274611000	274611000	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	274611000	274611000	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	0	0	92819067	35260601	32887962	30752587	28830749	27101096	25444407
CUMULATIVE NET CASH GENERATED	0	0	92819067	128079668	160967630	191720217	220550966	247652062	273196469
RATE OF RETURN ON EQUITY	0.00	0.00	9.50	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0

AG0 545118

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)

CASE IB2 PROCESS 8/8 GAS AT PRUDHOE -EXTRACT PROPANE+ -LIQ PL TO HAINES

TIME PERIOD	1990	1991	1992	1993	1994	1995	1996	1997	1998
DAILY TRANSPORTATION VOLUME (BBLs)	70800	70800	70800	70800	70800	70800	70800	70800	70800
COST OF SERVICE (\$/BBL)	2.050	2.050	2.050	2.050	2.050	2.050	2.050	2.050	2.050
TOTAL REVENUE	52981175	52981175	52981175	52981175	52981175	52981175	52981175	52981175	52981175
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	30800000	30800000	30800000	30800000	30800000	30800000	30800000	30800000	30800000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	27461100	27461100	27461100	27461100	27461100	27461100	27461100	27461100	27461100
TOTAL EXPENSES	58261100	58261100	58261100	58261100	58261100	58261100	58261100	58261100	58261100
INCOME BEFORE TAXES	-5279925	-5279925	-5279925	-5279925	-5279925	-5279925	-5279925	-5279925	-5279925
INVESTMENT TAX CREDIT	0	0	0	0	0	0	0	0	0
TAX DEPRECIATION	26269118	23642206	21277986	19150187	19150187	19150187	19150187	19150187	19150187
TAXABLE INCOME	-4087943	-1461031	903189	3030988	3030988	3030988	3030988	3030988	3030988
CURRENT INCOME TAX	-1962212	-701295	433531	1454874	1454874	1454874	1454874	1454874	1454874
DEFERRED INCOME TAX	-572152	-1833069	-2967895	-3989238	-3989238	-3989238	-3989238	-3989238	-3989238
TOTAL INCOME TAXES	-2534364	-2534364	-2534364	-2534364	-2534364	-2534364	-2534364	-2534364	-2534364
NET INCOME (BOOK)	-2745561	-2745561	-2745561	-2745561	-2745561	-2745561	-2745561	-2745561	-2745561
SOURCES OF FUNDS									
NET INCOME	-2745561	-2745561	-2745561	-2745561	-2745561	-2745561	-2745561	-2745561	-2745561
FINANCIAL DEPRECIATION	27461100	27461100	27461100	27461100	27461100	27461100	27461100	27461100	27461100
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	-572152	-1833069	-2967895	-3989238	-3989238	-3989238	-3989238	-3989238	-3989238
NET ADDITIONS TO EQUITY	0	0	0	0	0	0	0	0	0
TOTAL SOURCES	24143387	22882470	21747644	20726301	20726301	20726301	20726301	20726301	20726301
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	0	0	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	24143387	22882470	21747644	20726301	20726301	20726301	20726301	20726301	20726301
CUMULATIVE NET CASH GENERATED	297339856	320222326	341969970	362696271	383422572	404148873	424875174	445601475	466327776
RATE OF RETURN ON EQUITY	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50

AGD 545119

Pipe Line Technologists, Inc.

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EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE 1B2 PROCESS 8/8 GAS AT PRUDHOE -EXTRACT PROPANE+ -LIQ PL TO HAINES

TIME PERIOD	1999	2000	2001	2002	9999	8888
DAILY TRANSPORTATION VOLUME (BBLS)	70800	70800	70800	70800	1416000	70800
COST OF SERVICE (\$/BBL)	2.050	2.050	2.050	2.050	45.100	2.255
TOTAL REVENUE	52981175	52981175	52981175	52981175	1059623500	52981175
EXPENSES						
OPERATIONS AND MAINTENANCE EXPENSES	30800000	30800000	30800000	30800000	616000000	30800000
INTEREST EXPENSES	0	0	0	0	0	0
FINANCIAL DEPRECIATION	27461100	27461100	27461100	27461100	549222000	27461100
TOTAL EXPENSES	58261100	58261100	58261100	58261100	1165222000	58261100
INCOME BEFORE TAXES	-5279925	-5279925	-5279925	-5279925	-105598500	-5279925
INVESTMENT TAX CREDIT	0	0	0	0	54922200	2746110
TAX DEPRECIATION	19150187	19150187	19150187	19150187	549222000	27461100
TAXABLE INCOME	3030988	3030988	3030988	3030988	105598500	-5279925
CURRENT INCOME TAX	1454874	1454874	1454874	1454874	105609480	-5280474
DEFERRED INCOME TAX	-3989238	-3989238	-3989238	-3989238	0	0
TOTAL INCOME TAXES	-2534364	-2534364	-2534364	-2534364	-105609480	-5280474
NET INCOME (BOOK)	-2745561	-2745561	-2745561	-2745561	10980	549
SOURCES OF FUNDS						
NET INCOME	-2745561	-2745561	-2745561	-2745561	10980	549
FINANCIAL DEPRECIATION	27461100	27461100	27461100	27461100	549222000	27461100
LONG TERM BORROWING	0	0	0	0	0	0
DEFERRED INCOME TAXES	-3989238	-3989238	-3989238	-3989238	0	0
NET ADDITIONS TO EQUITY	0	0	0	0	549222000	27461100
TOTAL SOURCES	20726301	20726301	20726301	20726301	11098454980	54922749
APPLICATIONS OF FUNDS						
CAPITAL OUTLAY	0	0	0	0	549222000	27461100
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	549222000	27461100
NET CASH GENERATED DURING YEAR	20726301	20726301	20726301	20726301	549232980	27461649
CUMULATIVE NET CASH GENERATED	487054077	507780378	528506679	549232980683	4164486	341708224
RATE OF RETURN ON EQUITY	-0.50	-0.50	-0.50	-0.50	0.00	0.00

AG0 545120

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE IC2 PROCESS 8/8 GAS AT PRUDHOE -EXTRACT PROPANE+ -LIQ PL TO KENAI

TIME PERIOD	1981	1982	1983	1984	1985	1986	1987	1988	1989
DAILY TRANSPORTATION VOLUME (BBLS)	0	0	70800	70800	70800	70800	70800	70800	70800
COST OF SERVICE (\$/BBL)	1.694	1.694	1.694	1.694	1.694	1.694	1.694	1.694	1.694
TOTAL REVENUE	0	0	43767335	43767335	43767335	43767335	43767335	43767335	43767335
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	0	0	25590000	25590000	25590000	25590000	25590000	25590000	25590000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	0	0	22504200	22504200	22504200	22504200	22504200	22504200	22504200
TOTAL EXPENSES	0	0	48094200	48094200	48094200	48094200	48094200	48094200	48094200
INCOME BEFORE TAXES	0	0	-4326865	-4326865	-4326865	-4326865	-4326865	-4326865	-4326865
INVESTMENT TAX CREDIT	0	0	45008400	0	0	0	0	0	0
TAX DEPRECIATION	0	0	45008400	40507560	36456804	32811124	29530011	26577010	23919309
TAXABLE INCOME	0	0	-26831065	-22330225	-18279469	-14633789	-11352676	-8399675	-5741974
CURRENT INCOME TAX	0	0	-57887311	-10718508	-8774145	-7024219	-5449285	-4031844	-2756148
DEFERRED INCOME TAX	0	0	10802016	8641613	6697250	4947324	3372390	1954949	679253
TOTAL INCOME TAXES	0	0	-47085295	-2076895	-2076895	-2076895	-2076895	-2076895	-2076895
NET INCOME (BOOK)	0	0	42758430	-2249970	-2249970	-2249970	-2249970	-2249970	-2249970
SOURCES OF FUNDS									
NET INCOME	0	0	42758430	-2249970	-2249970	-2249970	-2249970	-2249970	-2249970
FINANCIAL DEPRECIATION	0	0	22504200	22504200	22504200	22504200	22504200	22504200	22504200
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	0	0	10802016	8641613	6697250	4947324	3372390	1954949	679253
NET ADDITIONS TO EQUITY	225042000	225042000	0	0	0	0	0	0	0
TOTAL SOURCES	225042000	225042000	76064646	28895843	26951480	25201554	23626620	22209179	20933483
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	225042000	225042000	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	225042000	225042000	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	0	0	76064646	28895843	26951480	25201554	23626620	22209179	20933483
CUMULATIVE NET CASH GENERATED	0	0	76064646	104960489	131911969	157113523	180740143	202949322	223882805
RATE OF RETURN ON EQUITY	0.00	0.00	9.50	-1.50	-1.50	-1.50	-1.50	-1.50	-1.50

AGG 545121

Pipe Line Technologists, Inc.

a Kaneb company

EARNINGS AND CASH FLOW PROJECTION CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE IC2 PROCESS 8/8 GAS AT PRUDHOE -EXTRACT PROPANE+ -LIQ PL TO KENAI

TIME PERIOD	1990	1991	1992	1993	1994	1995	1996	1997	1998
DAILY TRANSPORTATION VOLUME (BBLs)	70800	70800	70800	70800	70800	70800	70800	70800	70800
COST OF SERVICE (\$/BBL)	1.694	1.594	1.694	1.694	1.694	1.694	1.694	1.694	1.694
TOTAL REVENUE	43767335	43767335	43767335	43767335	43767335	43767335	43767335	43767335	43767335
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	25590000	25590000	25590000	25590000	25590000	25590000	25590000	25590000	25590000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	22504200	22504200	22504200	22504200	22504200	22504200	22504200	22504200	22504200
TOTAL EXPENSES	48094200	48094200	48094200	48094200	48094200	48094200	48094200	48094200	48094200
INCOME BEFORE TAXES	-4326865	-4326865	-4326865	-4326865	-4326865	-4326865	-4326865	-4326865	-4326865
INVESTMENT TAX CREDIT	0	0	0	0	0	0	0	0	0
TAX DEPRECIATION	21527378	19374540	17437176	15693459	15693459	15693459	15693459	15693459	15693459
TAXABLE INCOME	-3350043	-1197305	740159	2483876	2483876	2483876	2483876	2483876	2483876
CURRENT INCOME TAX	-1608021	-574707	355276	1192261	1192261	1192261	1192261	1192261	1192261
DEFERRED INCOME TAX	-468874	-1502188	-2432171	-3269156	-3269156	-3269156	-3269156	-3269156	-3269156
TOTAL INCOME TAXES	-2076895	-2076895	-2076895	-2076895	-2076895	-2076895	-2076895	-2076895	-2076895
NET INCOME (BOOK)	-2249970	-2249970	-2249970	-2249970	-2249970	-2249970	-2249970	-2249970	-2249970
SOURCES OF FUNDS									
NET INCOME	-2249970	-2249970	-2249970	-2249970	-2249970	-2249970	-2249970	-2249970	-2249970
FINANCIAL DEPRECIATION	22504200	22504200	22504200	22504200	22504200	22504200	22504200	22504200	22504200
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	-468874	-1502188	-2432171	-3269156	-3269156	-3269156	-3269156	-3269156	-3269156
NET ADDITIONS TO EQUITY	0	0	0	0	0	0	0	0	0
TOTAL SOURCES	19785356	18752012	17822059	16985074	16985074	16985074	16985074	16985074	16985074
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	0	0	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	19785356	18752012	17822059	16985074	16985074	16985074	16985074	16985074	16985074
CUMULATIVE NET CASH GENERATED	243668161	262420203	280242262	297227336	314212410	331197484	348182558	365167632	382152706
RATE OF RETURN ON EQUITY	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50

AG0 545122

Pipe Line Technologists, Inc.

a Kaneb company

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE 1C2 PROCESS 8/8 GAS AT PIUDHOE -EXTRACT PROPANE+ -LIQ PL TO KENAI

TIME PERIOD	1999	2000	2001	2002	9999	8888
DAILY TRANSPORTATION VOLUME (BBL'S)	70800	70800	70800	70800	1416000	70800
COST OF SERVICE (\$/BBL)	1.694	1.694	1.694	1.694	37.268	1.863
TOTAL REVENUE	43767335	43767335	43767335	43767335	875346700	43767335
EXPENSES						
OPERATIONS AND MAINTENANCE EXPENSES	25590000	25590000	25590000	25590000	511800000	25590000
INTEREST EXPENSES	0	0	0	0	0	0
FINANCIAL DEPRECIATION	22504200	22504200	22504200	22504200	450084000	22504200
TOTAL EXPENSES	48094200	48094200	48094200	48094200	961884000	48094200
INCOME BEFORE TAXES	-4326865	-4326865	-4326865	-4326865	-86537300	-4326865
INVESTMENT TAX CREDIT	0	0	0	0	45008400	2250420
TAX DEPRECIATION	15693459	15693459	15693459	15693459	450084002	22504200
TAXABLE INCOME	2483876	2483876	2483876	2483876	-86537302	-4326865
CURRENT INCOME TAX	1192261	1192261	1192261	1192261	-86546302	-4327315
DEFERRED INCOME TAX	-3269156	-3269156	-3269156	-3269156	2	0
TOTAL INCOME TAXES	-2076895	-2076895	-2076895	-2076895	-86546300	-4327315
NET INCOME (BOOK)	-2249970	-2249970	-2249970	-2249970	9000	450
SOURCES OF FUNDS						
NET INCOME	-2249970	-2249970	-2249970	-2249970	9000	450
FINANCIAL DEPRECIATION	22504200	22504200	22504200	22504200	450084000	22504200
LONG TERM BORROWING	0	0	0	0	0	0
DEFERRED INCOME TAXES	-3269156	-3269156	-3269156	-3269156	2	0
NET ADDITIONS TO EQUITY	0	0	0	0	450084000	22504200
TOTAL SOURCES	16985074	16985074	16985074	16985074	900177002	45008850
APPLICATIONS OF FUNDS						
CAPITAL OUTLAY	0	0	0	0	450084000	22504200
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	450084000	22504200
NET CASH GENERATED DURING YEAR	16985074	16985074	16985074	16985074	450093002	22504650
CUMULATIVE NET CASH GENERATED	399137780	416122854	433107928	450093002	2560055213	290027761
RATE OF RETURN ON EQUITY	-0.50	-0.50	-0.50	-0.50	0.00	0.00

AGO 545123

Pipe Line Technologists, Inc.

a Kaneb company

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)

CASE ID PROCESS 8/8 GAS AT PRUDHOE -EQ. GAS/C3+ BTU -LIQ PL TO FAIRBANKS

TIME PERIOD	1981	1982	1983	1984	1985	1986	1987	1988	1989
DAILY TRANSPORTATION VOLUME (BBLS)	0	0	90400	90400	90400	90400	90400	90400	90400
COST OF SERVICE (\$/BBL)	.755	.755	.755	.755	.755	.755	.755	.755	.755
TOTAL REVENUE	0	0	24897425	24897425	24897425	24897425	24897425	24897425	24897425
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	0	0	14200000	14200000	14200000	14200000	14200000	14200000	14200000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	0	0	13243800	13243800	13243800	13243800	13243800	13243800	13243800
TOTAL EXPENSES	0	0	27443800	27443800	27443800	27443800	27443800	27443800	27443800
INCOME BEFORE TAXES	0	0	-2546375	-2546375	-2546375	-2546375	-2546375	-2546375	-2546375
INVESTMENT TAX CREDIT	0	0	26487600	0	0	0	0	0	0
TAX DEPRECIATION	0	0	26487600	23838840	21454956	19309460	17378514	15640663	14076597
TAXABLE INCOME	0	0	-15790175	-13141415	-10757531	-8612035	-6681089	-4943238	-3379172
CURRENT INCOME TAX	0	0	-34066884	-6307879	-5163615	-4133777	-3206923	-2372754	-1622002
DEFERRED INCOME TAX	0	0	6357024	5085619	3941355	2911517	1984663	1150494	399742
TOTAL INCOME TAXES	0	0	-27709860	-1222260	-1222260	-1222260	-1222260	-1222260	-1222260
NET INCOME (BOOK)	0	0	25163485	-1324115	-1324115	-1324115	-1324115	-1324115	-1324115
SOURCES OF FUNDS									
NET INCOME	0	0	25163485	-1324115	-1324115	-1324115	-1324115	-1324115	-1324115
FINANCIAL DEPRECIATION	0	0	13243800	13243800	13243800	13243800	13243800	13243800	13243800
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	0	0	6357024	5085619	3941355	2911517	1984663	1150494	399742
NET ADDITIONS TO EQUITY	132438000	132438000	0	0	0	0	0	0	0
TOTAL SOURCES	132438000	132438000	44764309	17005304	15861040	14831202	13904348	13070179	12319427
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	132438000	132438000	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	132438000	132438000	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	0	0	44764309	17005304	15861040	14831202	13904348	13070179	12319427
CUMULATIVE NET CASH GENERATED	0	0	44764309	61769613	77630653	92461855	106366203	119436382	131755809
RATE OF RETURN ON EQUITY	0.00	0.00	9.50	-1.50	-1.50	-1.50	-1.50	-1.50	-1.50

AGD 545124

Pipe Line Technologists, Inc.

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EARNINGS AND CASH FLOW PROJECTION CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE 10 PROCESS 8/8 GAS AT PRUDHOE -EQ. GAS/C3+ BTU -L10 PL TO FAIRBANKS

TIME PERIOD	1990	1991	1992	1993	1994	1995	1996	1997	1998
DAILY TRANSPORTATION VOLUME (BBLS)	90400	90400	90400	90400	90400	90400	90400	90400	90400
COST OF SERVICE (\$/BBL)	.755	.755	.755	.755	.755	.755	.755	.755	.755
TOTAL REVENUE	24897425	24897425	24897425	24897425	24897425	24897425	24897425	24897425	24897425
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	14200000	14200000	14200000	14200000	14200000	14200000	14200000	14200000	14200000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	13243800	13243800	13243800	13243800	13243800	13243800	13243800	13243800	13243800
TOTAL EXPENSES	27443800	27443800	27443800	27443800	27443800	27443800	27443800	27443800	27443800
INCOME BEFORE TAXES	-2546375	-2546375	-2546375	-2546375	-2546375	-2546375	-2546375	-2546375	-2546375
INVESTMENT TAX CREDIT	0	0	0	0	0	0	0	0	0
TAX DEPRECIATION	12668937	11402043	10261839	9235655	9235655	9235655	9235655	9235655	9235655
TAXABLE INCOME	-1971512	-704618	435586	1461770	1461770	1461770	1461770	1461770	1461770
CURRENT INCOME TAX	-946326	-339217	209081	701649	701649	701649	701649	701649	701649
DEFERRED INCOME TAX	-275934	-884043	-1431341	-1923909	-1923909	-1923909	-1923909	-1923909	-1923909
TOTAL INCOME TAXES	-1222260	-1222260	-1222260	-1222260	-1222260	-1222260	-1222260	-1222260	-1222260
NET INCOME (BOOK)	-1324115	-1324115	-1324115	-1324115	-1324115	-1324115	-1324115	-1324115	-1324115
SOURCES OF FUNDS									
NET INCOME	-1324115	-1324115	-1324115	-1324115	-1324115	-1324115	-1324115	-1324115	-1324115
FINANCIAL DEPRECIATION	13243800	13243800	13243800	13243800	13243800	13243800	13243800	13243800	13243800
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	-275934	-884043	-1431341	-1923909	-1923909	-1923909	-1923909	-1923909	-1923909
NET ADDITIONS TO EQUITY	0	0	0	0	0	0	0	0	0
TOTAL SOURCES	11643751	11035642	10488344	9995776	9995776	9995776	9995776	9995776	9995776
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	0	0	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	11643751	11035642	10488344	9995776	9995776	9995776	9995776	9995776	9995776
CUMULATIVE NET CASH GENERATED	143399560	154435202	164923546	174919322	184915098	194910874	204906650	214902426	224898202
RATE OF RETURN ON EQUITY	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50

AG0 545125

Pipe Line Technologists, Inc.

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EARNINGS AND CASH FLOW PROJECTION CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)

CASE ID PROCESS 8/8 GAS AT PRUDHOE -EQ. GAS/C3+ BTU -LIQ PL TO FAIRBANKS

TIME PERIOD	1999	2000	2001	2002	9999	8888
DAILY TRANSPORTATION VOLUME (BBLS)	90400	90400	90400	90400	1808000	90400
COST OF SERVICE (\$/BBL)	.755	.755	.755	.755	16.610	.831
TOTAL REVENUE	24897425	24897425	24897425	24897425	497948500	24897425
EXPENSES						
OPERATIONS AND MAINTENANCE EXPENSES	14200000	14200000	14200000	14200000	284000000	14200000
INTEREST EXPENSES	0	0	0	0	0	0
FINANCIAL DEPRECIATION	13243800	13243800	13243800	13243800	264876000	13243800
TOTAL EXPENSES	27443800	27443800	27443800	27443800	548876000	27443800
INCOME BEFORE TAXES	-2546375	-2546375	-2546375	-2546375	-50927500	-2546375
INVESTMENT TAX CREDIT	0	0	0	0	26487600	1324380
TAX DEPRECIATION	9235655	9235655	9235655	9235655	264875999	13243800
TAXABLE INCOME	1461770	1461770	1461770	1461770	-50927499	-2546375
CURRENT INCOME TAX	701649	701649	701649	701649	-50932806	-2546640
DEFERRED INCOME TAX	-1923909	-1923909	-1923909	-1923909	6	0
TOTAL INCOME TAXES	-1222260	-1222260	-1222260	-1222260	-50932800	-2546640
NET INCOME (BOOK)	-1324115	-1324115	-1324115	-1324115	5300	265
SOURCES OF FUNDS						
NET INCOME	-1324115	-1324115	-1324115	-1324115	5300	265
FINANCIAL DEPRECIATION	13243800	13243800	13243800	13243800	264876000	13243800
LONG TERM BORROWING	0	0	0	0	0	0
DEFERRED INCOME TAXES	-1923909	-1923909	-1923909	-1923909	6	0
NET ADDITIONS TO EQUITY	0	0	0	0	264876000	13243800
TOTAL SOURCES	9995776	9995776	9995776	9995776	529757306	26487865
APPLICATIONS OF FUNDS						
CAPITAL OUTLAY	0	0	0	0	264876000	13243800
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	264876000	13243800
NET CASH GENERATED DURING YEAR	9995776	9995776	9995776	9995776	264881306	13244065
CUMULATIVE NET CASH GENERATED	234893978	244889754	254885530	264881306	3295946272	164797314
RATE OF RETURN ON EQUITY	-.50	-.50	-.50	-.50	0.00	0.00

AGD 545126

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE 1E PROCESS 8/8 GAS AT PRUDHOE -EQ. GAS/C3+ BTU -LIQ PL TO KENAI

TIME PERIOD	1981	1982	1983	1984	1985	1986	1987	1988	1989
DAILY TRANSPORTATION VOLUME (BBLs)	0	0	90400	90400	90400	90400	90400	90400	90400
COST OF SERVICE (\$/BBL)	1.484	1.484	1.484	1.484	1.484	1.484	1.484	1.484	1.484
TOTAL REVENUE	0	0	48968406	48968406	48968406	48968406	48968406	48968406	48968406
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	0	0	27670000	27670000	27670000	27670000	27670000	27670000	27670000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	0	0	26368200	26368200	26368200	26368200	26368200	26368200	26368200
TOTAL EXPENSES	0	0	54038200	54038200	54038200	54038200	54038200	54038200	54038200
INCOME BEFORE TAXES	0	0	-5069794	-5069794	-5069794	-5069794	-5069794	-5069794	-5069794
INVESTMENT TAX CREDIT	0	0	52736400	0	0	0	0	0	0
TAX DEPRECIATION	0	0	52736400	47462760	42716484	38444836	34600352	31140317	28026285
TAXABLE INCOME	0	0	-31437994	-26164354	-21418078	-17146430	-13301946	-9841911	-6727879
CURRENT INCOME TAX	0	0	-67826637	-12558890	-10280677	-8230286	-6384934	-4724117	-3229382
DEFERRED INCOME TAX	0	0	12656736	10125389	7847176	5796785	3951433	2290616	795881
TOTAL INCOME TAXES	0	0	-55169901	-2433501	-2433501	-2433501	-2433501	-2433501	-2433501
NET INCOME (BOOK)	0	0	50100107	-2636293	-2636293	-2636293	-2636293	-2636293	-2636293
SOURCES OF FUNDS									
NET INCOME	0	0	50100107	-2636293	-2636293	-2636293	-2636293	-2636293	-2636293
FINANCIAL DEPRECIATION	0	0	26368200	26368200	26368200	26368200	26368200	26368200	26368200
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	0	0	12656736	10125389	7847176	5796785	3951433	2290616	795881
NET ADDITIONS TO EQUITY	263682000	263682000	0	0	0	0	0	0	0
TOTAL SOURCES	263682000	263682000	89125043	33857296	31579083	29528692	27683340	26022523	24527788
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	263682000	263682000	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	263682000	263682000	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	0	0	89125043	33857296	31579083	29528692	27683340	26022523	24527788
CUMULATIVE NET CASH GENERATED	0	0	89125043	122942339	154561422	184090114	211773454	237795977	262323765
RATE OF RETURN ON EQUITY	0.00	0.00	9.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50

AGD 545127

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE IE PROCESS 2/8 GAS AT PRUDHOE -EQ. GAS/C3+ BTU -LIQ PL TO KENAI

TIME PERIOD	1990	1991	1992	1993	1994	1995	1996	1997	1998
DAILY TRANSPORTATION VOLUME (BBLS)	90400	90400	90400	90400	90400	90400	90400	90400	90400
COST OF SERVICE (\$/BBL)	1.484	1.484	1.484	1.484	1.484	1.484	1.484	1.484	1.484
TOTAL REVENUE	48968406	48968406	48968406	48968406	48968406	48968406	48968406	48968406	48968406
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	27670000	27670000	27670000	27670000	27670000	27670000	27670000	27670000	27670000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	26368200	26368200	26368200	26368200	26368200	26368200	26368200	26368200	26368200
TOTAL EXPENSES	54038200	54038200	54038200	54038200	54038200	54038200	54038200	54038200	54038200
INCOME BEFORE TAXES	-5069794	-5069794	-5069794	-5069794	-5069794	-5069794	-5069794	-5069794	-5069794
INVESTMENT TAX CREDIT	0	0	0	0	0	0	0	0	0
TAX DEPRECIATION	25223657	22701291	20431162	18388046	18388046	18388046	18388046	18388046	18388046
TAXABLE INCOME	-3925251	-1402395	867244	2910360	2910360	2910360	2910360	2910360	2910360
CURRENT INCOME TAX	-1884120	-673385	416277	1396973	1396973	1396973	1396973	1396973	1396973
DEFERRED INCOME TAX	-549381	-1760116	-2849778	-3830474	-3830474	-3830474	-3830474	-3830474	-3830474
TOTAL INCOME TAXES	-2433501	-2433501	-2433501	-2433501	-2433501	-2433501	-2433501	-2433501	-2433501
NET INCOME (BOOK)	-2636293	-2636293	-2636293	-2636293	-2636293	-2636293	-2636293	-2636293	-2636293
SOURCES OF FUNDS									
NET INCOME	-2636293	-2636293	-2636293	-2636293	-2636293	-2636293	-2636293	-2636293	-2636293
FINANCIAL DEPRECIATION	26368200	26368200	26368200	26368200	26368200	26368200	26368200	26368200	26368200
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	-549381	-1760116	-2849778	-3830474	-3830474	-3830474	-3830474	-3830474	-3830474
NET ADDITIONS TO EQUITY	0	0	0	0	0	0	0	0	0
TOTAL SOURCES	23182526	21971791	20882129	19901433	19901433	19901433	19901433	19901433	19901433
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	0	0	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	23182526	21971791	20882129	19901433	19901433	19901433	19901433	19901433	19901433
CUMULATIVE NET CASH GENERATED	285506291	307478082	328360211	348261644	368163077	389064510	407965943	427867376	447768809
RATE OF RETURN ON EQUITY	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50

AGD 545128

Pipe Line Technologists, Inc.

a Kanab company

EARNINGS AND CASH FLOW PROJECTION CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE 1E PROCESS 8/8 GAS AT PRUDHOE -EQ. GAS/C3+ BTU -L10 RL TO KENAI

TIME PERIOD	1999	2000	2001	2002	9999	8888
DAILY TRANSPORTATION VOLUME (BGLS)	90400	90400	90400	90400	1808000	90400
COST OF SERVICE (\$/BBL)	1.484	1.484	1.484	1.484	32.648	1.632
TOTAL REVENUE	48968406	48968406	48968406	48968406	979368120	48968406
EXPENSES						
OPERATIONS AND MAINTENANCE EXPENSES	27670000	27670000	27670000	27670000	553400000	27670000
INTEREST EXPENSES	0	0	0	0	0	0
FINANCIAL DEPRECIATION	26368200	26368200	26368200	26368200	527364000	26368200
TOTAL EXPENSES	54038200	54038200	54038200	54038200	1080764000	54038200
INCOME BEFORE TAXES	-5069794	-5069794	-5069794	-5069794	-101395880	-5069794
INVESTMENT TAX CREDIT	0	0	0	0	52736400	2636820
TAX DEPRECIATION	18388046	18388046	18388046	18388046	527364004	26368200
TAXABLE INCOME	2910360	2910360	2910360	2910360	-101395884	-5069794
CURRENT INCOME TAX	1396973	1396973	1396973	1396973	-101406421	-5070321
DEFERRED INCOME TAX	-3830474	-3830474	-3830474	-3830474	1	0
TOTAL INCOME TAXES	-2433501	-2433501	-2433501	-2433501	-101406420	-5070321
NET INCOME (BOOK)	-2636293	-2636293	-2636293	-2636293	10540	527
SOURCES OF FUNDS						
NET INCOME	-2636293	-2636293	-2636293	-2636293	10540	527
FINANCIAL DEPRECIATION	26368200	26368200	26368200	26368200	527364000	26368200
LONG TERM BORROWING	0	0	0	0	0	0
DEFERRED INCOME TAXES	-3830474	-3830474	-3830474	-3830474	1	0
NET ADDITIONS TO EQUITY	0	0	0	0	527364000	26368200
TOTAL SOURCES	19901433	19901433	19901433	19901433	1054738541	52736927
APPLICATIONS OF FUNDS						
CAPITAL OUTLAY	0	0	0	0	527364000	26368200
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	527364000	26368200
NET CASH GENERATED DURING YEAR	19901433	19901433	19901433	19901433	527374541	26368727
CUMULATIVE NET CASH GENERATED	467670242	487571675	507473108	527374541	16562177623	528108881
RATE OF RETURN ON EQUITY	-0.50	-0.50	-0.50	-0.50	0.00	0.00

AGD 545129

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CASE II

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)

CASE IIA1 PROCESS 1/8 GAS AT PRUDHOE -EXTRACT ETHANE+ -LIQ PL TO FAIRBANKS

TIME PERIOD	1981	1982	1983	1984	1985	1986	1987	1988	1989
DAILY TRANSPORTATION VOLUME (BBLS)	0	0	22800	22800	22800	22800	22800	22800	22800
COST OF SERVICE (\$/BBL)	2.042	2.042	2.042	2.042	2.042	2.042	2.042	2.042	2.042
TOTAL REVENUE	0	0	16990858	16990858	16990858	16990858	16990858	16990858	16990858
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	0	0	11000000	11000000	11000000	11000000	11000000	11000000	11000000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	0	0	7416900	7416900	7416900	7416900	7416900	7416900	7416900
TOTAL EXPENSES	0	0	18416900	18416900	18416900	18416900	18416900	18416900	18416900
INCOME BEFORE TAXES	0	0	-1426042	-1426042	-1426042	-1426042	-1426042	-1426042	-1426042
INVESTMENT TAX CREDIT	0	0	14833800	0	0	0	0	0	0
TAX DEPRECIATION	0	0	14833800	13350420	12015378	10813840	9732456	8759211	7883290
TAXABLE INCOME	0	0	-8842942	-7359562	-6024520	-4822982	-3741598	-2768353	-1892432
CURRENT INCOME TAX	0	0	-19078412	-3532590	-2891769	-2315031	-1795967	-1328809	-908367
DEFERRED INCOME TAX	0	0	3560112	2848090	2207269	1630531	1111467	644309	223867
TOTAL INCOME TAXES	0	0	-15518300	-684500	-684500	-684500	-684500	-684500	-684500
NET INCOME (BOOK)	0	0	14092258	-741542	-741542	-741542	-741542	-741542	-741542
SOURCES OF FUNDS									
NET INCOME	0	0	14092258	-741542	-741542	-741542	-741542	-741542	-741542
FINANCIAL DEPRECIATION	0	0	7416900	7416900	7416900	7416900	7416900	7416900	7416900
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	0	0	3560112	2848090	2207269	1630531	1111467	644309	223867
NET ADDITIONS TO EQUITY	74169000	74169000	0	0	0	0	0	0	0
TOTAL SOURCES	74169000	74169000	25069270	9523448	8882627	8305889	7786825	7319667	6899225
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	74169000	74169000	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	74169000	74169000	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	0	0	25069270	9523448	8882627	8305889	7786825	7319667	6899225
CUMULATIVE NET CASH GENERATED	0	0	25069270	34552718	43475345	51781234	59568059	66887726	73786951
RATE OF RETURN ON EQUITY	0.00	0.00	9.50	-1.50	-1.50	-1.50	-1.50	-1.50	-1.50

AGO 545131

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE IIA1 PROCESS 1/8 GAS AT PRUDHOE -EXTRACT ETHANE+ -LIQ PL TO FAIRBANKS

TIME PERIOD	1990	1991	1992	1993	1994	1995	1996	1997	1998
DAILY TRANSPORTATION VOLUME (BBLS)	22800	22800	22800	22800	22800	22800	22800	22800	22800
COST OF SERVICE (\$/BDL)	2.042	2.042	2.042	2.042	2.042	2.042	2.042	2.042	2.042
TOTAL REVENUE	16990858	16990858	16990858	16990858	16990858	16990858	16990858	16990858	16990858
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	11000000	11000000	11000000	11000000	11000000	11000000	11000000	11000000	11000000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	7416900	7416900	7416900	7416900	7416900	7416900	7416900	7416900	7416900
TOTAL EXPENSES	18416900	18416900	18416900	18416900	18416900	18416900	18416900	18416900	18416900
INCOME BEFORE TAXES	-1426042	-1426042	-1426042	-1426042	-1426042	-1426042	-1426042	-1426042	-1426042
INVESTMENT TAX CREDIT	0	0	0	0	0	0	0	0	0
TAX DEPRECIATION	7094961	6385464	5746918	5172226	5172226	5172226	5172226	5172226	5172226
TAXABLE INCOME	-1104103	-394606	243940	818632	818632	818632	818632	818632	818632
CURRENT INCOME TAX	-529969	-189411	117091	392943	392943	392943	392943	392943	392943
DEFERRED INCOME TAX	-154531	-495089	-801591	-1077443	-1077443	-1077443	-1077443	-1077443	-1077443
TOTAL INCOME TAXES	-684500	-684500	-684500	-684500	-684500	-684500	-684500	-684500	-684500
NET INCOME (BOOK)	-741542	-741542	-741542	-741542	-741542	-741542	-741542	-741542	-741542
SOURCES OF FUNDS									
NET INCOME	-741542	-741542	-741542	-741542	-741542	-741542	-741542	-741542	-741542
FINANCIAL DEPRECIATION	7416900	7416900	7416900	7416900	7416900	7416900	7416900	7416900	7416900
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	-154531	-495089	-801591	-1077443	-1077443	-1077443	-1077443	-1077443	-1077443
NET ADDITIONS TO EQUITY	0	0	0	0	0	0	0	0	0
TOTAL SOURCES	6520827	6180269	5873767	5597915	5597915	5597915	5597915	5597915	5597915
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	0	0	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	6520827	6180269	5873767	5597915	5597915	5597915	5597915	5597915	5597915
CUMULATIVE NET CASH GENERATED	80307778	86488047	92361814	97959729	103557644	109155559	114753474	120351389	125949304
RATE OF RETURN ON EQUITY	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50

AGD 545132

Pipe Line Technologists, Inc.

a Kaneb company

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE III PROCESS 1/8 GAS AT PRUDHOE -EXTRACT ETHANE- -LIQ PL TO FAIRBANKS

TIME PERIOD	1993	2000	2001	2002	9999	8888
DAILY TRANSPORTATION VOLUME (RBLS)	27300	22300	22800	22800	456000	22800
COST OF SERVICE (\$/BBL)	2.042	2.042	2.042	2.042	44.924	2.246
TOTAL REVENUE	16970858	16990958	16990858	16990858	339817160	16990858
EXPENSES						
OPERATIONS AND MAINTENANCE EXPENSES	11000000	11000000	11000000	11000000	220000000	11000000
INTEREST EXPENSES	0	0	0	0	0	0
FINANCIAL DEPRECIATION	7416900	7416900	7416900	7416900	148338000	7416900
TOTAL EXPENSES	18416900	18416900	18416900	18416900	368338000	18416900
INCOME BEFORE TAXES	-1426042	-1426042	-1426042	-1426042	-28520840	-1426042
INVESTMENT TAX CREDIT	0	0	0	0	14833800	741690
TAX DEPRECIATION	5172226	5172226	5172226	5172226	148337998	7416900
TAXABLE INCOME	818632	818632	818632	818632	-28520838	-1426042
CURRENT INCOME TAX	392943	392943	392943	392943	-28523804	-1426190
DEFERRED INCOME TAX	-1077443	-1077443	-1077443	-1077443	4	0
TOTAL INCOME TAXES	-684500	-684500	-684500	-684500	-28523800	-1426190
NET INCOME (BOOK)	-741542	-741542	-741542	-741542	2960	148
SOURCES OF FUNDS						
NET INCOME	-741542	-741542	-741542	-741542	2960	148
FINANCIAL DEPRECIATION	7416900	7416900	7416900	7416900	148338000	7416900
LONG TERM BORROWING	0	0	0	0	0	0
DEFERRED INCOME TAXES	-1077443	-1077443	-1077443	-1077443	4	0
NET ADDITIONS TO EQUITY	0	0	0	0	148338000	7416900
TOTAL SOURCES	5597915	5597915	5597915	5597915	296678964	14833948
APPLICATIONS OF FUNDS						
CAPITAL OUTLAY	0	0	0	0	148338000	7416900
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	148338000	7416900
NET CASH GENERATED DURING YEAR	5597915	5597915	5597915	5597915	148340964	7417048
CUMULATIVE NET CASH GENERATED	131547219	137145134	142743049	148340964	1045022487	92291120
RATE OF RETURN ON EQUITY	-0.50	-0.50	-0.50	-0.50	0.00	0.00

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE IIB1 PROCESS 1/8 GAS AT PRUDHOE -EXTRACT ETHANE+ -USE OLD PL TO HAINES

TIME PERIOD	1981	1982	1983	1984	1985	1986	1987	1988	1989
DAILY TRANSPORTATION VOLUME (BBLs)	0	0	22800	22800	22800	22800	22800	22800	22800
COST OF SERVICE (\$/BBL)	4.545	4.545	4.545	4.545	4.545	4.545	4.545	4.545	4.545
TOTAL REVENUE	0	0	37820544	37820544	37820544	37820544	37820544	37820544	37820544
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	0	0	25510000	25510000	25510000	25510000	25510000	25510000	25510000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	0	0	15240900	15240900	15240900	15240900	15240900	15240900	15240900
TOTAL EXPENSES	0	0	40750900	40750900	40750900	40750900	40750900	40750900	40750900
INCOME BEFORE TAXES	0	0	-2930356	-2930356	-2930356	-2930356	-2930356	-2930356	-2930356
INVESTMENT TAX CREDIT	0	0	30481800	0	0	0	0	0	0
TAX DEPRECIATION	0	0	30481800	27433620	24690258	22221232	19999109	17999198	16199278
TAXABLE INCOME	0	0	-18171256	-15123076	-12379714	-9910688	-7688565	-5688654	-3888734
CURRENT INCOME TAX	0	0	-39204003	-7259077	-5942263	-4757130	-3690511	-2730554	-1866593
DEFERRED INCOME TAX	0	0	7315632	5852506	4535692	3350559	2283940	1323983	460022
TOTAL INCOME TAXES	0	0	-31888371	-1406571	-1406571	-1406571	-1406571	-1406571	-1406571
NET INCOME (BOOK)	0	0	28958015	-1523785	-1523785	-1523785	-1523785	-1523785	-1523785
SOURCES OF FUNDS									
NET INCOME	0	0	28958015	-1523785	-1523785	-1523785	-1523785	-1523785	-1523785
FINANCIAL DEPRECIATION	0	0	15240900	15240900	15240900	15240900	15240900	15240900	15240900
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	0	0	7315632	5852506	4535692	3350559	2283940	1323983	460022
NET ADDITIONS TO EQUITY	152409000	152409000	0	0	0	0	0	0	0
TOTAL SOURCES	152409000	152409000	51514547	19569621	18252807	17067674	16001055	15041098	14177137
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	152409000	152409000	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	152409000	152409000	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	0	0	51514547	19569621	18252807	17067674	16001055	15041098	14177137
CUMULATIVE NET CASH GENERATED	0	0	51514547	71084168	89336975	106404649	122405704	137446802	151623939
RATE OF RETURN ON EQUITY	0.00	0.00	9.50	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0

AGO 545134

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)

CASE 11B1 PROCESS 1/8 GAS AT PRUDHOE -EXTRACT ETHANE+ -USE OLD PL TO HAINES

TIME PERIOD	1990	1991	1992	1993	1994	1995	1996	1997	1998
DAILY TRANSPORTATION VOLUME (BBL/S)	22800	22800	22800	22800	22800	22800	22800	22800	22800
COST OF SERVICE (\$/BBL)	4.545	4.545	4.545	4.545	4.545	4.545	4.545	4.545	4.545
TOTAL REVENUE	37820544	37820544	37820544	37820544	37820544	37820544	37820544	37820544	37820544
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	25510000	25510000	25510000	25510000	25510000	25510000	25510000	25510000	25510000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	15240900	15240900	15240900	15240900	15240900	15240900	15240900	15240900	15240900
TOTAL EXPENSES	40750900	40750900	40750900	40750900	40750900	40750900	40750900	40750900	40750900
INCOME BEFORE TAXES	-2930356	-2930356	-2930356	-2930356	-2930356	-2930356	-2930356	-2930356	-2930356
INVESTMENT TAX CREDIT	0	0	0	0	0	0	0	0	0
TAX DEPRECIATION	14579350	13121415	11809274	10628346	10628346	10628346	10628346	10628346	10628346
TAXABLE INCOME	-2268806	-810871	501270	1682198	1682198	1682198	1682198	1682198	1682198
CURRENT INCOME TAX	-1089027	-389218	240610	807455	807455	807455	807455	807455	807455
DEFERRED INCOME TAX	-317544	-1017353	-1647181	-2214026	-2214026	-2214026	-2214026	-2214026	-2214026
TOTAL INCOME TAXES	-1406571	-1406571	-1406571	-1406571	-1406571	-1406571	-1406571	-1406571	-1406571
NET INCOME (BOOK)	-1523785	-1523785	-1523785	-1523785	-1523785	-1523785	-1523785	-1523785	-1523785
SOURCES OF FUNDS									
NET INCOME	-1523785	-1523785	-1523785	-1523785	-1523785	-1523785	-1523785	-1523785	-1523785
FINANCIAL DEPRECIATION	15240900	15240900	15240900	15240900	15240900	15240900	15240900	15240900	15240900
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	-317544	-1017353	-1647181	-2214026	-2214026	-2214026	-2214026	-2214026	-2214026
NET ADDITIONS TO EQUITY	0	0	0	0	0	0	0	0	0
TOTAL SOURCES	13399571	12699762	12069934	11503089	11503089	11503089	11503089	11503089	11503089
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	0	0	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	13399571	12699762	12069934	11503089	11503089	11503089	11503089	11503089	11503089
CUMULATIVE NET CASH GENERATED	165023510	177723272	189793206	201296295	212799384	224302473	235805562	247308651	258811740
RATE OF RETURN ON EQUITY	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50

AGD 545135

Pipe Line Technologists, Inc.

a Kaneb company

EARNINGS AND CASH FLOW PROJECTION CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE IIB1 PROCESS 1/8 GAS AT PRUDHOE -EXTRACT ETHANE+ -USE OLD PL TO MAINES

TIME PERIOD	1999	2000	2001	2002	9999	8880
DAILY TRANSPORTATION VOLUME (BBLs)	22800	22800	22800	22800	456000	22800
COST OF SERVICE (\$/BBL)	4.545	4.545	4.545	4.545	99.990	5.000
TOTAL REVENUE	37820544	37820544	37820544	37820544	756410880	37820544
EXPENSES						
OPERATIONS AND MAINTENANCE EXPENSES	25510000	25510000	25510000	25510000	510200000	25510000
INTEREST EXPENSES	0	0	0	0	0	0
FINANCIAL DEPRECIATION	15240900	15240900	15240900	15240900	304818000	15240900
TOTAL EXPENSES	40750900	40750900	40750900	40750900	815018000	40750900
INCOME BEFORE TAXES	-2930356	-2930356	-2930356	-2930356	-58607120	-2930356
INVESTMENT TAX CREDIT	0	0	0	0	30481800	1524090
TAX DEPRECIATION	10628346	10628346	10628346	10628346	304817994	15240900
TAXABLE INCOME	1682198	1682198	1682198	1682198	-58607114	-2930356
CURRENT INCOME TAX	807455	807455	807455	807455	-58613216	-2930661
DEFERRED INCOME TAX	-2214026	-2214026	-2214026	-2214026	-0	0
TOTAL INCOME TAXES	-1406571	-1406571	-1406571	-1406571	-58613220	-2930661
NET INCOME (BOOK)	-1523785	-1523785	-1523785	-1523785	6100	305
SOURCES OF FUNDS						
NET INCOME	-1523785	-1523785	-1523785	-1523785	6100	305
FINANCIAL DEPRECIATION	15240900	15240900	15240900	15240900	304818000	15240900
LONG TERM BORROWING	0	0	0	0	0	0
DEFERRED INCOME TAXES	-2214026	-2214026	-2214026	-2214026	-0	0
NET ADDITIONS TO EQUITY	0	0	0	0	304818000	15240900
TOTAL SOURCES	11503089	11503089	11503089	11503089	609642096	30482105
APPLICATIONS OF FUNDS						
CAPITAL OUTLAY	0	0	0	0	304818000	15240900
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	304818000	15240900
NET CASH GENERATED DURING YEAR	11503089	11503089	11503089	11503089	304824096	15241205
CUMULATIVE NET CASH GENERATED	270314829	201817318	293321007	304824096	3792958727	189647936
RATE OF RETURN ON EQUITY	-.50	-.50	-.50	-.50	0.00	0.00

AGO 545136

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE IIB2 PROCESS 1/8 GAS AT PRUDHDE -EXTRACT ETHANE+ -NEW PL TO HAINES

TIME PERIOD	1981	1982	1983	1984	1985	1986	1987	1988	1989
DAILY TRANSPORTATION VOLUME (BBLS)	0	0	22800	22800	22800	22800	22800	22800	22800
COST OF SERVICE (\$/BBL)	4.542	4.542	4.542	4.542	4.542	4.542	4.542	4.542	4.542
TOTAL REVENUE	0	0	37800572	37800572	37800572	37800572	37800572	37800572	37800572
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	0	0	21500000	21500000	21500000	21500000	21500000	21500000	21500000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	0	0	20180700	20180700	20180700	20180700	20180700	20180700	20180700
TOTAL EXPENSES	0	0	41680700	41680700	41680700	41680700	41680700	41680700	41680700
INCOME BEFORE TAXES	0	0	-3880128	-3880128	-3880128	-3880128	-3880128	-3880128	-3880128
INVESTMENT TAX CREDIT	0	0	40361400	0	0	0	0	0	0
TAX DEPRECIATION	0	0	40361400	36325260	32692734	29423461	26481115	23833003	21449703
TAXABLE INCOME	0	0	-24060828	-20024688	-16392162	-13122889	-10180543	-7532431	-5149131
CURRENT INCOME TAX	0	0	-51910597	-9611850	-7868238	-6298986	-4886660	-3615567	-2471583
DEFERRED INCOME TAX	0	0	9696736	7749389	6005777	4436525	3024199	1753106	609122
TOTAL INCOME TAXES	0	0	-42223861	-1862461	-1862461	-1862461	-1862461	-1862461	-1862461
NET INCOME (BOOK)	0	0	38343733	-2017667	-2017667	-2017667	-2017667	-2017667	-2017667
SOURCES OF FUNDS									
NET INCOME	0	0	38343733	-2017667	-2017667	-2017667	-2017667	-2017667	-2017667
FINANCIAL DEPRECIATION	0	0	20180700	20180700	20180700	20180700	20180700	20180700	20180700
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	0	0	9686736	7749389	6005777	4436525	3024199	1753106	609122
NET ADDITIONS TO EQUITY	201807000	201807000	0	0	0	0	0	0	0
TOTAL SOURCES	201807000	201807000	68211169	25912422	24168810	22599558	21187232	19916139	18772155
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	201807000	201807000	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	201807000	201807000	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	0	0	68211169	25912422	24168810	22599558	21187232	19916139	18772155
CUMULATIVE NET CASH GENERATED	0	0	68211169	94123591	118292401	140891959	162079191	181995330	200767485
RATE OF RETURN ON EQUITY	0.00	0.00	9.50	-5.00	-5.00	-5.00	-5.00	-5.00	-5.00

Pipe Line Technologists, Inc.

a Kaneb company

AGO 545137

EARNINGS AND CASH FLOW PROJECTION CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE 1182 PROCESS 1/8 GAS A1 PRUDHOE -EXTRACT ETHANE+ -NEW PL TO HAINES

TIME PERIOD	1990	1991	1992	1993	1994	1995	1996	1997	1998
DAILY TRANSPORTATION VOLUME (BBLS)	22800	22800	22800	22800	22800	22800	22800	22800	22800
COST OF SERVICE (\$/BRL)	4.542	4.542	4.542	4.542	4.542	4.542	4.542	4.542	4.542
TOTAL REVENUE	37800572	37800572	37800572	37800572	37800572	37800572	37800572	37800572	37800572
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	21500000	21500000	21500000	21500000	21500000	21500000	21500000	21500000	21500000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	20180700	20180700	20180700	20180700	20180700	20180700	20180700	20180700	20180700
TOTAL EXPENSES	41680700	41680700	41680700	41680700	41680700	41680700	41680700	41680700	41680700
INCOME BEFORE TAXES	-3880128	-3880128	-3880128	-3880128	-3880128	-3880128	-3880128	-3880128	-3880128
INVESTMENT TAX CREDIT	0	0	0	0	0	0	0	0	0
TAX DEPRECIATION	19304732	17374259	15636833	14073150	14073150	14073150	14073150	14073150	14073150
TAXABLE INCOME	-3004160	-1073587	663739	2227422	2227422	2227422	2227422	2227422	2227422
CURRENT INCOME TAX	-1441997	-515370	318595	1069163	1069163	1069163	1069163	1069163	1069163
DEFERRED INCOME TAX	-420464	-1347091	-2181056	-2931624	-2931624	-2931624	-2931624	-2931624	-2931624
TOTAL INCOME TAXES	-1862461	-1862461	-1862461	-1862461	-1862461	-1862461	-1862461	-1862461	-1862461
NET INCOME (BOOK)	-2017667	-2017667	-2017667	-2017667	-2017667	-2017667	-2017667	-2017667	-2017667
SOURCES OF FUNDS									
NET INCOME	-2017667	-2017667	-2017667	-2017667	-2017667	-2017667	-2017667	-2017667	-2017667
FINANCIAL DEPRECIATION	20180700	20180700	20180700	20180700	20180700	20180700	20180700	20180700	20180700
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	-420464	-1347091	-2181056	-2931624	-2931624	-2931624	-2931624	-2931624	-2931624
NET ADDITIONS TO EQUITY	0	0	0	0	0	0	0	0	0
TOTAL SOURCES	17742569	16815942	15981977	15231409	15231409	15231409	15231409	15231409	15231409
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	0	0	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	17742569	16815942	15981977	15231409	15231409	15231409	15231409	15231409	15231409
CUMULATIVE NET CASH GENERATED	218510054	235325996	251307973	266539382	281770791	297002200	312233709	327465018	342696427
RATE OF RETURN ON EQUITY	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50

AGO 545138

Pipe Line Technologists, Inc.

a Kaneb company

EARNINGS AND CASH FLOW PROJECTION CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE 11B2 PROCESS 1/8 GAS AT PRUDHOE -EXTRACT ETHANE+ -NEW PL TO HAINES

	TIME PERIOD				
	1999	2000	2001	2002	8888
DAILY TRANSPORTATION VOLUME (RBLS)	22800	22800	22800	22800	22800
COST OF SERVICE (\$/BBL)	4.542	4.542	4.542	4.542	4.996
TOTAL REVENUE	37800572	37800572	37800572	37800572	37800572

EXPENSES					
OPERATIONS AND MAINTENANCE EXPENSES	21500000	21500000	21500000	21500000	21500000
INTEREST EXPENSES	0	0	0	0	0
FINANCIAL DEPRECIATION	20180700	20180700	20180700	20180700	20180700
TOTAL EXPENSES	41680700	41680700	41680700	41680700	41680700

INCOME BEFORE TAXES	-3880128	-3880128	-3880128	-3880128	-3880128
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INVESTMENT TAX CREDIT	0	0	0	0	0
TAX DEPRECIATION	14073150	14073150	14073150	14073150	14073150
TAXABLE INCOME	2227422	2227422	2227422	2227422	2227422
CURRENT INCOME TAX	1069163	1069163	1069163	1069163	1069163
DEFERRED INCOME TAX	-2931624	-2931624	-2931624	-2931624	-2931624
TOTAL INCOME TAXES	-1862461	-1862461	-1862461	-1862461	-1862461

NET INCOME (BOOK)	-2017667	-2017667	-2017667	-2017667	403
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SOURCES OF FUNDS					
NET INCOME	-2017667	-2017667	-2017667	-2017667	403
FINANCIAL DEPRECIATION	20180700	20180700	20180700	20180700	20180700
LONG TERM BORROWING	0	0	0	0	0
DEFERRED INCOME TAXES	-2931624	-2931624	-2931624	-2931624	0
NET ADDITIONS TO EQUITY	0	0	0	0	0
TOTAL SOURCES	15231409	15231409	15231409	15231409	40361803

APPLICATIONS OF FUNDS					
CAPITAL OUTLAY	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	0

NET CASH GENERATED DURING YEAR	15231409	15231409	15231409	15231409	20181103
CUMULATIVE NET CASH GENERATED	357927836	373153245	388390654	403622063	251115619

RATE OF RETURN ON EQUITY	-0.50	-0.50	-0.50	-0.50	0.00
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AGO 545139

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE 11C1 PROCESS 1/8 GAS AT PRUDHOE -EXTRACT ETHANE+ -LIQ PL TO KENAI

TIME PERIOD	1981	1982	1983	1984	1985	1986	1987	1988	1989
DAILY TRANSPORTATION VOLUME (BBLS)	0	0	22800	22800	22800	22800	22800	22800	22800
COST OF SERVICE (\$/BBL)	3.759	3.759	3.759	3.759	3.759	3.759	3.759	3.759	3.759
TOTAL REVENUE	0	0	31286312	31286312	31286312	31286312	31286312	31286312	31286312
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	0	0	19815000	19815000	19815000	19815000	19815000	19815000	19815000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	0	0	14201900	14201900	14201900	14201900	14201900	14201900	14201900
TOTAL EXPENSES	0	0	34016900	34016900	34016900	34016900	34016900	34016900	34016900
INCOME BEFORE TAXES	0	0	-2730588	-2730588	-2730588	-2730588	-2730588	-2730588	-2730588
INVESTMENT TAX CREDIT	0	0	28403800	0	0	0	0	0	0
TAX DEPRECIATION	0	0	28403800	25563420	23007078	20706370	18635733	16772160	15094944
TAXABLE INCOME	0	0	-16932488	-14092108	-11535766	-9235058	-7164421	-5300848	-3623632
CURRENT INCOME TAX	0	0	-36531394	-6764212	-5537168	-4432828	-3438922	-2544407	-1739343
DEFERRED INCOME TAX	0	0	6816912	5453530	4226496	3122146	2128240	1233725	428661
TOTAL INCOME TAXES	0	0	-29714482	-1310682	-1310682	-1310682	-1310682	-1310682	-1310682
NET INCOME (BOOK)	0	0	26983894	-1419906	-1419906	-1419906	-1419906	-1419906	-1419906
SOURCES OF FUNDS									
NET INCOME	0	0	26983894	-1419906	-1419906	-1419906	-1419906	-1419906	-1419906
FINANCIAL DEPRECIATION	0	0	14201900	14201900	14201900	14201900	14201900	14201900	14201900
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	0	0	6816912	5453530	4226496	3122146	2128240	1233725	428661
NET ADDITIONS TO EQUITY	142019000	142019000	0	0	0	0	0	0	0
TOTAL SOURCES	142019000	142019000	48002706	18235524	17008480	15904140	14910234	14015719	13210655
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	142019000	142019000	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	142019000	142019000	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	0	0	48002706	18235524	17008480	15904140	14910234	14015719	13210655
CUMULATIVE NET CASH GENERATED	0	0	48002706	66238230	83246710	99150850	114061084	128076803	141287458
RATE OF RETURN ON EQUITY	0.00	0.00	9.50	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0

AGO 545140

Pipe Line Technologists, Inc.

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EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE 11C1 PROCESS 1/8 GAS AT PRUDHOE -EXTRACT ETHANE+ -LIQ PL TO KENAI

TIME PERIOD	1990	1991	1992	1993	1994	1995	1996	1997	1998
DAILY TRANSPORTATION VOLUME (BBL/S)	22800	22900	22800	22800	22800	22800	22800	22800	22800
COST OF SERVICE (\$/BBL)	3.759	3.759	3.759	3.759	3.759	3.759	3.759	3.759	3.759
TOTAL REVENUE	31286312	31286312	31286312	31286312	31286312	31286312	31286312	31286312	31286312
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	19815000	19815000	19815000	19815000	19815000	19815000	19815000	19815000	19815000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	14201900	14201900	14201900	14201900	14201900	14201900	14201900	14201900	14201900
TOTAL EXPENSES	34016900	34016900	34016900	34016900	34016900	34016900	34016900	34016900	34016900
INCOME BEFORE TAXES	-2730588	-2730588	-2730588	-2730588	-2730588	-2730588	-2730588	-2730588	-2730588
INVESTMENT TAX CREDIT	0	0	0	0	0	0	0	0	0
TAX DEPRECIATION	13585449	12226305	11004214	9903793	9903793	9903793	9903793	9903793	9903793
TAXABLE INCOME	-2114137	-755593	467098	1567519	1567519	1567519	1567519	1567519	1567519
CURRENT INCOME TAX	-1014786	-362585	224207	752409	752409	752409	752409	752409	752409
DEFERRED INCOME TAX	-295896	-947997	-1534889	-2063091	-2063091	-2063091	-2063091	-2063091	-2063091
TOTAL INCOME TAXES	-1310682	-1310682	-1310682	-1310682	-1310682	-1310682	-1310682	-1310682	-1310682
NET INCOME (BOOK)	-1419906	-1419906	-1419906	-1419906	-1419906	-1419906	-1419906	-1419906	-1419906
SOURCES OF FUNDS									
NET INCOME	-1419906	-1419906	-1419906	-1419906	-1419906	-1419906	-1419906	-1419906	-1419906
FINANCIAL DEPRECIATION	14201900	14201900	14201900	14201900	14201900	14201900	14201900	14201900	14201900
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	-295896	-947997	-1534889	-2063091	-2063091	-2063091	-2063091	-2063091	-2063091
NET ADDITIONS TO EQUITY	0	0	0	0	0	0	0	0	0
TOTAL SOURCES	12486098	11833997	11247105	10718903	10718903	10718903	10718903	10718903	10718903
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	0	0	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	12486098	11833997	11247105	10718903	10718903	10718903	10718903	10718903	10718903
CUMULATIVE NET CASH GENERATED	153773556	165607553	176854658	187573561	198292464	209011367	219730270	230449173	241168076
RATE OF RETURN ON EQUITY	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50

AGD 545141

Pipe Line Technologists, Inc.

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EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE IIC1 PROCESS 1/8 GAS AT PRUDHOE -EXTRACT ETHANE+ -LIQ PL TO KENAI

TIME PERIOD	1999	2000	2001	2002	9999	8888
DAILY TRANSPORTATION VOLUME (RBLS)	22800	22800	22800	22800	456000	22800
COST OF SERVICE (\$/BBL)	3.759	3.759	3.759	3.759	82.698	4.135
TOTAL REVENUE	31286312	31286312	31286312	31286312	625726240	31286312
EXPENSES						
OPERATIONS AND MAINTENANCE EXPENSES	19815000	19815000	19815000	19815000	396300000	19815000
INTEREST EXPENSES	0	0	0	0	0	0
FINANCIAL DEPRECIATION	14201900	14201900	14201900	14201900	284038000	14201900
TOTAL EXPENSES	34016900	34016900	34016900	34016900	680338000	34016900
INCOME BEFORE TAXES	-2730588	-2730588	-2730588	-2730588	-54611760	-2730588
INVESTMENT TAX CREDIT	0	0	0	0	28403800	1420190
TAX DEPRECIATION	9903793	9903793	9903793	9903793	284038003	14201900
TAXABLE INCOME	1567519	1567519	1567519	1567519	-54611763	-2730588
CURRENT INCOME TAX	752409	752409	752409	752409	-54617448	-2730872
DEFERRED INCOME TAX	-2063091	-2063091	-2063091	-2063091	8	0
TOTAL INCOME TAXES	-1310682	-1310682	-1310682	-1310682	-54617440	-2730872
NET INCOME (BOOK)	-1419906	-1419906	-1419906	-1419906	5680	284
SOURCES OF FUNDS						
NET INCOME	-1419906	-1419906	-1419906	-1419906	5680	284
FINANCIAL DEPRECIATION	14201900	14201900	14201900	14201900	284038000	14201900
LONG TERM BORROWING	0	0	0	0	0	0
DEFERRED INCOME TAXES	-2063091	-2063091	-2063091	-2063091	8	0
NET ADDITIONS TO EQUITY	0	0	0	0	284038000	14201900
TOTAL SOURCES	10718903	10718903	10718903	10718903	568081688	28404084
APPLICATIONS OF FUNDS						
CAPITAL OUTLAY	0	0	0	0	284038000	14201900
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	284038000	14201900
NET CASH GENERATED DURING YEAR	10718903	10718903	10718903	10718903	284043688	14202184
CUMULATIVE NET CASH GENERATED	251886979	262605882	273324785	284043688	3534385453	176719293
RATE OF RETURN ON EQUITY	-0.50	-0.50	-0.50	-0.50	0.00	0.00

AGO 545142

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1147)
CASE 11A2 PROCESS 1/8 GAS AT PRUDHOE -EXTRACT PROPANE+ -LIQ PL TO FAIRBANKS

TIME PERIOD	1981	1982	1983	1984	1985	1986	1987	1988	1989
DAILY TRANSPORTATION VOLUME (BBL'S)	0	0	8900	8900	8900	8900	8900	8900	8900
COST OF SERVICE (\$/BRL)	4.627	4.627	4.627	4.627	4.627	4.627	4.627	4.627	4.627
TOTAL REVENUE	0	0	15032428	15032428	15032428	15032428	15032428	15032428	15032428
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	0	0	10240000	10240000	10240000	10240000	10240000	10240000	10240000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	0	0	5933200	5933200	5933200	5933200	5933200	5933200	5933200
TOTAL EXPENSES	0	0	16173200	16173200	16173200	16173200	16173200	16173200	16173200
INCOME BEFORE TAXES	0	0	-1140772	-1140772	-1140772	-1140772	-1140772	-1140772	-1140772
INVESTMENT TAX CREDIT	0	0	11866400	0	0	0	0	0	0
TAX DEPRECIATION	0	0	11866400	10679760	9611784	8650606	7785545	7006991	6306291
TAXABLE INCOME	0	0	-7073972	-5887332	-4819356	-3858178	-2993117	-2214563	-1513863
CURRENT INCOME TAX	0	0	-15261906	-2825919	-2313291	-1851925	-1436696	-1062990	-726654
DEFERRED INCOME TAX	0	0	2847936	2278349	1765721	1304355	889126	515420	179084
TOTAL INCOME TAXES	0	0	-12413970	-547570	-547570	-547570	-547570	-547570	-547570
NET INCOME (BOOK)	0	0	11273198	-593202	-593202	-593202	-593202	-593202	-593202
SOURCES OF FUNDS									
NET INCOME	0	0	11273198	-593202	-593202	-593202	-593202	-593202	-593202
FINANCIAL DEPRECIATION	0	0	5933200	5933200	5933200	5933200	5933200	5933200	5933200
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	0	0	2847936	2278349	1765721	1304355	889126	515420	179084
NET ADDITIONS TO EQUITY	59332000	59332000	0	0	0	0	0	0	0
TOTAL SOURCES	59332000	59332000	20054334	7618347	7105719	6644353	6229124	5855418	5519082
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	59332000	59332000	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	59332000	59332000	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	0	0	20054334	7618347	7105719	6644353	6229124	5855418	5519082
CUMULATIVE NET CASH GENERATED	0	0	20054334	27672681	34778400	41422753	47651877	53507295	59026377
RATE OF RETURN ON EQUITY	0.00	0.00	9.50	-1.50	-1.50	-1.50	-1.50	-1.50	-1.50

Pipe Line Technologists, Inc.

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AGD 545143

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE 11A2 PROCESS 1/8 GAS AT PRUDHOE -EXTRACT PROPANE+ -LIQ PL TO FAIRBANKS

TIME PERIOD	1990	1991	1992	1993	1994	1995	1996	1997	1998
DAILY TRANSPORTATION VOLUME (RBLS)	8900	8900	8900	8900	8900	8900	8900	8900	8900
COST OF SERVICE (\$/BBL)	4.627	4.527	4.627	4.627	4.627	4.627	4.627	4.627	4.627
TOTAL REVENUE	15032428	15032428	15032428	15032428	15032428	15032428	15032428	15032428	15032428
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	10240000	10240000	10240000	10240000	10240000	10240000	10240000	10240000	10240000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	5933200	5933200	5933200	5933200	5933200	5933200	5933200	5933200	5933200
TOTAL EXPENSES	16173200	16173200	16173200	16173200	16173200	16173200	16173200	16173200	16173200
INCOME BEFORE TAXES	-1140772	-1140772	-1140772	-1140772	-1140772	-1140772	-1140772	-1140772	-1140772
INVESTMENT TAX CREDIT	0	0	0	0	0	0	0	0	0
TAX DEPRECIATION	5675662	5108096	4597286	4137558	4137558	4137558	4137558	4137558	4137558
TAXABLE INCOME	-883234	-315568	195142	654870	654870	654870	654870	654870	654870
CURRENT INCOME TAX	-423952	-151521	93668	314338	314338	314338	314338	314338	314338
DEFERRED INCOME TAX	-123618	-396049	-641238	-861908	-861908	-861908	-861908	-861908	-861908
TOTAL INCOME TAXES	-547570	-547570	-547570	-547570	-547570	-547570	-547570	-547570	-547570
NET INCOME (BOOK)	-593202	-593202	-593202	-593202	-593202	-593202	-593202	-593202	-593202
SOURCES OF FUNDS									
NET INCOME	-593202	-593202	-593202	-593202	-593202	-593202	-593202	-593202	-593202
FINANCIAL DEPRECIATION	5933200	5933200	5933200	5933200	5933200	5933200	5933200	5933200	5933200
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	-123618	-396049	-641238	-861908	-861908	-861908	-861908	-861908	-861908
NET ADDITIONS TO EQUITY	0	0	0	0	0	0	0	0	0
TOTAL SOURCES	5216380	4943949	4698760	4478090	4478090	4478090	4478090	4478090	4478090
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	0	0	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	5216380	4943949	4698760	4478090	4478090	4478090	4478090	4478090	4478090
CUMULATIVE NET CASH GENERATED	64242757	69185706	73885466	78363556	82841646	87319736	91797126	96275916	100754006
RATE OF RETURN ON EQUITY	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50

Pipe Line Technologists, Inc.

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AGD 545144

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE IIA2 PROCESS 1/8 GAS AT PRUDHOE -EXTRACT PROPANE+ -LIQ PL TO FAIRBANKS

TIME PERIOD	1999	2000	2001	2002	9999	8888
DAILY TRANSPORTATION VOLUME (RBLS)	8900	8900	8900	8900	178000	8900
COST OF SERVICE (\$/BBL)	4.627	4.627	4.627	4.627	101.794	5.090
TOTAL REVENUE	1503228	15032428	15032428	15032428	300648560	15032428
EXPENSES						
OPERATIONS AND MAINTENANCE EXPENSES	10240000	10240000	10240000	10240000	204800000	10240000
INTEREST EXPENSES	0	0	0	0	0	0
FINANCIAL DEPRECIATION	5933200	5933200	5933200	5933200	118664000	5933200
TOTAL EXPENSES	16173200	16173200	16173200	16173200	323464000	16173200
INCOME BEFORE TAXES	-1140772	-1140772	-1140772	-1140772	-22815440	-1140772
INVESTMENT TAX CREDIT	0	0	0	0	11866400	5933200
TAX DEPRECIATION	4137558	4137558	4137558	4137558	118664000	5933200
TAXABLE INCOME	654870	654870	654870	654870	-22815441	-1140772
CURRENT INCOME TAX	314338	314338	314338	314338	-22817806	-1140890
DEFERRED INCOME TAX	-861908	-861908	-861908	-861908	6	0
TOTAL INCOME TAXES	-547570	-547570	-547570	-547570	-22817800	-1140890
NET INCOME (BOOK)	-593202	-593202	-593202	-593202	2360	118
SOURCES OF FUNDS						
NET INCOME	-593202	-593202	-593202	-593202	2360	118
FINANCIAL DEPRECIATION	5933200	5933200	5933200	5933200	118664000	5933200
LONG TERM BORROWING	0	0	0	0	0	0
DEFERRED INCOME TAXES	-861908	-861908	-861908	-861908	6	0
NET ADDITIONS TO EQUITY	0	0	0	0	118664000	5933200
TOTAL SOURCES	4478090	4473090	4478090	4478090	237330366	11866518
APPLICATIONS OF FUNDS						
CAPITAL OUTLAY	0	0	0	0	118664000	5933200
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	118664000	5933200
NET CASH GENERATED DURING YEAR	4478090	4478090	4478090	4478090	118666366	5933318
CUMULATIVE NET CASH GENERATED	105232096	109710196	114198276	118666366	1476578256	73828913
RATE OF RETURN ON EQUITY	-0.50	-0.50	-0.50	-0.50	0.00	0.00

AGD 545145

Pipe Line Technologists, Inc.

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EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE IIC2 PROCESS 1/8 GAS AT PRUDHOE -EXTRACT PROPANE+ -LIQ FL TO KENAI

TIME PERIOD	1981	1982	1983	1984	1985	1986	1987	1988	1989
DAILY TRANSPORTATION VOLUME (BBLS)	0	0	8900	8900	8900	8900	8900	8900	8900
COST OF SERVICE (\$/BBL)	8.430	8.430	8.430	8.430	8.430	8.430	8.430	8.430	8.430
TOTAL REVENUE	0	0	27384306	27384306	27384306	27384306	27384306	27384306	27384306
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	0	0	18300000	18300000	18300000	18300000	18300000	18300000	18300000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	0	0	11246700	11246700	11246700	11246700	11246700	11246700	11246700
TOTAL EXPENSES	0	0	29546700	29546700	29546700	29546700	29546700	29546700	29546700
INCOME BEFORE TAXES	0	0	-2162394	-2162394	-2162394	-2162394	-2162394	-2162394	-2162394
INVESTMENT TAX CREDIT	0	0	22493400	0	0	0	0	0	0
TAX DEPRECIATION	0	0	22493400	20244060	18219654	16397689	14757920	13282128	11953915
TAXABLE INCOME	0	0	-13409094	-11159754	-9135348	-7313383	-5673614	-4197822	-2869609
CURRENT INCOME TAX	0	0	-28929765	-5356682	-4384967	-3510424	-2723335	-2014955	-1377412
DEFERRED INCOME TAX	0	0	5398416	4318733	3347018	2472475	1685386	977006	339463
TOTAL INCOME TAXES	0	0	-23531349	-1037949	-1037949	-1037949	-1037949	-1037949	-1037949
NET INCOME (BOOK)	0	0	21368955	-1124445	-1124445	-1124445	-1124445	-1124445	-1124445
SOURCES OF FUNDS									
NET INCOME	0	0	21368955	-1124445	-1124445	-1124445	-1124445	-1124445	-1124445
FINANCIAL DEPRECIATION	0	0	11246700	11246700	11246700	11246700	11246700	11246700	11246700
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	0	0	5398416	4318733	3347018	2472475	1685386	977006	339463
NET ADDITIONS TO EQUITY	112467000	112467000	0	0	0	0	0	0	0
TOTAL SOURCES	112467000	112467000	38014071	14440988	13469273	12594730	11807641	11099261	10461718
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	112467000	112467000	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	112467000	112467000	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	0	0	38014071	14440988	13469273	12594730	11807641	11099261	10461718
CUMULATIVE NET CASH GENERATED	0	0	38014071	52455059	65924332	78519062	90326703	101425964	111887682
RATE OF RETURN ON EQUITY	0.00	0.00	9.50	-1.50	-1.50	-1.50	-1.50	-1.50	-1.50

AGD 545146

Pipe Line Technologists, Inc.

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EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE IIC2 PROCESS 1/8 GAS AT PRUDHOE -EXTRACT PROPANE- -LIQ PL TO KENAI

TIME PERIOD	1990	1991	1992	1993	1994	1995	1996	1997	1998
DAILY TRANSPORTATION VOLUME (BBL/S)	8900	8900	8900	8900	8900	8900	8900	8900	8900
COST OF SERVICE (\$/BBL)	8.430	8.430	8.430	8.430	8.430	8.430	8.430	8.430	8.430
TOTAL REVENUE	27384306	27384306	27384306	27384306	27384306	27384306	27384306	27384306	27384306
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	18300000	18300000	18300000	18300000	18300000	18300000	18300000	18300000	18300000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	11246700	11246700	11246700	11246700	11246700	11246700	11246700	11246700	11246700
TOTAL EXPENSES	29546700	29546700	29546700	29546700	29546700	29546700	29546700	29546700	29546700
INCOME BEFORE TAXES	-2162394	-2162394	-2162394	-2162394	-2162394	-2162394	-2162394	-2162394	-2162394
INVESTMENT TAX CREDIT	0	0	0	0	0	0	0	0	0
TAX DEPRECIATION	10758523	9682671	8714404	7842964	7842964	7842964	7842964	7842964	7842964
TAXABLE INCOME	-1674217	-598355	369902	1241342	1241342	1241342	1241342	1241342	1241342
CURRENT INCOME TAX	-803625	-287215	177553	595844	595844	595844	595844	595844	595844
DEFERRED INCOME TAX	-234324	-750734	-1215502	-1633793	-1633793	-1633793	-1633793	-1633793	-1633793
TOTAL INCOME TAXES	-1037949	-1037949	-1037949	-1037949	-1037949	-1037949	-1037949	-1037949	-1037949
NET INCOME (BOOK)	-1124445	-1124445	-1124445	-1124445	-1124445	-1124445	-1124445	-1124445	-1124445
SOURCES OF FUNDS									
NET INCOME	-1124445	-1124445	-1124445	-1124445	-1124445	-1124445	-1124445	-1124445	-1124445
FINANCIAL DEPRECIATION	11246700	11246700	11246700	11246700	11246700	11246700	11246700	11246700	11246700
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	-234324	-750734	-1215502	-1633793	-1633793	-1633793	-1633793	-1633793	-1633793
NET ADDITIONS TO EQUITY	0	0	0	0	0	0	0	0	0
TOTAL SOURCES	9887931	9371521	8906753	8488462	8488462	8488462	8488462	8488462	8488462
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	0	0	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	9887931	9371521	8906753	8488462	8488462	8488462	8488462	8488462	8488462
CUMULATIVE NET CASH GENERATED	121775613	131147134	140053887	148542349	157030811	165519273	174007735	182446197	190984659
RATE OF RETURN ON EQUITY	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50

AGO 545147

Pipe Line Technologists, Inc.

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EARNINGS AND CASH FLOW PROJECTION CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE IIC2 PROCESS 1/8 GAS AT PRUDHOE -EXTRACT PROPANE+ -LIO PL TO KENAI

TIME PERIOD	1999	2000	2001	2002	9999	8888
DAILY TRANSPORTATION VOLUME (BBLs)	8900	8900	8900	8900	178000	8900
COST OF SERVICE (\$/BBL)	8.430	8.430	8.430	8.430	185.450	9.273
TOTAL REVENUE	27384306	27384306	27384306	27384306	547686120	27384306
EXPENSES						
OPERATIONS AND MAINTENANCE EXPENSES	18300000	18300000	18300000	18300000	366000000	18300000
INTEREST EXPENSES	0	0	0	0	0	0
FINANCIAL DEPRECIATION	11246700	11246700	11246700	11246700	224934000	11246700
TOTAL EXPENSES	29546700	29546700	29546700	29546700	590934000	29546700
INCOME BEFORE TAXES	-2162394	-2162394	-2162394	-2162394	-43247880	-2162394
INVESTMENT TAX CREDIT	0	0	0	0	224934000	11246700
TAX DEPRECIATION	7842964	7842964	7842964	7842964	224934004	11246700
TAXABLE INCOME	1241342	1241342	1241342	1241342	-43247884	-2162394
CURRENT INCOME TAX	595844	595844	595844	595844	-43252387	-2162619
DEFERRED INCOME TAX	-1633793	-1633793	-1633793	-1633793	7	0
TOTAL INCOME TAXES	-1037949	-1037949	-1037949	-1037949	-43252380	-2162619
NET INCOME (BOOK)	-1124445	-1124445	-1124445	-1124445	4500	225
SOURCES OF FUNDS						
NET INCOME	-1124445	-1124445	-1124445	-1124445	4500	225
FINANCIAL DEPRECIATION	11246700	11246700	11246700	11246700	224934000	11246700
LONG TERM BORROWING	0	0	0	0	0	0
DEFERRED INCOME TAXES	-1633793	-1633793	-1633793	-1633793	7	0
NET ADDITIONS TO EQUITY	0	0	0	0	224934000	11246700
TOTAL SOURCES	8488462	8488462	8488462	8488462	449872507	22493625
APPLICATIONS OF FUNDS						
CAPITAL OUTLAY	0	0	0	0	224934000	11246700
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	224934000	11246700
NET CASH GENERATED DURING YEAR	8488462	8488462	8488462	8488462	224938507	11246925
CUMULATIVE NET CASH GENERATED	199473121	207961593	216450045	224938507	22798933787	139946689
RATE OF RETURN ON EQUITY	-0.50	-0.50	-0.50	-0.50	0.00	0.00

AGO 545148

CASE

III

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE IIIB1 PROCESS 8/8 GAS AT FAIRBANKS -EXTRACT ETHANE+ -LIQ PL TO KENAI

TIME PERIOD	1981	1982	1983	1984	1985	1986	1987	1988	1989
DAILY TRANSPORTATION VOLUME (BBLs)	0	0	155300	155300	155300	155300	155300	155300	155300
COST OF SERVICE (\$/BBL)	.492	.492	.492	.492	.492	.492	.492	.492	.492
TOTAL REVENUE	0	0	27875560	27875560	27875560	27875560	27875560	27875560	27875560
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	0	0	15555000	15555000	15555000	15555000	15555000	15555000	15555000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	0	0	15253300	15253300	15253300	15253300	15253300	15253300	15253300
TOTAL EXPENSES	0	0	30808300	30808300	30808300	30808300	30808300	30808300	30808300
INCOME BEFORE TAXES	0	0	-2932740	-2932740	-2932740	-2932740	-2932740	-2932740	-2932740
INVESTMENT TAX CREDIT	0	0	30506600	0	0	0	0	0	0
TAX DEPRECIATION	0	0	30506600	27455940	24710346	22239311	20015380	18013842	16212458
TAXABLE INCOME	0	0	-18186040	-15135380	-12389785	-9918751	-7694820	-5693282	-3891898
CURRENT INCOME TAX	0	0	-39235899	-7264983	-5947097	-4761001	-3693514	-2732776	-1868111
DEFERRED INCOME TAX	0	0	7321584	5857268	4539382	3353286	2285799	1325061	460396
TOTAL INCOME TAXES	0	0	-31914315	-1407715	-1407715	-1407715	-1407715	-1407715	-1407715
NET INCOME (BOOK)	0	0	28981575	-1525025	-1525025	-1525025	-1525025	-1525025	-1525025
SOURCES OF FUNDS									
NET INCOME	0	0	28981575	-1525025	-1525025	-1525025	-1525025	-1525025	-1525025
FINANCIAL DEPRECIATION	0	0	15253300	15253300	15253300	15253300	15253300	15253300	15253300
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	0	0	7321584	5857268	4539382	3353286	2285799	1325061	460396
NET ADDITIONS TO EQUITY	152533000	152533000	0	0	0	0	0	0	0
TOTAL SOURCES	152533000	152533000	51556459	19585543	18267657	17081561	16014074	15053336	14188671
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	152533000	152533000	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	152533000	152533000	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	0	0	51556459	19585543	18267657	17081561	16014074	15053336	14188671
CUMULATIVE NET CASH GENERATED	0	0	51556459	71142002	89409659	106491220	122505294	137558630	151747301
RATE OF RETURN ON EQUITY	0.00	0.00	9.50	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0

AGO 545150

Pipe Line Technologists, Inc.

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EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE IIIIB1 PROCESS 8/8 GAS AT FAIRBANKS -EXTRACT ETHANE+ -LIQ PL TO KENAI

TIME PERIOD	1990	1991	1992	1993	1994	1995	1996	1997	1998
DAILY TRANSPORTATION VOLUME (BBLS)	155300	155300	155300	155300	155300	155300	155300	155300	155300
COST OF SERVICE (1/BBLS)	.492	.492	.492	.492	.492	.492	.492	.492	.492
TOTAL REVENUE	27875560	27875560	27875560	27875560	27875560	27875560	27875560	27875560	27875560
EXPENSES									
OPERATIONS AND MAINTENANCE EXPENSES	15555000	15555000	15555000	15555000	15555000	15555000	15555000	15555000	15555000
INTEREST EXPENSES	0	0	0	0	0	0	0	0	0
FINANCIAL DEPRECIATION	15253300	15253300	15253300	15253300	15253300	15253300	15253300	15253300	15253300
TOTAL EXPENSES	30808300	30808300	30808300	30808300	30808300	30808300	30808300	30808300	30808300
INCOME BEFORE TAXES	-2932740	-2932740	-2932740	-2932740	-2932740	-2932740	-2932740	-2932740	-2932740
INVESTMENT TAX CREDIT	0	0	0	0	0	0	0	0	0
TAX DEPRECIATION	14591212	13132091	11818882	10636994	10636994	10636994	10636994	10636994	10636994
TAXABLE INCOME	-2270652	-811531	501678	1683566	1683566	1683566	1683566	1683566	1683566
CURRENT INCOME TAX	-1089913	-389535	240805	808112	808112	808112	808112	808112	808112
DEFERRED INCOME TAX	-317802	-1018180	-1648520	-2215827	-2215827	-2215827	-2215827	-2215827	-2215827
TOTAL INCOME TAXES	-1407715	-1407715	-1407715	-1407715	-1407715	-1407715	-1407715	-1407715	-1407715
NET INCOME (BOOK)	-1525025	-1525025	-1525025	-1525025	-1525025	-1525025	-1525025	-1525025	-1525025
SOURCES OF FUNDS									
NET INCOME	-1525025	-1525025	-1525025	-1525025	-1525025	-1525025	-1525025	-1525025	-1525025
FINANCIAL DEPRECIATION	15253300	15253300	15253300	15253300	15253300	15253300	15253300	15253300	15253300
LONG TERM BORROWING	0	0	0	0	0	0	0	0	0
DEFERRED INCOME TAXES	-317802	-1018180	-1648520	-2215827	-2215827	-2215827	-2215827	-2215827	-2215827
NET ADDITIONS TO EQUITY	0	0	0	0	0	0	0	0	0
TOTAL SOURCES	13410473	12710095	12079755	11512448	11512448	11512448	11512448	11512448	11512448
APPLICATIONS OF FUNDS									
CAPITAL OUTLAY	0	0	0	0	0	0	0	0	0
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	0	0	0	0	0
NET CASH GENERATED DURING YEAR	13410473	12710095	12079755	11512448	11512448	11512448	11512448	11512448	11512448
CUMULATIVE NET CASH GENERATED	165157774	177867369	189947624	201460072	212972520	224484968	235997416	247509864	259022312
RATE OF RETURN ON EQUITY	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50	-.50

AGC 545151

EARNINGS AND CASH FLOW PROJECTION

CASE

ALASKA ROYALTY GAS AND NGL STUDY (PROJECT 1149)
CASE 111B1 PROCESS 8/8 GAS AT FAIRBANKS -EXTRACT ETHANE+ -L10 PL TO KENAI

TIME PERIOD	1999	2000	2001	2002	9999	8888
DAILY TRANSPORTATION VOLUME (RBLS)	155300	155300	155300	155300	3106000	155300
COST OF SERVICE (\$/BBL)	.492	.492	.492	.492	10.824	.541
TOTAL REVENUE	27875560	27875560	27875560	27875560	557511200	27875560
EXPENSES						
OPERATIONS AND MAINTENANCE EXPENSES	15555000	15555000	15555000	15555000	311100000	15555000
INTEREST EXPENSES	0	0	0	0	0	0
FINANCIAL DEPRECIATION	15253300	15253300	15253300	15253300	305066000	15253300
TOTAL EXPENSES	30808300	30808300	30808300	30808300	616166000	30808300
INCOME BEFORE TAXES	-2932740	-2932740	-2932740	-2932740	-58654800	-2932740
INVESTMENT TAX CREDIT	0	0	0	0	30506600	1525330
TAX DEPRECIATION	10636994	10636994	10636994	10636994	305066002	15253300
TAXABLE INCOME	1683566	1683566	1683566	1683566	-58654802	-2932740
CURRENT INCOME TAX	808112	808112	808112	808112	-58660904	-2933045
DEFERRED INCOME TAX	-2215827	-2215827	-2215827	-2215827	4	0
TOTAL INCOME TAXES	-1407715	-1407715	-1407715	-1407715	-58660900	-2933045
NET INCOME (BOOK)	-1525025	-1525025	-1525025	-1525025	6100	305
SOURCES OF FUNDS						
NET INCOME	-1525025	-1525025	-1525025	-1525025	6100	305
FINANCIAL DEPRECIATION	15253300	15253300	15253300	15253300	305066000	15253300
LONG TERM BORROWING	0	0	0	0	0	0
DEFERRED INCOME TAXES	-2215827	-2215827	-2215827	-2215827	4	0
NET ADDITIONS TO EQUITY	0	0	0	0	305066000	15253300
TOTAL SOURCES	11512448	11512448	11512448	11512448	610138104	30506905
APPLICATIONS OF FUNDS						
CAPITAL OUTLAY	0	0	0	0	305066000	15253300
LONG TERM DEBT RETIREMENT	0	0	0	0	0	0
TOTAL APPLICATIONS	0	0	0	0	305066000	15253300
NET CASH GENERATED DURING YEAR	11512448	11512448	11512448	11512448	305072104	15253605
CUMULATIVE NET CASH GENERATED	270534760	282047208	293559656	3050721043796044712	189802236	
RATE OF RETURN ON EQUITY	-.50	-.50	-.50	-.50	0.00	0.00

AGO 545152