

ALASKA LEGISLATURE COMMITTEE FILES 2007-2008 HRLS 12303

Rynnleva Moss

From: Christopher Clark [cgalaska@yahoo.com]
Sent: Tuesday, July 08, 2008 8:26 AM
To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labelle; Karen Lidster; Rynnleva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net
Subject: Daily News editorial: Energy - Alaskans are asking for help, and some is on the way

Energy

Alaskans are asking for help, and some is on the way

Published: July 7th, 2008 10:44 PM
Last Modified: July 7th, 2008 11:54 PM

Around the state, Alaskans are clamoring for relief from horrendous fuel price increases.

That includes villagers looking at diesel costs more than doubling with this summer's barge shipments and Fairbanks residents reeling from gasoline and electric utility price rises.

Do something, these residents are saying to the state.

In fact, the state is already doing quite a lot, both to offer quick help to its citizens and to drive down energy costs into the future.

That's not to say the state can't do more -- but here are some ways it is already helping:

- **Out-and-out heating grants for the poorest:** The Legislature added \$10 million in state money to a federal program that provides grants to offset the cost of home heating. The money is available to families with incomes up to one and a half times the federal poverty level.
 - **Grants for weatherizing homes:** This fund holds \$200 million, which can be tapped by middle-income as well as low-income families. In Anchorage, for example, the income limit is \$78,700 for a family of four.
 - **Grants up to \$10,000 to any homeowner to make a house more energy-efficient and save you money.** An energy auditor makes recommendations, you get the work done and Alaska Housing Finance Corp. sends you a check. There's \$100 million in this fund. There's still time, the AHFC says. For more information, do a Web search for Alaska Housing Finance Corp.
- <<http://ad.doubleclick.net/jump/mi.adn00/News/Opinion;dcove=d;?l=story;lv16=ADNEditorial;ac=News;ac=Opinion;loc=ats;pos=MREC01;sz=300x250;tile=3;ord=123456789?>>>
- **Subsidized rural power:** The Power Cost Equalization program, created to help the Bush when the Legislature was pouring money into urban energy projects like hydropower, is meant to cut electricity costs. The Legislature put \$28 million into the fund this year -- a 75 percent increase from just three years ago. But it's not enough to make up today's difference in city and rural energy costs. The state should add more to this fund or give aid to Bush utilities and their customers another way.
 - **Renewable energy projects:** A new program sets aside \$50 million per year for five years for renewable energy projects like wind power, geothermal and hydro-power.
 - **Fire Island:** On top of that, the Legislature committed \$25 million to help secure private financing for a proposed wind power project on Fire Island in Anchorage. Securing

this long-term supply of low-cost, renewable energy will help the entire Railbelt.

All that, and the Legislature will consider additional measures in a special session under way this week, including \$1,200 payments to all Permanent Fund dividend recipients to take away the pain of higher fuel costs.

BOTTOM LINE: We're hurting, but there's quite a bit of help out there already, and more is likely.

Rynnieva Moss

From: Christopher Clark [cgcalaska@yahoo.com]
Sent: Sunday, July 06, 2008 10:50 AM
To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; Rynnieva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net
Subject: Petroleum News/Daily News: Gas line would require major road repairs

Gas line would require major road repairs**\$2 BILLION: Work would leave few funds for other projects.**

Petroleum News

Published: July 5th, 2008 11:21 PM
 Last Modified: July 5th, 2008 11:32 PM

A multibillion-dollar gas pipeline project from the North Slope could require a multibillion-dollar state investment in improving roads, bridges and other facilities.

The state Department of Transportation and Public Facilities said the cost of road and other work needed to support pipeline construction could run to \$2 billion.

That came in a report from Frank Richards, deputy transportation commissioner, to legislators meeting in special session to consider allowing a state license and subsidy to a gas project sponsored by TransCanada Corp.

Much of the proposed work would qualify for federal highway funds, Richards said.

The state's federal highway program runs about \$350 million a year, he said. The \$2 billion in work to prepare for a gas pipeline, spread out over six years, about equals that \$350 million.

However, federal highway funding is declining, and the state has other transportation needs that could use the highway money.

Should the gas line fund the effort? Under previous rulings of the Federal Energy Regulatory Commission, which would oversee the pipeline, the gas line couldn't be charged for use or deterioration of the highways, "unless you were able to charge all users," Richards said.

At a legislative hearing in Fairbanks, Rep. Anna Fairclough, R-Eagle River, questioned charging highway use against the gas pipeline, a charge that would lower the value of North Slope gas.

"I believe that that's counterproductive to the discussions we've been having about exploration and opening up the North Slope basin," she said.

There has been considerable discussion about how a low pipeline fee would encourage explorers to look for gas.

MORE EARTH-MOVING

A gas pipeline project would be harder on roads than the trans-Alaska oil pipeline was when built in the 1970s, Richards said.

Because the gas pipeline will be buried, there will be more earth-moving -- about half of the 800-mile oil pipeline is above ground. Because the pipe will be thicker, 1 1/4 inches thick vs. the half-inch pipe used for the oil pipeline, the loads will be heavier.

There will also be large modules for the compressor stations, he said.

Richards said the department also believes there will be more points of entry and possibly more air traffic.

"And we also know that the condition of our pavements along the existing highway systems are nearing the end of their useful life, so we will likely have deteriorating pavement conditions," he said.

\$1 BILLION NEEDED ON DALTON

Half the money -- \$1 billion -- would go to 36 projects along 415 miles of the Dalton Highway, which parallels the northern half of the oil pipeline.

Richards said much of this work was identified in the long-range transportation plan published in the spring, which included \$12 billion in projects. The Dalton Highway work is first on the department's list because of big bridge crossings, some \$75 million in total, Richards said.

"That work can be out this winter, bid and under construction by this time next year, and we'll be able to put folks to work," he said.

Rep. Mike Doogan, D-Anchorage, questioned why the department would want to work first on the Dalton Highway rather than on the other highways that "Alaskans are going to be driving on."

Richards said truckers "drive the freight and goods north to the North Slope," so work on that road benefits Alaskans now as well as being needed for pipeline construction.

Rynniva Moss

From: Christopher Clark [cgcalaska@yahoo.com]
Sent: Sunday, July 06, 2008 10:45 AM
To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; Rynniva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net
Subject: Andrew Halcro: The Final Week: An AGIA Primer

The Final Week: An AGIA Primer

As the Legislature heads for final wrapup in Juneau, here's a status report:

One more community meeting is planned July 8, in Ketchikan. Legislators reconvene in Juneau July 9 to continue hearings with a goal of taking action by July 16. They must act by August 2 or the TransCanada proposal is void.

At this point it appears the votes are there to pass it. Legislators have qualms, more so, in fact, as times goes on. But the concerns don't outweigh the political factors. Gov. Palin is very popular and, well, it is an election year after all. Aside from that, most legislators believe the Denali project will be the one that really goes because it has the money behind it.

However, there is a group of lawmakers who feel the license to TransCanada and the \$500 million state subsidy is justified just to keep the producers working on the Denali project. Many also believe license will also expedite a consortium being formed by TransCanada and the producers, and while there are concerns that the terms of AGIA might complicate or impede the parties from coming together these are not being voiced enough to impede likely approval of the plan.

Central thrust, Key provisions and problems

Basically, AGIA's central thrust is to encourage a pipeline developed and owned by an independent pipeline company, TransCanada, and to discourage a project developed by producing companies. The genesis of the policy was in problems the state experienced with the producer-owned trans-Alaska oil pipeline, tariffs, etc. That the Federal Regulatory Energy Commission rules on gas pipeline are sharply different than rules on oil pipelines (particularly when the TAPS issues were settled with the state) isn't given much weight by the current administration. The position is not to trust the FERC and to wrangle special protections by contract with a pipeline company. The state's "must haves" include provisions for expansions, rolled-in tariffs for expansions and a particular tariff structure that the current administration says will keep tariffs low.

Since FERC really makes the decisions on all these issues all that AGIA guarantees is committing the pipeline to ask FERC for certain things. There can be no assurance it will actually happen that is up to FERC. Still, having the pipeline ask FERC counts for something. Legislators have to decide whether the state gets enough extra leverage through this to justify the \$500 million grant and exposure to treble-damages liability.

The emerging hot-buttons for legislators

Constraints on spur line and bullet lines: The administration is quite clear that any spur or bullet line over 500 million cubic feet per day that receives state assistance will trigger treble damages. However, any significant industrial customer for a spur line or bullet line (an LNG plant in Valdez being considered by Mitsubishi, for example) could easily exceed 500 million cubic feet per day when combined with utility demand. Legislators are unhappy about having their options limited by the AGIA contract.

Constraints on modifications of fiscal terms to help the Denali project: Even a change in general law that benefits production of gas for either a TransCanada or Denali project, would seem to trigger this liability, according

to Commissioner Galvin.

Not having terms and conditions spelled out in a detailed contract: The lack of a contract document that spells out terms and conditions bothers many legislators. The administration is strongly resisting calls that a contract be prepared because of the time it will take. The TransCanada proposal and the state's Request for Applications constitute a binding contract, the administration says. The record of hearings will be sufficient to clarify any ambiguities. Many lawmakers doubt this.

Secondary issues, at this point: Some legislators are concerned about lack of discussion on who will pay for the estimated \$2 billion in public transportation infrastructure updates needed to handle the huge logistical effort for the pipeline, and for needed repairs after construction is complete. In the previous Murkowski pipeline negotiations it was understood that the producers would front-end these costs. There is little discussion now about this, and whether TransCanada will pay for them or whether the obligation will be with the state.

Likewise, there is little discussion of community impacts, and who will foot the bill. The Denali project people seem willing to embrace recommendations put together by pipeline-affected municipalities in the Murkowski negotiations. There has been little discussion so far of TransCanada accepting this, if it develops the project. Presumably this burden would also fall to the state.

Thanks to Bradners' Legislative Digest for their analysis.

Rynniva Moss

From: Christopher Clark [cgcalaska@yahoo.com]

Sent: Sunday, July 06, 2008 10:31 AM

To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; Rynniva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net

Subject: Merrick Peirce/News-Miner opinion piece: All-Alaska line is state's best option for gas

All-Alaska line is state's best option for gas

Merrick Peirce, Community Perspective

Published Sunday, July 6, 2008

If the criminal leadership of the Alaska Legislature had followed the edict of Alaska voters who overwhelmingly voted to build the All-Alaska Gasline in 2002, we would have affordable energy in the Interior today. We would not now be worrying about the cost of fuel oil, which may hit \$7 per gallon before next winter is over.

But those "leaders" within the Legislature and the discredited Murkowski administration rolled over to do the bidding of the multinational corporations who sit on five trillion dollars worth of our natural gas and ignored the voters' wishes.

Some of those legislators are in prison today. Others remain under criminal investigation and residents here are overpaying for energy by at least \$200 million per year.

Governor Sarah Palin came into office on the promise of building an "Alaskan" gasline and got off to an admirable start with AGIA a year and a half ago.

But we have a very different situation today than when AGIA was conceived. Massive budget surpluses and a crippling energy crisis require that we take direct control and build the gas line ourselves. **All of the good things that AGIA was intended to promote can be preserved by direct Alaska control and ownership of our gas line.**

Here is what we know, and do not know, about the TransCanada plan.

Commissioner Tom Irwin is being absolutely honest when he says that awarding a license to TransCanada will not guarantee a gas line. This is not acceptable. We deserve certainty. Giving an exclusive license to TransCanada could be a death sentence for the Interior.

We do not know what corporation may someday own TransCanada — and the exclusive license we intend to grant. Russia-controlled Gazprom, Exxon Mobil or Conoco Phillips could acquire TransCanada with ease.

We do not know the route of the proposed gas line or the location of the gas delivery points. That determination will be left to the owners of TransCanada and future commissioners. For \$500 million, one would think that legislators would want to know such things. Particularly our Interior legislators. What if TransCanada decides to route the gas line outside of the Fairbanks North Star Borough to reduce the length of the line and avoid property taxes? If the legislature was foolish enough to agree to the license, they lose any say over the route.

We have learned that whoever controls TransCanada may not issue project sanction until 2018. Can the Interior wait another decade while a foreign, multinational corporation located within a country that is a competitor to

Alaska decides to build a gas line that is absolutely critical to our future? We'd have to be utterly insane to take such an avoidable risk.

Governor Palin must understand that we have different circumstances that absolutely require that we reject the TransCanada deal and move forward with an Alaskan gas line. Alaskans deserve that certainty.

An Alaskan gasline to Valdez has a firm cost of \$11.7 billion. Our surplus this year is about ten billion. The surplus next year may be 15 billion. If Alaska took a 70/30 debt to equity ratio in the project, the direct Alaska investment would only be about \$3.5 billion. The regulated rate of return on equity would be 14 percent, or about double what Alaska earns from our permanent fund.

By getting gas to the Interior within five years, the Interior saves at least \$1 billion — and maybe our military barracks — a point ignored by the economic models prepared by the administration.

The public hearings around Alaska that the administration — and certain legislators — tried to avoid had a recurring theme. Alaskans who testified overwhelmingly rejected TransCanada in favor of the All-Alaska Gasline. This is consistent with polls and the anti-TransCanada public comment submitted within the AGIA public comment period.

Alaskans understand. With the All-Alaska gasline Alaska keeps the profits here. We control the timing. We control the number and location of Alaska gas delivery points. We get gas flowing here within five years — not in 2020. We keep value-added industry and jobs here in Alaska. And we sell our gas for trillions more because we'd be accessing premium, world markets.

This public policy discussion is about an issue of profound importance to Alaska. I've challenged the Palin administration to have a series of public debates- instead of the one-sided monologs that have occurred thus far. The Palin administration has not responded.

Merrick Peirce serves on the board of the Alaska Gasline Port Authority. The opinion expressed is his own.



Thursday » July
10 » 2008

Mackenzie Pipeline or Pipe Dream?

Grand plan for Alaskan gas mired in uncertainty

Ed Struzik

Edmonton Journal

Sunday, July 06, 2008

In the summer of 2001, Northwest Territories Finance Minister Joe Handley was sitting on the banks of the Mackenzie River betting \$50 that a multibillion-dollar pipeline transporting Arctic gas up the 1,200-kilometre-long valley would be built before Alaska could figure a way of piping gas from its fields in Prudhoe Bay.

Like executives from Imperial Oil Ltd., which had a vision for the all-Canadian project, Handley was so confident of the prospects of success, he suggested 2007 was not an unrealistic date for completing the project, estimated at \$4 billion.

That was then. This is now.

Now, after a term as the N.W.T. premier, Handley is taking time at his cabin outside Yellowknife to ponder a more lucrative future outside

of politics.

The way things have been going lately, he will not be collecting on his bet any time soon.

The Mackenzie Valley project is no longer projected to cost \$4 billion, or the \$7 billion it was pegged at when Imperial and the pipeline consortium made the first regulatory applications in 2004.

The price is now \$16.2 billion and rising.

Today, no one is placing bets on when the gas will start flowing up the valley. The odds are on whether gas will ever flow along a Mackenzie Valley route, at all.

Long dismissed as too expensive, the rival plan to bring huge reserves of natural gas from Prudhoe Bay through the Yukon and northern British Columbia is gaining momentum.

If an Alaska Highway pipeline goes ahead anytime soon, it will delay or possibly kill the



CREDIT: Ed Struzik, Canwest News Service

Plans to build a pipeline along the Mackenzie Valley have been hit by rising costs, land claim disputes, court challenges and regulatory delays.



CREDIT: Leah Hannel, Calgary Herald
Inuvik, N.W.T., developed in the 1950s, lies in the heart of the Mackenzie Delta and would see an economic and population boom if the proposed pipeline is built.

Things were actually looking pretty positive for the project back in 2002 when Handley and others were suggesting the 2007 target date.

As promising as the start was, it would be another two years before the pipeline consortium made its application to the National Energy Board.

Doug Matthews says the first mistake was made by Imperial Oil when it failed to recognize the value the Aboriginal Pipeline Group would bring to the table if it were given an ownership stake in the project. Representing aboriginal groups from across the N.W.T., 30 northern aboriginal leaders formed APG in the hopes of maximizing ownership and benefits from the pipeline and to support greater independence and self-reliance among Mackenzie Valley residents.

"Given the fact that Imperial had been in the North since the 1920s, one would have thought they'd find a way of arranging for aboriginal equity in the project very quickly," Matthews said. "But that didn't happen. They insisted on the APG coming up with all the money required to give them a stake. It was a lot of money they didn't have. That really slowed things down."

In the meantime, continued uncertainty about the regulatory regime hampered the consortium's ability to get hundreds of permits needed to collect field data.

Overwhelmed and unable to resolve issues that were outside its control, the consortium threw in the towel in 2005, taking a six-month breather. As it turned out, it was time it couldn't afford.

Given the torrid pace of energy developments in northern Alberta, the cost of manpower, equipment and steel was quickly going through the roof. Forced to revise its cost estimates, the consortium had to go back to the National Energy Board in early 2007 with the new, eye-popping \$16.2-billion price tag.

If all this weren't bad enough, Alaskan producers ConocoPhillips and BP PLC added a nightmarish subplot to the story last month by unveiling a \$25-billion proposal to rival TransCanada Corp.'s plan to build a pipeline from the North Slope of the state to the lower 48 states.

Worse still for the Mackenzie pipeline interests, the announcement came on the heels of a report that suggested the Horn River area of northern British Columbia could hold up to 50 trillion cubic feet of natural gas. That's more gas than is now recoverable from the entire North Slope. It's also gas an Alaska pipeline could tap into.

If an Alaska Highway pipeline were built any time soon, most experts believe it would delay or kill the Mackenzie project. There simply isn't enough labour, steel and equipment to build two pipelines at the same time.

Joe Handley admits he's sorely disappointed with all that has transpired over the last seven years, putting much of the blame squarely on the federal government for not being more forthright on royalties, taxes and infrastructure.

"The fact is no government in Ottawa, especially a minority government like this one, wants to be seen giving any kind of break to Imperial or Exxon or any other energy company," he said.

© The Calgary Herald 2008

CLOSE WINDOW

Rynniva Moss

From: Christopher Clark [cgcalaska@yahoo.com]
Sent: Tuesday, July 01, 2008 7:35 AM
To: John Bitney; Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; Rynniva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; Shannon Devon; Debbie Richter; skippydog@att.net
Subject: Andrew Hulcro: The Treble Damages Bombshell

The Treble Damages Bombshell

For the last year, Alaskans have been sung a song of open and transparent competition via the AGIA process by the Palin administration.

However one of the least talked about facets of AGIA has been the treble damages clause, which mandates the state pay TransCanada three times the money they have spent if the state helps a competing project.

However Thursday in Kenai during the AGIA hearings, lawmakers finally got the administration to admit to just how big of a risk this clause poses to getting Alaskans a gas pipeline.

As we know, one of the sticking points about coming to an agreement has been the Palin administration's refusal to negotiate fiscal certainty terms with the producers.

Representative Ralph Samuels solicited a bombshell response on this issue when he asked Department of Revenue Commissioner Pat Galvin a very likely hypothetical question.

If Denali and AGIA/TransCanada get to a point where a future legislature realizes it is necessary to adopt either new tax rules or fiscal certainty terms to move the pipeline forward, and even though the change in law is available to both projects but at the end of the day it allows the Denali project to move forward; does that trigger treble damages?

Here is Galvin's response:

"Yes. We do owe them treble damages. Absolutely. We're not going to try to advance a competing project. We bought them into this process and we're going to stick by them or we're going to pay them treble damages."

Galvin's response raises questions:

How is restricting lawmakers ability to change the one thing they have complete control over (taxes), in the state's best interest?

How does this not bind a future legislature for fear of having to pay treble damages?

More importantly, how does this not stifle competition and create a barrier to moving a project forward when we know the Denali project has a much greater chance of succeeding?

This clause is yet another indication that this administration foolishly thinks AGIA is going to force a marriage between the producers and TranCanada. It won't.

What's troubling is that many lawmakers have said publicly that they plan on voting to give TransCanada the AGIA license as an insurance policy to keep the producers and their Denali project honest.

7/25/2008

I always thought insurance policies were designed to protect you, not punish you.

I guess you could call this the Thelma & Louise insurance policy; we join hands with TransCanada and it ensures we drive off the cliff.

To hear the full exchange:

<http://www.ktoo.org/gavel/archive.cfm?audio=13518&request=65A8E4768DCA5564CE282BD22211A261>

Fast forward to time stamp 3:29 and listen to the end.

Rynnieva Moss

From: Christopher Clark [cgcalaska@yahoo.com]
Sent: Friday, June 27, 2008 8:30 AM
To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labelle; Karen Lidster; John Manly; Rynnieva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net
Subject: Stefan Milkowski: Alternative energy on the horizon for GVEA

Alternative energy on the horizon for GVEA

By Stefan Milkowski

Published Friday, June 27, 2008

JUNEAU — With a little help from the state, Golden Valley Electric Association is looking to cut back on fossil fuels and start making hot water and power from the sun, the wind and the Nenana River current.

The Alaska Energy Authority, a public corporation of the state, this week gave the utility \$212,000 to study four alternative energy projects across Golden Valley's coverage area.

Two projects involve hydropower. The first would generate up to 50 megawatts of electricity at a dam on the Tanana River near Delta Junction. The second would make 10 megawatts of power from the Nenana River near Healy using generating units in the river rather than a dam.

A third project would generate up to 50 megawatts from wind turbines in the Eva Creek area near Healy, and the fourth would actually cut electricity usage by relying on solar energy to heat water at two facilities near Denali National Park and Preserve.

"This is kind of an opportunity to come up with some things that might be a little outside the box," Golden Valley spokeswoman Dianne Porter said Thursday.

The grants are small in relation to the overall project costs. AEA put just \$60,000 toward the dam project, which is expected to cost \$130 million.

Porter said the grants will allow Golden Valley to assess the feasibility of the projects without using members' money. The utility has pursued the wind power project for years, but the others are relatively new.

A total of about \$5 million in grants was awarded statewide through a collaborative effort between AEA and the Denali Commission, a federal-state partnership.

Most of the 33 grants were awarded for pre-construction studies, but some grants were given for construction of alternative energy projects, including a geothermal power plant at Manley Hot Springs and a wood-fired heating system in Fort Yukon.

To qualify for the grants, project sponsors had to show the projects would save enough money in displaced fossil-fuel costs to offset the cost of construction. Three of the Golden Valley projects — all but the solar thermal project — are expected to pay for themselves two or three times over.

Karsten Rodvik, a spokesman for AEA, described the grants as a first step toward displacing costly fossil fuels and bringing down the cost of energy.

"The goal, of course, is the development of a long-term plan that provides low-cost, reliable, sustainable power,"

7/8/2008

he said.

According to Rodvik, AEA is planning to issue a similar request for proposals this summer for \$50 million in grant money, or 10 times what was awarded this week, although the project criteria will likely be different.

The grants are considered helpful because alternative energy projects typically cost more to build than conventional energy projects. The projects can ultimately save money because they don't require fuel.

State lawmakers and Gov. Sarah Palin agreed this year to put \$250 million toward alternative energy projects during the next five years.

INTERNATIONAL Herald Tribune

Court overturns injunction on S.D. abortion law

The Associated Press

Friday, June 27, 2008

PIERRE, S.D.: A federal appeals court ruled that South Dakota can begin enforcing a law requiring doctors to tell women seeking abortions that the procedure ends a human life.

The 7-4 decision by the 8th U.S. Circuit Court of Appeals in St. Louis sends the case back to U.S. District Judge Karen Schreier of Rapid City for proceedings that will result in a decision on whether the law passed by the 2005 South Dakota Legislature is constitutional.

Schreier had temporarily prevented the law from taking effect while she decides the case. She had ruled that opponents had a fair chance of succeeding in their claim that the law violates doctors' free-speech rights by forcing them to tell women things the doctors might not believe.

A three-judge panel of the 8th Circuit had agreed with Schreier, but the full court threw out her order. It said Friday that Planned Parenthood, which operates South Dakota's only abortion clinic in Sioux Falls, has not provided enough evidence that it is likely to prevail.

"The bottom line is if the state Legislature orders a professional to tell the truth, that's not a violation of the First Amendment," said South Dakota Attorney General Larry Long, who is defending the law in court.

Mimi Liu, a lawyer for the Planned Parenthood Federation of America, said such rulings generally take about three weeks to take effect. Long said it could take less time.

The 2005 law would make doctors tell women "that the abortion will terminate the life of a whole, separate, unique, living human being." Women also would have to be told they have a right to continue a pregnancy and that abortion may cause women psychological harm, including thoughts of suicide.

Planned Parenthood has failed to show that the information to be given to women seeking abortions is untruthful, misleading or irrelevant to the woman's decision, the appeals court majority said. Taking into account definitions in the law, the information required to be given is biological in nature, so Planned Parenthood has not shown the information is ideological, the decision said.

Harold Cassidy, a lawyer representing two pregnancy counseling centers that support the abortion law, hailed the ruling.

"We think it's a big victory for the woman obviously to be given accurate information in order to make a decision not only for the child, but also for herself," Cassidy said.

Sarah Stoesz, president of Planned Parenthood in Minnesota, North Dakota and South Dakota, said the law would force doctors to read ideological language to women seeking abortions.

"They are imposing compelled speech on doctors. It is not about providing information to women. It is about intruding in the doctor-patient relationship. It is unprecedented and extremely outrageous," Stoesz said.

Planned Parenthood's lawsuit contends the law not violates doctors' free-speech rights, but also is an

undue burden on a woman's right to an abortion.

South Dakota voters in 2006 rejected a ballot measure to ban nearly all abortions. A measure on this year's ballot also would ban abortions but would allow exceptions in cases involving rape, incest and a threat to a woman's life and health.

Notes:

IHT

Copyright © 2008 The International Herald Tribune | www.ihf.com

Rynnieva Moss

From: Christopher Clark [cgcalaska@yahoo.com]

Sent: Friday, June 06, 2008 8:33 AM

To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; John Manly; Rynnieva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net

Subject: Stefan Milkowski: Consultant urges Legislature to vote yes on TransCanada deal

Consultant urges Legislature to vote yes on TransCanada deal

By Stefan Milkowski

Published Friday, June 6, 2008

JUNEAU — A consultant who helped push former Gov. Frank Murkowski's oil and gas deals and now works for the Alaska Legislature urged a yes vote Thursday on TransCanada's gas pipeline plan.

Dan Dickinson told lawmakers they shouldn't consider whether TransCanada's proposal is better than all other proposals but whether issuing a license to the company would put the state in a better or worse position with regard to getting a natural gas pipeline built. He added that he thought awarding a license probably wouldn't weaken the prospects for securing a line and could strengthen them.

Dickinson initially presented the idea as something of an academic exercise, adding it to a list of other reasons lawmakers could choose to back the plan.

But when Sen. Con Bunde, an Anchorage Republican, asked him directly, Dickinson said it was also his belief that approving the license would help more than it would hurt.

Three other legislative consultants with varying expertise echoed the idea that it wouldn't hurt, at which point Bunde joked that he was ready for a vote.

"If we were on the floor, I'd call the question," he said.

Dickinson's presentation came during the second day of legislative hearings on TransCanada's plan. It caused some lawmakers to openly support awarding a license and it challenged the thinking that lawmakers had to choose between TransCanada's proposal and the competing project pursued by North Slope producers ConocoPhillips and BP.

Gov. Sarah Palin recently backed the TransCanada plan, but some question whether the Canadian pipeline builder would be able to secure the long-term shipping commitments needed to finance the line, especially when two of the major North Slope producers are pursuing their own project.

Dickinson suggested that both TransCanada and the producers have reasons to work together, and he argued that backing TransCanada could help spur negotiations between the companies that would lead to a successful project, as long as the state was flexible.

"If each party brings strengths, maybe a merged project makes sense," he said.

Some lawmakers on Thursday questioned the idea that the state had little to lose by moving forward with

TransCanada. Rep. Ralph Samuels, an Anchorage Republican, said he still wanted to learn exactly what penalties would apply if the state chose to back out of its commitments to TransCanada under the Alaska Gasline Inducement Act, the state law under which TransCanada submitted its proposal.

But many lawmakers, including Samuels, agreed that it made sense to consider the impacts of issuing a license rather than whether TransCanada's plan was inherently better than others.

"It's the first I've heard of it, but that's probably the reason at the end of the day that people will vote yes or no," Samuels said.

Rep. John Coghill, a Republican from North Pole, said he considered issuing a license — and contributing up to \$500 million to the project — as something like putting down a payment on a car.

"This is our way of saying our interest is to get that gas to market," he said. "In that regard, I think we need to make that statement."

Revenue Commissioner Pat Galvin didn't attend the presentation but said later that he and others in Palin's administration had considered the strategic aspects of awarding a license along with the inherent value of TransCanada's project.

"For both reasons, we concluded that going forward with a license is in the state's interest," he said. "Either way you look at it, you end up with the same conclusion."

Galvin added that Alaska would benefit from attracting the major producers to the project.

But Galvin disagreed with Dickinson on what should be allowed in such a partnership.

Dickinson argued it was critical that the state be flexible regarding the commercial agreements worked out between the companies — even the "must-have" requirements in AGIA should be on the table during those negotiations, he said.

But Galvin said the state was not willing to give up the must-haves and would want something in return for anything it gave up under AGIA. (AGIA allows a licensee to modify its project as long as the modification doesn't decrease the value of the project to the state.)

TransCanada vice president Tony Palmer, who is attending the legislative hearings, said his company clearly thought its proposal deserved a license based on its merits and not just its strategic value.

TransCanada will continue to seek "alignment" with the producers, including through opportunities for partial pipeline ownership, he said, but only within the confines of the law. "We're not contemplating going outside of AGIA."

Lawmakers are scheduled to take testimony from Palin's administration and TransCanada over the next five days before traveling to Fairbanks and other locations for additional hearings. They have 60 days from June 3 to make a decision on TransCanada's proposal.

Rynnieva Moss

From: Christopher Clark [cgcaska@yahoo.com]
Sent: Friday, June 06, 2008 8:38 AM
To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Keeneman; Paul Labelle; Karen Lidster; John Manly; Rynnieva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net
Subject: Stefan Milkowski: Energy experts tout TransCanada as viable venture

Energy experts tout TransCanada as viable ventureBy [Stefan Milkowski](#)

Published Thursday, June 5, 2008

Related Blog



Capital Focus

Keep up-to-date on the latest news from Juneau

JUNEAU — Consultants hired by state lawmakers to review the TransCanada gas pipeline proposal weighed in Wednesday on a pair of questions at the heart of the gas line debate — Would the gas actually make it to Lower 48 markets? and Does TransCanada have the financial wherewithal to complete the project?

Yes and yes, the consultants said.

Barry Pulliam, an oil and gas economist with Econ One Research, answered the first question during an in-depth overview of the TransCanada proposal. Because of Canada's gas pipeline grid, it would be impossible to know if the actual molecules of gas made it into the Lower 48, he said. But because Canada already exports gas to the U.S., putting more gas into the North American market will inevitably result in more gas going to the Lower 48.

A TransCanada pipeline would "effectively" deliver Alaska's gas to American markets, Pulliam said.

The issue is important because of federal loan guarantees for the pipeline that might not exist if the gas ended up in Canada or another foreign country.

Lesa Adair, an engineer with the firm Muse, Stancil & Co., answered the second question.

In a financial analysis, Adair explained that TransCanada has grown quickly in recent years, both in income and level of capital investment, but is still quite small compared to North Slope producers BP and ConocoPhillips, who are pursuing their own gas pipeline project.

Some lawmakers have questioned whether the relatively small company could handle a project as big as the

Alaska gas pipeline, but when asked directly whether TransCanada could "pull this off" or not, Adair replied that the company could.

"Based on public information for review ... they have the core skills to do this project," she said.

Adair added later that TransCanada would still have to get long-term commitments from the producers to use the pipe and would have to handle other risks, including those associated with cost overruns and pipeline regulation.

The presentations by Adair and Pulliam kicked off the first day of legislative hearings on the TransCanada proposal.

Gov. Sarah Palin officially threw her support behind the plan late last month. Now, lawmakers have 60 days to decide whether to give the Canadian firm an exclusive state license under the Alaska Gasline Inducement Act and a subsidy worth up to \$500 million.

Lawmakers formalized how they'll approach the issue soon after gaveling in on Tuesday for the start of a 30-day special session. The Senate established the Senate Special Committee on Energy, which is comprised of the members of the Senate Finance and Resources Committees. The House set up a subcommittee of the Rules Committee comprised of House Speaker John Harris, R-Valdez, Rep. Ralph Samuels, R-Anchorage, and Rep. Beth Kerttula, D-Juneau, although Harris said all 40 House members will be allowed to participate in committee hearings.

The presentations are open to all lawmakers, and most attended on Wednesday.

Samuels said the goal of the presentations was to help lawmakers know what questions to ask in the weeks ahead.

But lawmakers also took the opportunity to ask the consultants a wide range of questions dealing with everything from the economics of pipeline expansions to the state's obligations under AGIA.

Rep. Gabrielle LeDoux, R-Kodiak, asked Pulliam directly why TransCanada's proposal was better than the producers' proposal, but Samuels held the question for later.

"We can debate this here for another five hours, but I'd like to get on to (Adair's) fiscal analysis," he said.

Local lawmakers said the presentations covered a lot of material they had already heard but were still useful.

Rep. David Guttenberg, D-Fairbanks, said the conclusions of the legislative consultants seemed to line up with the conclusions of Palin's consultants and gas line team, who gave three days of presentations last week in Anchorage.

"What we're hearing is supporting what we've already heard," Guttenberg said.

Members of Palin's gas line team and TransCanada vice president Tony Palmer attended the presentations. Palmer said after that he would have answered some of the questions differently but thought the consultants generally gave "straightforward" answers.

The presentations are taking place in a gymnasium in a legislative building across the street from the Capitol to accommodate the crowd. Lawmakers are scheduled to hear from their own consultants, Palin's administration, and TransCanada this week and into next week.

After that, they're scheduled to hold hearings in Fairbanks, Anchorage and other locations around the state.

Rynnieva Moss

From: Christopher Clark [cgcalaska@yahoo.com]
Sent: Friday, June 06, 2008 8:36 AM
To: Tim Beninter Ji; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; John Manly; Rynnieva Moss; Jane Pierson; Julianna Singh; Cheryl Suito; Will Vandergriff; John Bitney; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net
Subject: Bradners/Journal of Commerce: Legislators may not wrap up TransCanada license until mid-July

Web posted Thursday, June 5, 2008

Legislators may not wrap up TransCanada license until mid-July

By Bradners' Alaska Legislative Digest

Consultants to the Legislature presented observations on the proposed contract to TransCanada Corp. Wednesday, June 4, and are to continue Thursday, June 5. The state administration and TransCanada begin their presentations Friday and continue through Tuesday. Legislators are meeting in special session in Juneau on a proposed state license to the Canadian pipeline company.

Lawmakers are planning extensive use of roundtable discussions during to resolve conflicting testimony. The House Rules Committee indicated Wednesday morning that the ACMA license bill, HB 3001, was assigned to a subcommittee that included Speaker John Harris as chairman, Reps. Ralph Samuels and Beth Kerttula.

Harris also said he did not assign the bill to the House Finance Committee because it requires no immediate spending. The \$500 million fiscal note, while substantial, is "hollow."

All legislators are attending Juneau presentations on the license, however,

PREVIOUS ARTICLES

Hearings begin at 10 a.m. today in Juneau

Special session on AGIA starts today

CAPITAL COMMENTS

AJOC Editorial: Hot issues should override stereotypes - Posted on 03/17/2008

Potential harm outweighs potential benefits of prescription drug database - Posted on 02/25/2008

Successful economic future depends on all communities prospering - Posted on 02/19/2008

State capital should stay in Juneau - Posted on 02/07/2008

Governor and lawmakers shouldn't let Conoco derail pipeline plan - Posted on 02/01/2008

NATIONAL POLITICS

Updated 10:28 AM ET Clinton to end campaign in Washington Saturday McCain runs new ad in battleground states Young voters: Obama's race as an asset. non-issue

Clinton might find inspiration in Senate portraits

Congressman: Clinton camp uses divisive tactics

Reports: Edwards rules out vice president slot Obama revels in new status as presumed nominee

Obama keeps Dean at DNC. bans lobbyist money

Analysis: Clinton's efforts to foretell her future

More News

LINKS

State of Alaska

Alaska Legislature

in the Terry Miller state office building next to the capitol.

Lawmakers go on the road to Fairbanks next Thursday, Friday and Saturday and return to Anchorage the week after. Other road shows are planned in Kenai, the Mat-Su and Barrow. **House Speaker John Harris says he thinks it may be early July before legislators return to Juneau to begin their final deliberations.**

All of this could take 45 days, which means a second special session would be called after 30 days.

Two hearings planned in Anchorage June 16 and 17 will cover regulatory issues and Point Thomson gas. House Majority Leader Ralph Samuels said new information is expected on "Regulatory Day, " June 16, which will include a senior Federal Energy Regulatory Commission representative, the Department of Energy, Regulatory Commission of Alaska and possibly a spokesperson for Canadian regulatory agencies, although the Canadian National Energy Board declined the Legislature's invitation.

Samuels also said time will likely be made available if ConocoPhillips or other Alaska producers wish to testify. Rules Chairman John Coghill said the producers' comments would help lawmakers understand the credibility of the TransCanada proposal.

House Speaker John Harris also said TransCanada has no leverage to convince North Slope producers to ship their gas on its proposed pipeline. Whether the state would apply its leverage is up to the administration.

In a related development, **Sen. Charlie Huggins said during the June 4 hearings that he would pursue a contract with TransCanada that would go along**

Governor should be confident, but not brash -
Posted on 01/28/2008

Hopefully, lawmakers will work within their 90-day session -
Posted on 01/21/2008

Conoco's willing to talk; why isn't the governor? -
Posted on 01/17/2008

Gov. Palin strikes right note with call to save -
Posted on 01/14/2008

Legislative Info Offices Directory

Alaska Constitution

Office of the Governor

BASIS (Details on Bills)

Alaska Statutes

Gavel to Gavel

Alaska's Clear and Equitable Share

with the license. Huggins said his goal is to avoid future misunderstandings or litigation by clarifying the binding requirements imposed on the state as well as TransCanada from its proposal. He added that a contract would be necessary to get his vote for the license.

Daily Policy Digest

Energy Issues

June 6, 2008

THE GAS PRICES WE DESERVE

Our struggle with high gas prices is a direct result of our failed energy policies, says columnist George F. Will. America says to foreign producers: We prefer not to pump our oil, so please pump more of yours.

Consider the potential of drilling in the Arctic National Wildlife Refuge (ANWR):

- If President Bill Clinton had not vetoed legislation to permit drilling in ANWR, an estimated one million barrels could be flowing from there today.
- One million barrels would produce 27 million gallons of gasoline and diesel fuel.
- ANWR is larger than the combined areas of five states (Massachusetts, Connecticut, Rhode Island, New Jersey, Delaware), and drilling along its coastal plain would be confined to a space one-sixth the size of Washington's Dulles airport.
- The U.S. Minerals Management Service says that restricted area of ANWR contains perhaps 86 billion barrels of oil and 420 trillion cubic feet of natural gas -- 10 times as much oil and 20 times as much natural gas as Americans use in a year.

Concern over the potential damage due to oil spill has been exaggerated, says Will:

- There has not been a significant spill from an offshore U.S. well since 1969.
- Of the more than 7 billion barrels of oil pumped offshore in the past 25 years, 0.001 percent -- that is one-thousandth of 1 percent -- has been spilled.

Source: "The Gas Prices We Deserve," George F. Will, Washington Post, June 5, 2008.

For text:

http://www.washingtonpost.com/wp-dyn/content/article/2008/06/04/AR20080604033052_pf.html

For more on Energy and the Environment:

<http://eteam.ncpa.org/issues/?c=energy-and-the-environment>

For more on Energy Issues:

http://www.ncpa.org/sub/dpd/index.php?Article_Category=22

We depend on the financial support of individuals. We need your help to continue our work.
Join the NCPA today!

Copyright © 2008 National Center for Policy Analysis. All rights reserved
[About Us](#) | [Contact Us](#) | [Donate](#) | [Privacy Policy](#)

washingtonpost.com

The Gas Prices We Deserve

By George F. Will
Thursday, June 5, 2008; A19

Rising in the Senate on May 13, Chuck Schumer, the New York Democrat, explained: "I rise to discuss rising energy prices." The president was heading to Saudi Arabia to seek an increase in its oil production, and Schumer's gorge was rising.

Saudi Arabia, he said, "holds the key to reducing gasoline prices at home in the short term." Therefore arms sales to that kingdom should be blocked unless it "increases its oil production by one million barrels per day," which would cause the price of gasoline to fall "50 cents a gallon almost immediately."

Can a senator, with so many things on his mind, know so precisely how the price of gasoline would respond to that increase in the oil supply? Schumer does know that if you increase the supply of something, the price of it probably will fall. That is why he and 96 other senators recently voted to increase the supply of oil on the market by stopping the flow of oil into the Strategic Petroleum Reserve, which protects against major physical interruptions. Seventy-one of the 97 senators who voted to stop filling the reserve also oppose drilling in the Arctic National Wildlife Refuge.

One million barrels is what might today be flowing from ANWR if in 1995 President Bill Clinton had not vetoed legislation to permit drilling there. One million barrels produce 27 million gallons of gasoline and diesel fuel. Seventy-two of today's senators -- including Schumer, of course, and 38 other Democrats, including Barack Obama, and 33 Republicans, including John McCain -- have voted to keep ANWR's estimated 10.4 billion barrels of oil off the market.

So Schumer, according to Schumer, is complicit in taking \$10 away from every American who buys 20 gallons of gasoline. "Democracy," said H.L. Mencken, "is the theory that the common people know what they want and deserve to get it good and hard." The common people of New York want Schumer to be their senator, so they should pipe down about gasoline prices, which are a predictable consequence of their political choice.

Also disqualified from complaining are all voters who sent to Washington senators and representatives who have voted to keep ANWR's oil in the ground and who voted to put 85 percent of America's offshore territory off-limits to drilling. The U.S. Minerals Management Service says that restricted area contains perhaps 86 billion barrels of oil and 420 trillion cubic feet of natural gas -- 10 times as much oil and 20 times as much natural gas as Americans use in a year.

Drilling is underway 60 miles off Florida. The drilling is being done by China, in cooperation with Cuba, which is drilling closer to South Florida than U.S. companies are.

Advertisement

Ads by Google

The Bakken Oil Formation

The Biggest Oil Find in US History. Learn How To Profit - New Rpt. EnergyAndCapital.com/Bakken_Oil_Rpt

ANWR is larger than the combined areas of five states (Massachusetts, Connecticut, Rhode Island, New Jersey, Delaware), and drilling along its coastal plain would be confined to a space one-sixth the size of Washington's Dulles airport. Offshore? Hurricanes Katrina and Rita destroyed or damaged hundreds of drilling rigs without causing a large spill. There has not been a significant spill from an offshore U.S. well since 1969. Of the more than 7 billion barrels of oil pumped offshore in the past 25 years, 0.001 percent -- that is one-thousandth of 1 percent -- has been spilled. Louisiana has more than 3,200 rigs offshore -- and a thriving commercial fishing industry.

In his book "Gusher of Lies: The Dangerous Delusions of 'Energy Independence,'" Robert Bryce says Brazil's energy success has little to do with its much-discussed ethanol production and much to do with its increased oil production, the vast majority of which comes from off Brazil's shore. Investor's Business Daily reports that Brazil, "which recently made a major oil discovery almost in sight of Rio's beaches," has leased most of the world's deep-sea drilling rigs.

In September 2006, two U.S. companies announced that their Jack No. 2 well, in the Gulf 270 miles southwest of New Orleans, had tapped a field with perhaps 15 billion barrels of oil, which would increase America's proven reserves by 50 percent. Just probing four miles below the Gulf's floor costs \$100 million. Congress's response to such expenditures is to propose increasing the oil companies' tax burdens.

America says to foreign producers: We prefer not to pump our oil, so please pump more of yours, thereby lowering its value, for our benefit. Let it not be said that America has no energy policy.

georgewill@washpost.com

Post a Comment

[View all comments](#) that have been posted about this article.

You must be logged in to leave a comment. [Login](#) | [Register](#)

Submit

Comments that include profanity or personal attacks or other inappropriate comments or material will be removed from the site. Additionally, entries that are unsigned or contain "signatures" by someone other than the actual author will be removed. Finally, we will take steps to block users who violate any of our posting standards, terms of use or privacy policies or any other policies governing this site. Please review the [full rules](#) governing commentaries and discussions. You are fully responsible for the content that you post.

© 2008 The Washington Post Company

Ads by Google

The Bakken Oil Production

Welcome to the Next Oil Boom. Learn More: [New Energy & Capital Report](#).
EnergyAndCapital.com/Bakken_Oil_Rpt

Gas Prices

The Demand For Energy Is Rising. Get The Facts & Info Online Today!

EnergyTomorrow.org/GasPrices

Rynniva Moss

From: Christopher Clark [cgcalaska@yahoo.com]
Sent: Tuesday, June 03, 2008 9:02 AM
To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; John Manly; Rynniva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net
Subject: Calgary Herald: TransCanada pipeline plan heads to Alaska politicians - Nationalism expected during legislative debate

TransCanada pipeline plan heads to Alaska politicians - Nationalism expected during legislative debate

Jon Harding
 Calgary Herald

Tuesday, June 03, 2008

TransCanada Corp.'s \$26-billion US plan for a natural gas link from Alaska to Alberta will be the focus of a heated public debate in Alaska over the next several weeks starting today.

The company's pipeline proposal goes before state lawmakers today in a special legislative session, from which the Calgary company could emerge with a project licence and \$500-million US worth of state subsidies.

Canada's largest pipeliner would still need approval from Washington to proceed with the largest construction project in North American history.

Alaska politicians are divided, even after last month's formal endorsement of the TransCanada plan by Alaska Gov. Sarah Palin.

When asked what he thought of TransCanada's chances for getting a licence, Republican lawmaker Ralph Samuels told the Anchorage Daily News: "I'd say 50-50."

The process starting today will see the state's 67 lawmakers converge in Juneau for a **seven-day session** to pore over TransCanada's project submission. From there, a series of public hearings begins next week and could take up to 53 more days before a vote.

Les Gara, a Democrat from Anchorage, told the Herald on Monday he expects the battle to include negative rhetoric around the prospect of a Canadian company taking the lead on a project to move "U.S. natural gas" to lower 48 markets through Canada.

Gara carefully offered that he supports TransCanada's bid but wants to see if an economically viable inner-state pipeline project – one that would see much of the gas go to Valdez to be shipped as liquefied natural gas from Valdez – emerges in the next few weeks. He also said he's not alone among lawmakers concerned that Alaska gas will arrive in Alberta only to feed oilsands development.

Gara said a "small wing" of Republican legislators who are aligned with Alaska's North Slope producers will be working against TransCanada.

"They are going to start travelling around the state, after the next seven days in Juneau, under the auspices of holding public hearings and they intend to campaign against the TransCanada deal," Gara said.

"They'll show up at public hearings and say 'you don't want a Canadian company to build this, do you?'

7/25/2008

Then they'll come back and say 'my constituents do not want me to vote for this.' "

While TransCanada's proposal stands alone in Juneau due to Palin's endorsement, lurking on the periphery is a bid from two of the North Slope's dominant producers and lease owners, ConocoPhillips and BP PLC. The pair is proceeding with its own early-stage project work, and says it doesn't need the \$500 million US subsidy.

Gara said the camp of politicians aligned with TransCanada fears being held hostage should North Slope producers hold out on construction until they get superior fiscal terms from the state for gas production and for their existing oilfields in Prudhoe Bay.

He and others often cite the fact an old pipeline proposal from ExxonMobil Corp., BP and Conoco sought \$10 billion US in tax concessions.

"They'll have us over a barrel and use pipeline construction as a bargaining chip," Gara said.

In May, Palin, a Republican, said she favours the TransCanada option to Conoco's and BP's because it offers more benefits to Alaskans.

She said TransCanada's bid conforms to the state's Alaska Gasline Inducement Act and commits TransCanada to a clear schedule that would see first gas moving south by 2018.

The state's analysis of TransCanada's plan for an expandable line with initial capacity to move 4.5 billion cubic feet of gas a day determined Alaskan producers would generate more than \$200 billion US of revenue over 25 years if the line gets built.

"It's a better proposal than we had ever hoped for," Palin said May 22, the day she backed TransCanada.

TransCanada executives, including CEO Hal Kvisle, spent four days in Anchorage last week attending public meetings.

The company said Monday it would push forward even without a state licence.

"TransCanada will continue to work forward to get the licence and if we get the licence, we'll hold an open season and offer producers a partnership (stake)," company spokeswoman Cécily Dobson said in an e-mail.

"It is difficult for us to predict an outcome; we haven't seen any negative signals."

jharding@theherald.canwest.com

For the latest in breaking energy news click on HeraldEnergy.com

HB

30001

(FILE 3)

Porter - so long as producers are moving the project forward state cannot take gas away -

Impact of Political & Regulatory Standing

2003 - 2008 400% increase

\$ 43 million	2003	27,538 households
\$ 159 million	2008	

Residential Space Heating

Article VIII (17)(2)

7.00 well

1.67 tariff

8.67 22.91

State intervention with RCA.
US Dept of Energy intervention.



Petro Star - Conoco Phillips 2/3 ds heating oil

State charges Flint Hills market rate for crude
plus 15¢ barrel premium - provides 2/3rd heating oil.

55,000 barrels a day Flint Hills

20% diesel

20,000 barrels Petro Star

Royalty = volume * value * 12.5%

RLA Docket # U-03-58

Price restricted

Docket 07-02-LNG

Volume restricted

11¢ kWh Anchorage electric

Doug

—— 14 to 16% in state for disposable income FNSB

└ State goes down w/nation
└ FBKs gone down w/state

Equitable discount for heating fuel -

HB 152 ⊕

Doug - I wake up tomorrow after I spent
my \$1,200 and the problem is still there.

Power Point

0



Susitna
Bullet line

AEA - restructuring

Thomas - Bullet line makes Susitna
go away *

Gasification project -
take project to point of whether or not
it's financable

Kelly

Trapper Creek

Guy outside Wasilla City limits -

→ 12 Hrb

→ 7 Cook Inlet

Isaacson - excessive profits

AK Housing has spreadsheet very close to Cold Climate chart.

Kelly - price of heating oil is killing us

Current Commodity Conditions

Dept of Commerce } Community Regional Affairs

Ramras

Weigh to Average Cost of Gas WACOG

Get behind governor build bullet line by 2013

Coghill - not a fan of subsidizing gas and oil costs and building a false economy.

90 of capital costs to help change behavior; individuals investing alternative energies and conservation.



All of them seem to have forgotten ACES and your amendment which gives the adjusted tax break statewide for instate use. They need

Wall Street Journal

T. Bone Pickens on t.u.

2/11 - From 10th
Tim Powers
Help Desk

2/19 Not posted

Denali Survey Vehicles on ROW

French

Taxation power of settlement lands & reservations

Trans Canada position -

1st Nations is challenge for any project in Canada

Trans Canada has a few steps down the path than any other project.

Gatto - 1st Nation #8

1st Nation issue is not show stopper
Canadian gov committed to Trans Canada route
30 years ago - Bennett Jones Rupp

Huggins McKenzie First!

pattyb@jadenorth.com absence

6 of 8 1st Nations claims completed

White River has not ratified but in negotiated
Other claim not negotiated

Fairclough

① off takes in Yukon Territory - Galvin aware

② have restricted Alaska use to .5 bcf daily

No restriction on off take after line is
built

AGIA Presentation Schedule 6/6 - 6/10

Friday 6/6/2008

Introduction - *Pat Galvin (Commissioner, DOR)*

TC Alaska Application Overview - *Tony Palmer (CEO, TC Alaska)*

Overview of Findings - *Pat Galvin (Commissioner, DOR) / Tom Irwin (Commissioner, DNR)*

The Prize - *Robert Swenson (State Geologist; Director, of DGGs) / Dave Houseknecht (Geologist, USGS)*

(Time Permitting) Jobs, Training and In-State Gas - *"Click" Bishop (Commissioner, DOL) / Conrad Mulligan (ARCADIS) / Kurtis Gibson (Deputy Director)*

Saturday 6/7/2008

(If Needed) Jobs, Training and In-State Gas - *"Click" Bishop (Commissioner, DOL) / Conrad Mulligan (ARCADIS) / Kurtis Gibson (Deputy Director, Div)*

Pipeline Regulator and Commercial Issues - *Black & Veatch / Greenburg Traurig / Bill Sparger (Energy Project Consultants) / Pat Anderson (Pingo International)*

The Importance of True Open Access to Exploration - *Banks*

Sunday 6/8/2008

How to Get the Gas - *B&V, TC, Spencer Hosie (Hosie, MacArthur LLP- by phone), Allan Van Fleet (Greenburg Traurig)*

Monday 6/9/2008

LNG: Economics, Likelihood of Success, and Path Forward - *Robert Fenton - (Gas Strategies) / B&V / Westney / Bill Sparger (Energy Project Consultants)*

Tuesday 6/10/2008

TC's Project: Economics, Likelihood of Success - *Goldman Sachs, Bill Sparger (Energy Project Consultants), Pat Anderson (Pingo International), Westney*

or, Division of O&G)

ision of O&G)

ernational) / Kevin Banks (Director, Division O&G) / "Click" Bishop (Commissioner, DOL) / Others

ants) / Goldman Sachs

strey, Black & Veatch

AGIA Presentation Schedule 6/6 - 6/10

Friday 6/6/2008

Introduction - *Pat Galvin (Commissioner, DOR)*

TC Alaska Application Overview - *Tony Palmer (CEO, TC Alaska)*

Overview of Findings - *Pat Galvin (Commissioner, DOR) / Tom Irwin (Commissioner, DNR)*

The Prize - *Robert Jensen (State Geologist; Director, of DGGS) / Dave Houseknecht (Geologist, USGS)*

(Time Permitting) Jobs, Training and In-State Gas - *"Click" Bishop (Commissioner, DOL) / Conrad Mulligan (ARCADIS) / Kurtis Gibson (Deputy Direct*

Saturday 6/7/2008

(If Needed) Jobs, Training and In-State Gas - *"Click" Bishop (Commissioner, DOL) / Conrad Mulligan (ARCADIS) / Kurtis Gibson (Deputy Director, Div*

Pipeline Regulator and Commercial Issues - *Black & Veatch / Greenburg Traurig / Bill Sparger (Energy Project Consultants) / Pat Anderson (Pingo Inte*

The Importance of True Open Access to Exploration - *Banks*

Sunday 6/8/2008

How to Get the Gas - *B&V, TC, Spencer Hosie (Hosie, MacArthur LLP- by phone), Allan Van Fleet (Greenburg Traurig)*

Monday 6/9/2008

LNG: Economics, Likelihood of Success, and Path Forward - *Robert Fenton - (Gas Strategies) / B&V / Westney / Bill Sparger (Energy Project Consult*

Tuesday 6/10/2008

TC's Project: Economics, Likelihood of Success - *Goldman Sachs, Bill Sparger (Energy Project Consultants), Pat Anderson (Pingo International), Wes*

or, Division of O&G)

ision of O&G)

ernational) / Kevin Banks (Director, Division O&G) / "Click" Bishop (Commissioner, DOL) / Others

ants) / Goldman Sachs

stney, Black & Veatch

The Alaska Gasline Inducement Act is Governor Palin's statutory changes to encourage an open and competitive process in getting Alaska's natural gas reserve to market in the lower forty-eight. Leaders of Governor Palin's gasline team were in Washington, D.C., last week, visiting with the Bush Administration, all three members of Alaska's Congressional Delegation, the Federal Pipeline Coordinator's Office, FERC officials, and officials with pertinent federal agencies, including the Department of Energy.

The AGIA accomplishes six primary goals:

- Initiates an application process open to any project sponsor
- Takes all possible steps to promote the construction of a gas pipeline as quickly as possible
- Ensures the North Slope basin is open to long-term exploration and production
- Ensures reasonable natural gas tariffs
- Ensures North Slope natural gas is made directly available to Alaskans
- Creates natural gas pipeline jobs for Alaskans

The purpose of the meetings is to update key Administration and federal officials on AGIA, as passed by the Alaska Legislature during the legislative session. They also will discuss the roles that key federal players will have as the AGIA process moves forward, and the interaction of the state and federal governments in assuring expeditious progress toward certification of a gasline.

At the recent ceremonial signing in Fairbanks, Governor Palin said, "Today we stand at a critical juncture for the state, for the region, and for Fairbanks. It is a critical juncture economically and geographically. Economically, almost exactly 30 years after oil began to flow from Prudhoe Bay, we focus on the state's next economic lifeline – a natural gas pipeline. Alaskans need access to affordable natural gas and as owners, we should have that access."

Make energy available for Alaskans first

How take off points are going to be allocated

Start as soon as possible to construct a small line from north slope to Fairbanks to southcentral.

Tariff allocation manipulation

In his mind the gasline will only be built by the three big companies

Reserve power to use all state royalty gas for in state use

Project crying out for resolution in power of AIDEA to get the Healy clean coal project in production; could be producing in oone year

DICK HANCOCK – Fairbanks

Coalition of one.

Favorable opinion of legislature

If you grant the license we can move forward; if you don't we will delay

If the producers builds the line we will get more tariffs; they already have with TAPS

The producers will cut corners; look at the corrosion and leaks in 2005

We put out the proposal; we said what we wanted and AGIA offered what we wanted; if we don't take them then we don't mean what we say.

TAMMY WILSON

Tanks for coming to Fairbanks so nice to be able to see you and ask questions. Thanks for coming on the road and leaving your families. Looking to legislature to make the decisions that create jobs and brings cheaper energy to Alaskans.

The Port Authority and the things they want to do will be great and this could work wit them. We don't want the gas to go to Chicago and have it come back four times the price. This is our chance to do things right. The energy crisis can't wait ten years there won't be a Fairbanks in ten years if we don't do something now.

IF the gasline is only going to last 30 years what do we do after that. We have to take care of our resources and use them first.

MERRICK PEIRCE

Board of Directors of AGPA

Being asked to approve a \$500 million deal. Once signed off legislature will be out of the process and will the public

Having been told what the five delivery points are ahead of the time

Take a sharp left hand turn at livengood and avoid FNSB property tax.

This deal doesn't supply gas to Fairbanks until 2020.

This deal makes it more difficult for voters in 2002 that said they wanted a gasline to Valdez; what does that say to the voters

One year after talking and adopting AGIA the price of gas is much different

9 billion surplus next year would get a gasline to Delta.

How quick could we get 48 inch pipe – answer 2010

234 trillion estimated reserves – 12 mbtu = \$2.8 trillion

If we send to Japan rises to \$5 trillion – spending 12 billion to get gasline to Valdez seems like a no brainer.

Doogan – PF paying dividends for 30 almost 30 years – get a 6% rate of return

Get a board and CEO for the gasline – hire a private sector contractor to run the gasline.

Think about AEA Bradley Lake 1991 has been delivering 4 cents pkh

WILLIAM SACKINGER

38 year resident. Taught at UofA electrical engineering and geophysics for 25 years
Retired 13 years ago

1942 worked in oil industry first job in Pennsylvania – family in oil industry since 1876

Speaking as citizen of the world realize the world needs energy

Food is also tied to energy with decision to make more energy with corn based ethanol.

Large demand for gas in Asia

Fulfill our responsibilities to the human race by providing gas and oil to the world

Congress will make decision where Alaskan energy gets exported to

Three proposals all sound good

1. Proposal through Canada to supply gas to Midwest; no question they need it
2. Proposal to supply LNG to the Pacific Rim – Japan will grow at 2% a year
Korea 4% of
China 5.5%
3. Alaskan use strongly in favor of that – Enstar wants Anchorage not to go dark
4 years from now

One problem with Canadian approach completion time is far away
Depletion rate is 7% per year – new fields being brought online in Prudhoe can not keep
up at that rate

At some point revenues will stop in TAPS
Will the Canadian line come on line before TAPS shuts down
Love to see Canadian line come online faster

A piece of gas delivered twenty years from now will be much more in 20 years than
today and the producers will want to wait as long as they can – but while the state would
share in increase we have a time restraint because of the shut down of TAPS

Is there any limit on producer equity – is there a precedent
In 1930's there was a law that producers couldn't own trans country pipelines.

Enstar should begin at Prudhoe Bay and be 28 inch line

Make Susitna Hydro Project begin as soon as possible.

MIKE KELLY

How do you make a 48 inch line work with a dribble? There is no negative from TC
from making the turn point at Delta.

Gasline has to be brought to Fairbanks to Anchorage and possibly to Valdez.

Thinks there is a great potential for instate gas and making gas to hydrocarbon liquids; if
we were doing that today would see price at gas pump \$1.50 a gallon cheaper.

JERRY WALKER

Lived in Alaska for over 18 years. Perspectives based on a strong economy
Concern about ability to maintain and grow an strong economy

2bcf per day vote to AGIA TC contract should be no

Fundamental flaw in AGIA is it does not support the private industry and global competition

The granting of a license will not insure that gas will flow in a timely manner

JAY QUACKENBUSH

Urge for approval of license to AGIA

Ramras - What are Jay's thoughts of Denali Proposal? Side by side comparison
One with government subsidy vs one not asking for a subsidy

Since AGIA passed that has been his focus. See \$500 million proposal as an investment; it's a drop in the bucket to what we stand to gain

PAM BRADLEY

Have no expertise; no space scientist although related to one

Move forward and thanks for traveling here to listen

Owner equity proposal hasn't happened

Don't trust any business entities to build in this state

Please watchdog; understand you have done your homework

ODIE OSAGER

Support AGIA as long as gas capacity in pipeline is allocated for instate use

Legislature should be more public about supporting instate gas

Think .5 bcf is too low

Most legislators will not get all the info they need to get to make a decision; most of you will understand what is needed and what it takes to make a decision. Its okay. It's not legislators job to find out what legal and financial guidelines

What is maximum long-term financial and environmental ; how much wet gas goes to Canada; what are the tariffs.

What are state charges for instate gas use what %

What is amount of wet gas goes to Alaska – take it all and give them methane

How do we handle the NGL's should be more than one income stream and if we take it all we get seven incomes not one.

Come up with a win win solution for life of project

Labor demand list

Consider applying the lessons learned from TAPS – Mike Thompson or Jerry Grassi

Support training centers

Good luck; you wanted this job; please don't delay your work or put it off until after elections

Private land less than one percent Alaska has fewer roads and bridges than the entire state of Vermont.

1967 was purchased from Russia; 140 years later Alaska does not have control of our land. Promised a 90/10 split now eroded to 50/50; urge to press federal government.

Worked at Joint Pipeline Office – TAPS lessons:

Have someone go through the stacks at JPO – helpful financial wise for quality control he was chief of quality control on pipeline

1. Make sure contracts are laid out concisely – don't have knowledge of the oil companies-draw from Ken Thompson and Harold Heinz – have a graybeard commission that has institutional brains-not tied to the four-year term that legislators are. Alaska Inc.
2. People moving in and out – police departments, homeland security

Huggins agrees that AGIA does limit state use of instate gas .5 billion is not enough

JANET KURL

2002 bought TAPS stock because she thought they would be built by the gasline

Double stock

Alaskans should have first access to gas out there. Don't see why we can't be partners with Port Authority.

Took a tour of one of the refineries in NP 12% of what is in pipeline is natural gas told by tour guide

RANDY GRIFFIN

AGIA cross threaded

Believe producers are more motivated to keep costs down

**Lines in lower forty-eight have competitors; here we are at the end of the earth.
One line operator has the producers and shippers over a barrel.**

In 1969 estimated at \$900 million, in 1977 \$8 billion actual cost

Number one priority little citizen me is that we build the thing.

**Some people have no 1 to punish oil companies; not me worked for ARCO from 73
through 74**

The better the deal for the oil companies the more likely the line will be built.

**AGIA is the administrations baby; and proper for them to stick by it; legislature is not
bound by that decision; legislature approved AGIA to allow the governor to give it her
best shot.**

LISA PEGER

Lisa Peger representing myself and maybe some others.

**Reject a notion we shouldn't compare apples to oranges. Pass AGIA. It has already
started the gasline construction underway. Pass Agia so Alaska gets a competitive
playing field**

AEA \$1 billion power line between Anchorage and Fairbanks

Bullet line should be built by ourselves as a utility line.

Don't want to keep gas buried when we are losing power costs.

Have an Oil and gas reserve tax to encourage immediate extraction of natural gases

Citizens are flowing negative and need a relief for Alaskans'

\$2.00 power Military base, university

PAMELA SAMESH - Nenana

Don't have opinions about what legislature has been talking about

Energy fair for Nenana helping local community and family

One piece of advice – when I am confused and don't know how to make a decision I lean on the Bible and lean on the elders and listen to them; Bible says they wear a crown of wisdom.

Stay at home mom husband works at Clear is a teamster.

Last winter \$1,000 a month for oil, \$450 vehicle gas, \$200 electric.

By April owed Visa \$300 and bank account broke. Shut off boiler.

If a Tsunami hit and an earthquake the legislature would act immediately. A tsunami will hit in October its called winter.

BERT COTTE

Do open season on both routes and see who wants what route

AGIA process worst case scenario is 10 ten years before a decision is made.

Jobs – where would we all be if TAPS wasn't built.

Bullet line – what is number one studied piece of real estate is TAPS ROW

Don't go down the Parks Hwy we'll have people nailed to trees to prevent that. Go down the TAPS ROW

\$8.50 a gallon in Nome

Ramras – when doing the 90 day session brought up time and again have strongest executive branch in the nation. Is this administration exercising its best effort to address the urgency of instate use.

Have state take ownership of pipeline

Have two open seasons

GLORIA

Frank DeLong is a world of wisdom

BUD FATE

Pt. Thomson issue – consensus that Pt Thomson would be integral part of a pipeline. Now we are circumventing Pt Thomson; that increases the risk and could create a problem with open season.

Can't sustain any further delay

There is a common theme that is correct; we need a pipeline as quickly as possible.

Have a lot of confidence in legislature; we will come out of this special session with a pipeline.

SUE HULL

1. Thank you for coming to Fairbanks; wasn't able to stay for whole thing but much of what I heard is redundant.
2. I think your decision is very simple; you put in place a process; you got a bidder; I think if you don't okay bidder question did we bargain in good faith; grant the contract and let the administration administer the contract;
3. Incumbent on administration for local hire and labor contracts both for

She believes AGIA moves us forward.

Greenberg Traurig

Memorandum

TO: Kenneth Minesinger
FROM: Terence P. McCourt
Jeffrey M. Burns
DATE: May 7, 2007 (revised from May 5, 2007)
RE: Alaska Gasline Inducement Act: Project Labor Agreement Requirement

I. Introduction and Brief Conclusion

Your client, the State of Alaska, has requested advice concerning the inclusion of a Project Labor Agreement ("PLA") requirement in the Alaska Gasline Inducement Act in light of an Executive Order issued in 2001 by President Bush which seeks to prohibit mandating the use of PLAs. As set forth below, we conclude that loan guarantees do not constitute federal "financial assistance" so that the Executive Order is inapplicable.

II. Project Labor Agreements

Briefly stated, a PLA is a multi-employer, multi-union pre-hire agreement, designed to harmonize labor relations at a construction site. It typically requires that all contractors and subcontractors who will work on a specified project subscribe to the agreement; and that wages, hours, and other terms of employment are standardized pursuant to the PLA across the different unions and crafts working on the project. On public works projects at both state and federal levels, the implementation of a PLA is typically accomplished by making agreement to the PLA a bid specification, thereby allowing the awarding authority to ensure that the general contractor and all subcontractors comply with the terms of the PLA.

To: Kenneth Minesinger, Esq.

From: Terence P. McCourt

Date: May 7, 2007

Re: Alaska Gas Line Inducement Act: Project Labor Agreement Requirement

Page 2

III. Federal Law (ANGPA)

A federal law, known as the Alaska Natural Gas Pipeline Act ("ANGPA"), was passed by Congress in 2004. It provides a process and various requirements related to the construction of an Alaska natural gas transportation project.

Section 103 of ANGPA enables the Federal Energy Regulatory Commission ("FERC") to issue a certificate of public convenience and necessity authorizing the construction and operation of a natural gas transportation project to a qualified applicant. Section 111 states that it is "the sense of Congress that (1) an Alaska natural gas transportation project would provide significant economic benefits to the United States and Canada; and (2) to maximize those benefits, the sponsors of the Alaska natural gas transportation project should make every effort to negotiate a project labor agreement to expedite construction of the pipeline."

Certain loan guarantees are provided for in Section 116 of ANGPA. Section 116(a)(1) permits the Secretary of Energy to "enter into agreements with 1 or more holders of a certificate of public convenience and necessity ... to issue Federal guarantee instruments with respect to loans and other debt obligations for a qualified infrastructure project." The term "Federal guarantee instrument" is defined, in part, as "any guarantee or other pledge by the Secretary [of Energy] to pledge the full faith and credit of the United States to pay all of the principal and interest on any loan or other debt obligation entered into by a holder of a certificate of public convenience and necessity." Section 116(c) of ANGPA authorizes the Secretary of Energy to issue federal loan guarantees not to exceed, in the aggregate, \$18 Billion for qualifying gas transportation projects. Section 116(f) authorizes an appropriation of "such sums as may be necessary to cover the cost of loan guarantees."

To: Kenneth Minesinger, Esq.

From: Terence P. McCourt

Date: May 7, 2007

Re: Alaska Gas Line Inducement Act: Project Labor Agreement Requirement

Page 3

IV. Alaska State Legislation (AGIA)

Following passage of ANGPA, the State of Alaska is considering passage of the Alaska Gasline Inducement Act ("AGIA"). AGIA provides various inducements for the construction of a natural gas pipeline consistent with ANGPA. Section 43.90.130(17) of AGIA states that an applicant for a license under the Act must "commit to negotiate before construction, a project labor agreement; in this paragraph, a 'project labor agreement' means a comprehensive collective bargaining agreement between the licensee or its agent and the appropriate labor representatives to ensure expedited construction with labor stability for the project by qualified residents of the state." Section 43.90.130(21)(E) of AGIA requires applicants who intend to make use of the federal loan guarantees under ANGPA to describe the circumstances under which they intend to do so and their capacity to meet applicable requirements.

V. PLA Executive Order

On February 17, 2001, President Bush issued Executive Order No. 13202, captioned: "Preservation of Open Competition and Government Neutrality Towards Government Contractors' Labor Relations on Federal and Federally Funded Construction Projects." The Executive Order contains two main provisions, described as follows.

Section 1 of the Executive Order states, in pertinent part, as follows: "To the extent permitted by law, any executive agency awarding any construction contract after the date of this order, or obligating funds pursuant to such a contract, shall ensure that the neither the awarding Government authority nor any construction manager acting on the behalf of the Government shall ... require or prohibit bidders, offerers, contractors, or subcontractors, to enter into or adhere to agreements with one or more labor organizations, on the same or other related construction

To: Kenneth Minesinger, Esq.

From: Terence P. McCourt

Date: May 7, 2007

Re: Alaska Gas Line Inducement Act: Project Labor Agreement Requirement

Page 4

project(s)." In sum, Section 1 of the Executive Order prohibits a federal agency, when awarding a construction contract, to require a PLA in its bid specifications or otherwise. Section 1 does not appear to be applicable to the instant situation because the federal government is not acting as the awarding authority.

Section 3 of the Executive Order provides, in pertinent part, as follows: "To the extent permitted by law, any executive agency issuing grants, providing financial assistance, or entering into cooperative agreements for construction projects, shall ensure that neither the bid specifications, project agreements, nor other controlling documents for construction contracts awarded after the date of this order by recipients of grants or financial assistance ... contain any of the requirements or prohibitions set forth in Section 1".

Section 3 of the Executive Order may be applicable to the instant situation if loan guarantees issued by the Secretary of Energy, pursuant to ANGPA, are considered "financial assistance" within the meaning of the PLA Executive Order.

VI. Judicial Interpretation of PLA Executive Order

The Executive Order was challenged in the United States District Court for the District of Columbia. The District Court issued an injunction enjoining the enforcement of the Executive Order with respect to a highway project in the State of Maryland. See Building and Construction Trades Department v. Allbaugh, 160 F. Supp 2d. 90 (D.D.C. 2001). In a subsequent decision, the District Court invalidated Section 3 of the Executive Order as being "beyond the scope of the President's authority." Building and Construction Trades Department v. Allbaugh, 172 F. Supp 2d. 138, 159 (D.D.C. 2001).

To: Kenneth Minesinger, Esq.

From: Terence P. McCourt

Date: May 7, 2007

Re: Alaska Gas Line Inducement Act: Project Labor Agreement Requirement

Page 5

On April 11, the United States Court of Appeals reversed the District Court and found that Section 3 was, in fact, valid. In so ruling, the Court of Appeals found significant the reference in Section 3 of the Executive Order to the phrase "to the extent permitted by law." The court ruled as follows:

In the Executive Order, the President directs his subordinates how to proceed in administering federally funded projects, but only "to the extent permitted by law." Thus, if an executive agency, such as the FEMA, may lawfully implement the Executive Order, then it must do so; if the agency is prohibited, by statute or other law, from implementing the Executive Order, then the Executive Order itself instructs the agency to follow the law.

Building and Construction Trades Department v. Allbaugh, 295 F.3d 28, 32 (D.C. Cir. 2002), cert. denied, 537 U.S. 1171 (2003).

VII. Application of PLA Executive Order to AGIA

In applying this judicial precedent to the instant set of facts, the first question is whether the Secretary of Energy is exempted from the restrictions against PLAs in Section 3 of the Executive Order pursuant to the language in ANGPA providing that "every effort" be made to "negotiate a project labor agreement." In other words, has a statute or law directed the use of PLAs thereby prohibiting the implementation of the Executive Order?

In answering this question, it is critical to the analysis that the ANGPA language is in the context of an expression of "the sense of Congress." Courts that have analyzed the phrase "it is the sense of Congress" have generally held that such language, particularly when combined with the term "should," is precatory only in nature and does not, for example, preempt state law, create causes of action or provide for enforceable federal rights. See, e.g., Trojan Technologies, Inc. v.

To: Kenneth Minesinger, Esq.

From: Terence P. McCourt

Date: May 7, 2007

Re: Alaska Gas Line Inducement Act: Project Labor Agreement Requirement

Page 6

Com. PA, 916 F.2d 903, 909 (3d Cir. 1990) ("The Trade Agreement Act, in making reference to the effects of state policy on international trade, goes only so far as to announce the 'sense of Congress' that state agencies should not use standard related activity to create unnecessary obstacles...it is unlikely that a 'sense of Congress' is sufficient to preempt a state statute establishing a standards-related barrier...Indeed, the cited provision suggests that Congress is aware of state activities affecting foreign trade and has decided to confine itself to persuasive appeals rather than mandatory preemption"); Monahan v. Dorchester Counseling Ctr., Inc., 961 F.2d 987, 995-95 (1st Cir. 1992) (affirming dismissal of claim predicated on statutory language that "It is the sense of Congress that, as previously stated each State should review and revise, if necessary, its laws to ensure that mental health patients received the protection and services they require. " because the "use of the terms 'should' and 'the sense of Congress' indicates that the statute is merely precatory" and neither requires nor prohibits any action on the part of the states or any other party); Yang v. State of California Dept. of Soc. Serv., 183 F. 3d 953, 959 (9th Cir. 1999) (affirming dismissal of claim by Hmong veterans for food stamps predicated on statutory language "It is the sense of the Congress that Hmong and other Highland Lao veterans.. should be considered veterans for the purposes of continuing certain welfare benefits" because "like the sense of Congress provisions at issue in Monahan, [the applicable section] couples the phrase 'sense of Congress' with the term 'should,' yielding the conclusion that this provisions is precatory and did not bestow on Hmong veterans any right to food stamp benefits"). Thus, it would appear that the sense of Congress clause in ANGPA would not trump the PLA Executive Order because Congress, ostensibly aware of the Executive Order, chose not to make a PLA mandatory.

To: Kenneth Minesinger, Esq.

From: Terence P. McCourt

Date: May 7, 2007

Re: Alaska Gas Line Inducement Act: Project Labor Agreement Requirement

Page 7

The second inquiry is whether the loan guarantees provided in ANGPA constitute "financial assistance" within the meaning of Section 3 of the Executive Order. As an initial matter, the PLA Executive Order does not provide a definition of the term. Of significance, however, the term has been defined to exclude loan guarantees when used in a prior executive order. In 1980, President Carter signed Executive Order 12250 to "provide for the consistent and effective implementation of various laws prohibiting discriminatory practices in Federal programs and programs receiving Federal financial assistance." The Department of Justice promulgated regulations to implement the executive order and defined the term as follows: "Federal financial assistance means any grant, loan, contract (other than a procurement contract or a contract of insurance or guaranty)." 28 C.F.R. § 41.3(e). The term has been given the identical definition in regulations of the Department of Health and Human Services implementing the Rehabilitation Act of 1973 (45 C.F.R. § 84.3(h)), and in regulations of the Nuclear Regulatory Commission regulating programs for "which Federal financial assistance is authorized." (10 C.F.R. § 4.4(d)).

With respect to Department of Energy ("DOE") regulations, the definition of "Federal financial assistance" does not specifically exclude or include loan guarantees. DOE regulations that "establish uniform policies and procedures for the award and administration of DOE grants and cooperative agreements," define the term "financial assistance" as "the transfer of money or property to a recipient or subrecipient to accomplish a public purpose of support or stimulation authorized by Federal statute. For purposes of this part, financial assistance instruments are grants and cooperative agreements and subawards." 10 C.F.R. § 600.3.

The term "financial assistance" is defined in a number of federal statutes whereby loan guarantee contracts are excluded. For example, Title VI of the Civil Rights Act provides as

To: Kenneth Minesinger, Esq.

From: Terence P. McCourt

Date: May 7, 2007

Re: Alaska Gas Line Inducement Act: Project Labor Agreement Requirement

Page 8

follows: "Each Federal department and agency which is empowered to extend Federal financial assistance to any program or activity, by way of grant, loan or contract other than a contract of insurance or guaranty...." 42 U.S.C. § 2000d-1. See also 20 U.S.C. § 1682 which contains the identical language for Title IX of the Education Amendments of 1972; and 42 U.S.C. § 6103(a)(4) which contains the identical language for the Age Discrimination in Employment Act. In the Uniform Relocation Assistance and Property Acquisition Act, the term "Federal financial assistance" is defined as "a grant, loan, or contribution provided by the United states, except any Federal guarantee or insurance...." 42 U.S.C. § 4601(4). See also Shotz v. American Airlines, 420 F. 3d 1332 (11th Cir. 2005) and cases cited therein for discussion of term "federal financial assistance" and requirement that there be the provision of a subsidy.

Finally, it should be noted that the contractors who would presumably be parties to a PLA are not directly receiving federal funds under ANGPA. Rather, a lender, pursuant to a loan guarantee instrument, would receive federal funds if the loan guarantee was called in the event of a loan default. In, Bachman v. Am. Society of Clinical Pathologists, 577 F.Supp. 1257 (D.N.J. 1983), the plaintiff sought to characterize the defendant as the indirect recipient of "Federal financial assistance" on the basis that it enjoyed tax exempt status. The court rejected this argument: "The term 'assistance' connotes a transfer of government funds by way of subsidy, not merely an exemption from taxation." Id. at 1264. Similarly, the fact that a contractor may be the beneficiary of a loan guarantee should not transform that arrangement into financial assistance.

Based on the foregoing precedent, it would appear that the loan guarantees provided by ANGPA do not constitute "financial assistance" within the meaning of Section 3 of the Executive Order.

June 5, 2008 LB & A CONSULTANTS

Slide 34 pipeline systems' length – caution there are duplicate lengths

Canadian Mainline is the big system

Slide 36 – Canadian Natural Gas controls about a third of natural gas supply

Slide 39 Shale is not a big thing in Canada yet but is very big in U.S. Barnett Shale is in Texas.

When natural gas prices started to spike there were 30 plus LNG terminals announced. Only two were completed, one in Louisiana

Slide 65 how do you get other parties – engineering and construction contractors could negotiate terms to become partners in the project advancing services without up front funding and providing equity.

Slide 68 and 69 projected income with and without TransAlaska projections show a continuous decline after the first year of Alaska natural gas going through the line. Ask for assumptions for the declines and lack of declines in these graphs.

Hawker warned for people not to assume that graphs are absolutely accurate because the consultants aren't savvy to corporate financial documents of companies. Wants to know if any contingency costs with legal battles.

Doogan – if we were looking for someone to build a pipeline would TransCanada be on the list and is there a better dancing partner.

Seaton on access – on AGIA and this contract – TC would have to open season every two years.

John Neri – Natural gas lines are **contract transporters not common carriers**¹. AGIA is an open season asking gas producers if there is an interest in expanding the capacity of the gasline. FERC requires a review on a scheduled basis to examine the tariffs.

Barry the tariff reduction on \$50 million is about 5 cents per bcf

Samuels could you run a model if exploration offshore expansion on Shell gas came up and tariff goes up so royalties are worth less. It would be good for private economy but bad for the state.s

Neri let's say the producers take up all the capacity. If pipeline does not want to expand when there is a need to do so the State would go to FERC and object under the congressional law that allowed FERC to mandate it. FERC would make the

¹ Could TC be made a common carrier?

determination that FERC would decide. Congress has given FERC this authority for the first time because of AGIA.

DAN DICKENSON PRESENTATION

What are the enforceable commitments in AGIA?

Slide 28 Assumption is prices would rise until 2022 or 2042? Be hard pressed to find a price in the 1990's that was lower than a price in the 1980's.

Gara comments to press on Dickinson's presentation on AGIA.

"Dickinson comes with baggage opposing oil tax reform
Comes with baggage opposing AGIA
Comes with baggage working for Murkowski
Feel like I have been misled by him so many times in the past I am not put a whole lot of stock on today's presentation.
I felt very misled with Dickerson's advice on the PPT"

Dickinson the issuance of the license should be the kick off not the ending.

Gatto – Is this a license they own or is this a license we can make restrictions on? Is this a license they can sell? Is there a sunset on the license?

Doogan a couple provisions not protected - early expansion – have to get to 7 bcf a day before that is an issue

Requirement to reevaluate every two years.

Samuels said the best way to get the straight answer is to have everyone at the table eyeball to eyeball to give the answers.

Pipeline Negotiations and the Role of the Regulators

Misconceptions about role of FERC, NEB, NPA versus what the individual pipeline and shippers role; very significant

Negotiation process in building major pipeline project

Role of regulators

FERC regulators will not always take care of Alaska's interest

TC proposal ultimately a successful project allocate risks cost & benefits

Overview of project:

Pipeline sponsor identify specific project and market – put pieces together

Technical work to see what project would cost

Technical work increases over time – 30 years this studied more than any proposed pipeline in the business

Negotiations with potential shipper – venture to say parties have talked through the years

Refinement and feedback from shippers – refine scope of project

Non binding season – go out and solicit expressions of interest

Party says they would be interested in moving 2 billion cf a

day

More technical work to consider the scope

Then binding open season – ask for binding offers to transport gas through line; TC says will do in 18 mos within issue of license

Get commitment – binding precedent agreements with very detailed terms of agreement with understanding permitting, pricing; establish the rules of agreement, outline share of risks and how to proceed with the project

National Energy Board Canadian parallel of FERC

Alaska can't rely on FERC to protect Alaska's interest. Its role is not to be proactive for Alaska.

ROLE OF THE FERC/NAP/NEB

What Regulators do

- Review and approve open seasons procedures
- Administer the environmental review process
- Hold pre-filing conferences for interested parties
- Approve the certificate application
- Monitor construction process
- Resolve disputes after the pipeline goes into operations – dispute with shipper
- Oversee rate case when shippers file for new tariff rates

What Regulators can't do

- Control or limit costs – unless imprudent costs – imprudence difficult to show
- Set terms for contracts between the pipe and the shippers
- Establish key components driving rates (eg: capital structure) at least rates the shipper initially establishes as long as debt to equity level is in reasonable rate (could be 50/50% ratio) wouldn't address 70/30% ratio discussed
- Establish deadlines

REGULATORS WON'T NECESSARILY BE PROTECTING ALASKA INTEREST

Won't ensure physical access and expansions for new shippers

Will only establish conventional recourse rates unless presented with innovative rate methodologies like

- Levelized rates – normal rates start high then go down toward end of life of line; levelized keep rate level throughout the life of the line; good for royalty owner; TC is going to use levelized rates.
- Term-differentiated rates – Current River
- Capital structures
- Cost overrun recovery mechanism – TC has made some innovative proposals essentially to keep TC's costs down
- Federal loan guarantees to cover cost overruns – ANGPA provided for \$18 million in loan interest loans; TC has proposed ways to use that none. Construct 70/30; online 75/25; expansion 60/40

Won't impose project deadlines

ANGPA mandatory expansion provisions risk litigation, delay and uncertain outcome.
(Separate breakout presentation)

FERC Order 2005 does not mandate that:

Sponsors conduct open seasons for the project by any certain date (TC agreed to every two years)

Sponsors hold subsequent open seasons to test market demand for new capacity
Sponsors expand to meet new demand in reasonable engineering increments with commercially reasonable terms

File for certificate approval or accept certificate – TC file by date certain

Sponsors propose rolled-in rates for expansions – generates more exploring and more long-term jobs in exploration

Project rates be lowest possible (70/30 debt/equity structure) means a great deal to the tariff rates in this projects comparing that to a (75/25 on completion compared to 50/50 debt/equity structure of producer proposal) would mean \$8 billion to the state as compared to the \$500 million we are willing to give TransCanada; New pipeline is 14% net plus taxes; generally no one will finance the whole project; they want the shipper to have an equity in the line. f/t's

TransCanada has committed to all these

TRANS CANADA'S PROPOSAL WILL BE NEGOTIATED

ExxonMobil characterization as an opening offer

Context for evaluating their proposal¹

Negotiations and agreements with multiple shippers with different interests

Approval by the regulators

Importance of long-term firm contracts means the producers/shippers will have considerable bargaining power

Denali provides additional negotiating leverage – let TC do it's process over the next 18 months and let producers think about their do diligence and rethink what shipping method should be used. In a large part there will be duplication by circumstance; once they get passed the Yukon River the ROW's aren't shared.

Process will take time and a lot of give and take

Gruenberg – if you view negotiations as gamesmanship; negotiations should be in good faith coming out with a win/win agreement.

Through AGIA you are getting things you couldn't have negotiated with producers-

They don't necessarily agree first to FERC gets approved; Ken said FERC could certificate two projects; FERC requires market demand or need; FERC does not take eminent domain authority lightly; If the State doesn't agree to hundred of millions of dollars in concessions to make a project workable FERC isn't going to permit that project. FERC doesn't want to process two complete applications.

¹ When you have an independent sponsor the negotiations can differ from one producer to the other versus negotiations between a group of producer shippers. TC offers competition and open access to producers other than the big three.

Don't forget Canada; TransCanada would argue they already have the permits to go through Canada. Ken, Can argue it is rational for producers to put a project out there for negotiating purposes but that doesn't mean it is reasonable demand.

Projects are not identical; routes across Canada is different; Denali takes to Chicago; TC takes to Alberta;

Major risks

Capital costs and potential overruns

Gas reserves/production for the pipeline

Development costs

Within economic reach of pipeline

Gas prices in Alberta and U.S.

Schedule delays and attendant impacts on costs

Pipeline and GTP

Development of reserves

Even if just Prudhoe Bay enough natural gas to pay off the gasline;

Opportunities to Share Risk and Move the Project Forward

Equity participation by the shippers

Negotiated levelized rates

Adjustments to ROE;s for costs overruns

Recovery of cost overruns tied to minimum market prices for gas

Federal loan guarantee

Bridge shipper concept

Additional terms

Improvements in terms offered by TC

Depreciation rates offered by TC

Depreciation rates and contract term

CONCLUSIONS

Unique project with long history of regulatory and legislative actions

Regulators have an important role by they won't necessarily provide best outcome for Alaska

Within the requirements AGIA the negotiation process between producer/shippers and TC will provide means to accomplish the states accomplishments

Process will take time and a lot of give and take

Commissioners can renegotiates certain provisions

if the producers are obviously stalling the pressure would have to come from Capitol Hill, of FERC or US Attorney General; FERC has said anti trust issues would be considered in decisions.

Laura Pipeline Pipeline Project Finance

Bruce Hertz
Ray Strong

Art of taking a business plan and turning it into a facility
Resource development projects

Energy projects

Art of apportioning or eliminating risks

Equity sponsor – guy that wants to build a project – has ability to finance some of the project. Eliminate all financing risks, some construction risks, and project risks.

Desing construction consortium to sign contract on this date I will deliver you a project that will deliver this and agree to pay for additional costs after deadline. Risks are mitigated. If not built designer pays the risk, contractor takes risk for construction risk.

Slide four – make sure enough money committed to complete the project.

Pipelines don't have a lot of construction risks
Credit quality of producers important

Slide five all these things need to come together; its kind of like pulling one string and everything unravels'

Sponsor/Want high credit rating

Reserve/Gas supply

Construction and Completion Risk – big one for this project; TransCanada does not have EPC contractors ensuring this gets completed. Don't have a turnkey contract for cost overruns and critical component is federal loans for overruns. Goldman was not responsible for overrun factors; longer term 20 year perspective would logically say 15% is too high; 4% inflation rate questioned by Wilson and Fairclough.

Offtake contracts and rates-big plus to project-very economic to big shippers

Gas Market/Netback rate – big companies that will be able to satisfy 25 year contract keeping line at high capacity. Doll – line going through a couple thousand miles of desolate land that there is no market in. 4.5 bcf per day and market is 60 bcf a day; when shipper agrees to ship gas and pay tariff it doesn't matter to Alaska where the gas ends up; 20 years from now Rockies Line east to change market; didn't look at it like a straight line going to a California; TC has GTN system on east coast;

4.5 bcf how much goes to tars and how much go to lower forty-eight? If enough capacity almost all would go to lower forty-eight because there is a surplus of Canadian gas. Doogan – is loan guarantee for overruns? Loans are for gasline construction not for cost overruns; it could require Congressional action.

Karen Hunt,- best development Thomson is oil before take gas; comments seems to be based on Point Thompson; knowing if Point Thompson is off the table they looked at that possible. 4 bcf project has positive take from shippers. If we did a smaller pipeline what would the financeability of the pipeline could be worked out. If shipper underwrites all the changes could be a little cheaper to build and could still be more financeable.

Finance Plan – 70/30 debt/equity formula very successful

Operating risk – TC is strong operator; operating risks pose no bottleneck;

Why finance for 25 years what will last only 15 years? Oriental guy. Chicken and egg issue. Encouraging exploration and need producers.

Exxon AAA
Conoco A
BP AA

15% of companies rated A or above

TransCanada has a lot of cushion for one notch downgrade; bought a utility company that Moody considers questionable. Funding is more than six years away so Alaska has been shoved aside for a while when it comes to rating Alaska and TransCanada. What is TC going to do over the next six years to prepare for funding project.

Slide 10 Tear off a portion of \$18 billion to use as financing for the project and have the balance as a cushion for overruns.

Tariff rate wouldn't be impacted with AA company using a portion;

There is no project this size; \$1 million project you could get someone to build and say if there is a cost overrun contractor will pay the difference.

MacKenzie 800 miles for \$16 billion; how do you figure cost of 1,718 miles for \$29 billion. Model in when you go over the \$26 million.

JUNE 9th Day 7

Fairclough – Hosier made statement yesterday thought was wrong. Cook Inlet gas profits. Alaska can take gas in kind and do anything we wanted. Hosier 1979 Allen Compton made decision RIK take no less than cash value. State is not able to sell at below fair market value. Fairclough wants the public to know the state can't take royalty oil and gas and sell it below fair market value.

Reasonable and commercial terms – who will decide the court or FERC? Assuming negotiations fail the superior court would make the decision, not FERC. What's reasonable and commercial terms can be debated forever with lawyers, Hosier thinks 12 to 15% is reasonable.

Wilechowski – duty to produce and market – siphoning gas through reservoir is not production of the resource because it is not a royalty bearing event.

French - Hosier has been consistent that litigation is the last resort. French wants to prepare for doomsday scenario. What would be different between Exxon Valdez case and a case of nonproduction. If state filed a lawsuit trying to prove profitability of building a pipeline to extract natural gas and transport. It would be the same as Exxon a ten-year battle. If a third party builds a pipeline it is a whole new ball game because the producers are saying there is a way to transport natural gas to the market but we are going to take our marbles and go home.

If you question a lawyer's sincerity in winning a case, ask them if they will do the case on a contingency basis.

Samuels – whomever builds the trans-Alaska gasline will have a monopoly on transporting natural gas to the lower forty-eight.

Marty Rutherford DNR – spoke to Conoco in early December Conoco said they would not be open to open access if partnered with TransCanada.

Cost controls –

Hawker – the issue of expansion hasn't changed in the six years he has been here.

Hoeffler has never been involved in a contract that requires a mandatory open season every two years.

Shepler SGDA allowed for state initiated expansions.

Two requires under AGIA:

1. Nonbinding open season every two years

2. Expansion of line if under reasonable and commercial terms expansion is needed

FERC would not step in and stop Exxon from buying 51% ownership.

Green opens meeting; Huggins chair of joint meeting. Samuels introduced the consultants. Encouraged consultants to ask questions just like legislators. Made every effort to keep from arm's length from consultants.

Barry Pulliam, economists work out of Los Angeles oil and natural gas for twenty years. Worked with Alaska most of the time period gas line issues, royalty other states and federal government and worked for private producers and refiners.

Pipe is expandable to 7 bcf but with just addition of compression increase to 5.9 bcf a day.

AECO Hub a connection of natural gaslines serving north America. It is the entire province of Alberta that is an interconnection of pipes and center of trade for natural gas sales and distribution.

Gardner is there adequate infrastructure now to handle 4.5 bcf. No by the time gas comes on line in ten years expansions of lines would have to take place.

Guttenberg - NGSL would be extracted in Alberta to get the highest value for the state. Once NGLs get to AECO is there different authority that allocates the NGL's THE NGL would belong to the shippers and it would be their decision to sell the NGL's in Alberta or building an NGL plant of their own. Typically shippers sell NGL's to AECO; doesn't discount sending NGL's in lower forty-eight.

Samuels if you take NGL's in Alaska will you lose volume; not much. The issue is where can you get the most for the NGL's Alaska has a small market so NGL's extraction in Alaska may not be economical for the shippers. Talk of extractin propane at Yukon river. Is the value less. You can extract some in Alaska measure the gas in Canada to determine what value was extracted in Alaska. You will lose some e-content but not significant. How small can you get a plant to make it economic to do this. Is it still an economic plan for sw Alaska to get propane in their homes. Adair what is value of propane in Alaska compared to other states. How much gas to you have to extract to get the propane out. Gut feeling we could make it work.

Huggins what is important is jobs for processing, transportation and for Alaskans to get jobs rather than just exporting our resources.

Doogan - NGL assumption is based on economics not a requirement of the contract.

Samuels - TC rather ambivalent about rather the NGL is taken in Canada or Chicago/ TC is not interested in extraction they are interested in shipping. Alaska extraction would decline a little but volume would have to be added through production from other fields or quicker production.

GTP would be regulated depending on who built it. If it built by integrated system would be regulated along with gasline. If built by producers not sure access issues would be

CORRECTION

**THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION**



Rev. 6/98

Central Microfilm Services
Department of Education & Early Development
State of Alaska

2. Expansion of line if under reasonable and commercial terms expansion is needed

FERC would not step in and stop Exxon from buying 51% ownership.

Pro

Con

TC come to the table

Green opens meeting; Huggins chair of joint meeting. Samuels introduced the consultants. Encouraged consultants to ask questions just like legislators. Made every effort to keep from arm's length from consultants.

Barry Pulliam, economists work out of Los Angeles oil and natural gas for twenty years. Worked with Alaska most of the time period gas line issues, royalty other states and federal government and worked for private producers and refiners.

Pipe is expandable to 7 bcf but with just addition of compression increase to 5.9 bcf a day.

AECO Hub a connection of natural gaslines serving north America. It is the entire province of Alberta that is an interconnection of pipes and center of trade for natural gas sales and distribution.

Gardner is there adequate infrastructure now to handle 4.5 bcf. No by the time gas comes on line in ten years expansions of lines would have to take place.

Guttenberg - NGSL would be extracted in Alberta to get the highest value for the state. Once NGLs get to AECO is there different authority that allocates the NGL's THE NGL would belong to the shippers and it would be their decision to sell the NGL's in Alberta or building an NGL plant of their own. Typically shippers sell NGL's to AECO; doesn't discount sending NGL's in lower forty-eight.

Samuels if you take NGL's in Alaska will you lose volume; not much. The issue is where can you get the most for the NGL's Alaska has a small market so NGL's extraction in Alaska may not be economical for the shippers. Talk of extractin propane at Yukon river. Is the value less. You can extract some in Alaska measure the gas in Canada to determine what value was extracted in Alaska. You will lose some e-content but not significant. How small can you get a plant to make it economic to do this. Is it still an economic plan for sw Alaska to get propane in their homes. Adair what is value of propane in Alaska compared to other states. How much gas to you have to extract to get the propane out. Gut feeling we could make it work.

Huggins what is important is jobs for processing, transportation and for Alaskans to get jobs rather than just exporting our resources.

Doogan - NGL assumption is based on economics not a requirement of the contract.

Samuels - TC rather ambivalent about rather the NGL is taken in Canada or Chicago/ TC is not interested in extraction they are interested in shipping. Alaska extraction would decline a little but volume would have to be added through production from other fields or quicker production.

GTP would be regulated depending on who built it. If it built by integrated system would be regulated along with gasline. If built by producers not sure access issues would be

Pro

TC came to the table

TC sits at the table

TC has ROW Alberta BC

TC says Roll backs plus

Sovereignty is big issue

Ten year contract +
vs a game we are caught
in. Could it be TC, BP &
Conoco have already talked?

Con

BP & Conoco didn't

They will be there
anyway

Don't have YT

Negotiated rates
down draw

Feds give short
end of stick to
Alaska & Statehood
Compact 90/10 turns
to 50/50. is the
right worth fighting?

Affects Tariffs; affects
OSI and Federal
revenue sharing.

regulated and exploration is something you want to encourage to get gas to facility and how to expand the facility.

Joule – tar sands use and others how much gas is really going to get to the lower forty-eight.

LeDoux how would we know Canada will continue to export gas if there is a shortage.

Therriault the shorter the distance the higher the netback for Alaska so shorter distance for NGL better for Alaska. Samuels requirements for guaranteed loans haven't been written. Are there any rules from Congress that say molecules should go from point A to point B.

How do you deal with taken a certain amount of gas Samuels.

Recourse rate cost of service rate
Negotiated rate partners sit down and negotiate

Equity 965 basis 9.65% added to prime interest rate so 14% to 23% rate of return on investment

Samuels can you negotiate away that 15% increase.

Is there inflation proofing for the 115% cap? Expansion would bear cost of expansion only.

Therriault TC hopes to get 14% back and agrees to rolled in rates with a 115% cap but neither has been sanctioned by FERC. FERC might allow a 115% cap but not at the expense of a subsidy.

Dickinson – findings says the stac is not bound by the plan.

Kelly not sure about 115% explain further. First expansion will probably result in a reduction for everyone because you a increasing compression and adding volume so transport rate is less.

Higher Alaska consumption rate higher the tariff.

Samuels – rate is \$3 bcf and my rate could be increased to no more than \$3.45 in the life of the gasline only FERC could changed the FERC because of subsidization.

Crawford – timeline irritates him more than anything four years to get FERC approval and two years to construct the thing. America needs our gas and there is no sense in them holding it that long.

John said FERC normally is 24 months. Doesn't know why FERC is taking so long to approve the proposal.

Hawker – Natl Energy Board and NCA

Doesn't require TC build the pipeline. It requires certification of the pipeline.

Difference between 5 cents and state's 6 cents and is 5 cents based on TC costs; 6 cents based on states cost estimate. Slide 8

Lyda wants the requirement of building a gasline in order to spend the \$500,000.

Hawker: would you characterize the request of TC as gratuitous. Answer no.

Doogan – If any consultant disagrees with the answer that a license does not obligate the states to provide fiscal certainty he wants to know. Slide 7

LeDoux concerned that the State can spend \$500 million and TC can still back out without proving the project is not economical.

Elton says Alaskans want to know what the State requires of TC to approve the license. This presentation looks like the TC is doing the requesting. We need to hear from lawyers whether we have accepted legal obligation to these terms if we approve the license.

Huggins as a body should expect that the certification is based on a contract that clears up the ambiguity and is clear what AGIA requires and what the TC proposal demands or commits to.

French \$1 difference in tariff between State and TC tariff. Alaska higher. Admin capital costs overall higher. Stemming higher GTP to build and exchange rate between Canadian and U.S. dollar lower. Amin forecast inflation 4% a year Canada 2.5% State estimated pipeline in 2020 Canada 2018.. State borrow cost higher than Canada estimated.

Slide 11 – State and producers prefer lower tariffs for higher netback. Exception is when producer owns the gasline.

Slide 10 tariffs in nominal dollars.

Gardner – risk to shipper – tariff freeze for term of contract unless renegotiated.

Rate of return is typically the most important aspect of FERC. Rates are typically renegotiated after the gasline is constructed

Could TC negotiate a rate with the negotiators that is different than 115% provision in a negotiated rate, could that be done.

The state has some say before the rate is approved. The state could go back after a negotiated rate is approved and asked for change but highly unlikely to succeed.

Sheet 31 Contradictory

Samuels could they negotiate a rate that goes around the regulatory agencies.

Average rate of return allowed by Canada is closer to 12% versus FERC's 14% rate of return on equity. Slide 37

Slide 39 – These are proposed terms that the shipper would have to agree with.

Slide 42 Samuels says the more they have in cost overruns they still increase what they make.

The risk shifting for cost overruns shift quickly with the increase of construction costs.

115% applies to the original rate not the lowest rate – Green

Anadarko signed up at \$2.50 but is held to 115% of \$3.00

Muse Stancil PRESENTATION

Not using insider information only that information available in public documents.

Jay showing difference between being a small scale hotel operation trying to build a hotel the size of Marriott vs buying Fbks Marriott Hotel. Her response was you would have to find partners with the equity seed money to borrow money with. Jay took exception to that.

Gara what is the comparison for TransCanada vs only the pipeline project segments of BP and Conoco.

DAY 3 SPECIAL SESSION TC AGIA PRESENTATION

Fairclough –

Admin put 50%/50% all the way through. Potential applicants said that if there is a failed first open season; they said the State should allow those who proceed to a second open season have a larger risk and the split should be different.

Tony Palmer - TransCanada

TC Alaska - 3600 employees and 36,000 miles of pipeline and 7700 mega watts of power.

Will not give imprudent estimates – are a conservative firm

Used assumption the state asked for

Believe they have provided what the state asked for

Looks at this as a gasline opportunity within geographic imprint been in it for 50 years;

TransCanada has been involved in this project for thirty years; we still hold the rights

through Canada; Palmer started on this project 23 years ago; actively involved for past

seven years and first testified before the legislature in 2004

Coordination, cooperation and compromise are required to complete this project;

If all stake holders AK TC Canada US collaborate this project will succeed

Think they are inherently aligned to state's goals.

Have 350 customers of 450 producers in Canada; TransCanada has a massive gasline system in the United States – 12,000 miles; Have employees in Michigan and Houston; the TC Alaska project would increase our line by 6%.

Keystone Project construction commenced last week;

50 years ago had three initial customers at beginning of operations;

Can TransCanada do this?

Can they be a good partner and can they do the job; they move 20% of north American gas; one in five molecules; 2/3rd of western canadian gas.

Cost are 25 to 35% lower than competitors; haven't build the business we have by overcharging our customers; When you examine TC business over fifty years you can see we have not overcharge our customers.

Its not just engineering and construction skills

Regulation skills

First nations
Environmental
Commercial skills
Financial capacity

Has raised 6 billion in equity
2 billion in debt last fifteen months

\$18 billion dollar loan guarantee – apply a portion to cost overruns

“Open and transparent”

Clear distinction from FERC rules

When this project is completed there will be fifty to 75 employees to run the gasline.

180 wells before gas line to 13 to 16,000 natural gas wells in western Canada when gasline available to transport the natural gas to the market.

Slide 3 converting a fifty year gasline to an oil pipeline to operate for 30 to 50 years (2100 mile line) Keystone pipeline;

If they expand the Keystone project to Houston Texas another \$6 billion

Huggins would like to see contacts with Keystone partners.

50000

1100 places off shoot in Alberta

75 bcf estimated life volume

Have found additional 150 bcf and more reserves known.

TransCanada shareholders would not agree with Samuels that 7% return is not a good investment.

Rocky West has 55% return on equity

30 to 40 cents better net back going into existing line; going on a new pipe costs you money.

Wilechowski open season is a failure; China comes in to buy all from LNG in Valdez; have commit to a gasline to Valdez for 5 bcf

Gardner – any scenario advantageous to Alaska to build new pipe to Chicago. Tony Palmer said no advantage. Have looked at issue multiple times in last couple of years.

Johnson – if they do not interconnect with the TransCanada Pipeline in the Alberta system, they will not have access to the Hub; we have the right to build the first pipeline through Canada.

Huggins – Instate gas- first gas 2018 or ten years after license is granted.
Bullet line to Homer – 1.5 bcf – what parameters would TC look at if the state wanted to participate in building the line. Palmer said he would see it as above the agreement in the license of .5 bcf so it would be a violation of the contract.

Galvin get gas to an outside market and getting instate usage also. In AGIA we have language for allowance of a bullet line. A bullet line is one that serves instate consumption of gas. The upper estimate of usage in ten years caps off below the .5 bcf.

Galvin said one of the things they have learned in the last six months is there is a lot of things about LNG and gaslines we didn't know. False assumptions can happen like timelines of LNG project and overland route. The choice of faster gas through LNG then overland route is not true.

Gara – .5 bcf instate what would we lose in taxes.

Irwin - All known gas right now was found looking for oil. Glenallen basin Nenana Basin basins along Yukon River, Foothills, A lot of exploration will happen between now and 2018 and increased production should prevent a 1.5 bcf from effecting a 5.9 bcf line.

Slide 11 r:move CO2 puts volume from 5 bcf to 4.5 bcf

Slide 12 GTP became a bottleneck could commissioners force expansion and doesn't that defeat the advantage of a non-producer line. Couldn't a producer line be opened to non-owner usage through a complaint filed by Alaska.

Doogan – differences in cost

- Higher 81 to 83%

- Higher capital costs for GTP rate;

- Two sea lifts

- Much higher escalator of capital costs

- Interest 4.7% gov guarantee 6.2% for non guarantee

Slide 14 schedule is aggressive but reasonable.

TAPS line is elevated oil line; TC is buried gas line; TC doesn't have TAPS data for construction of line; line was built 31 years ago.