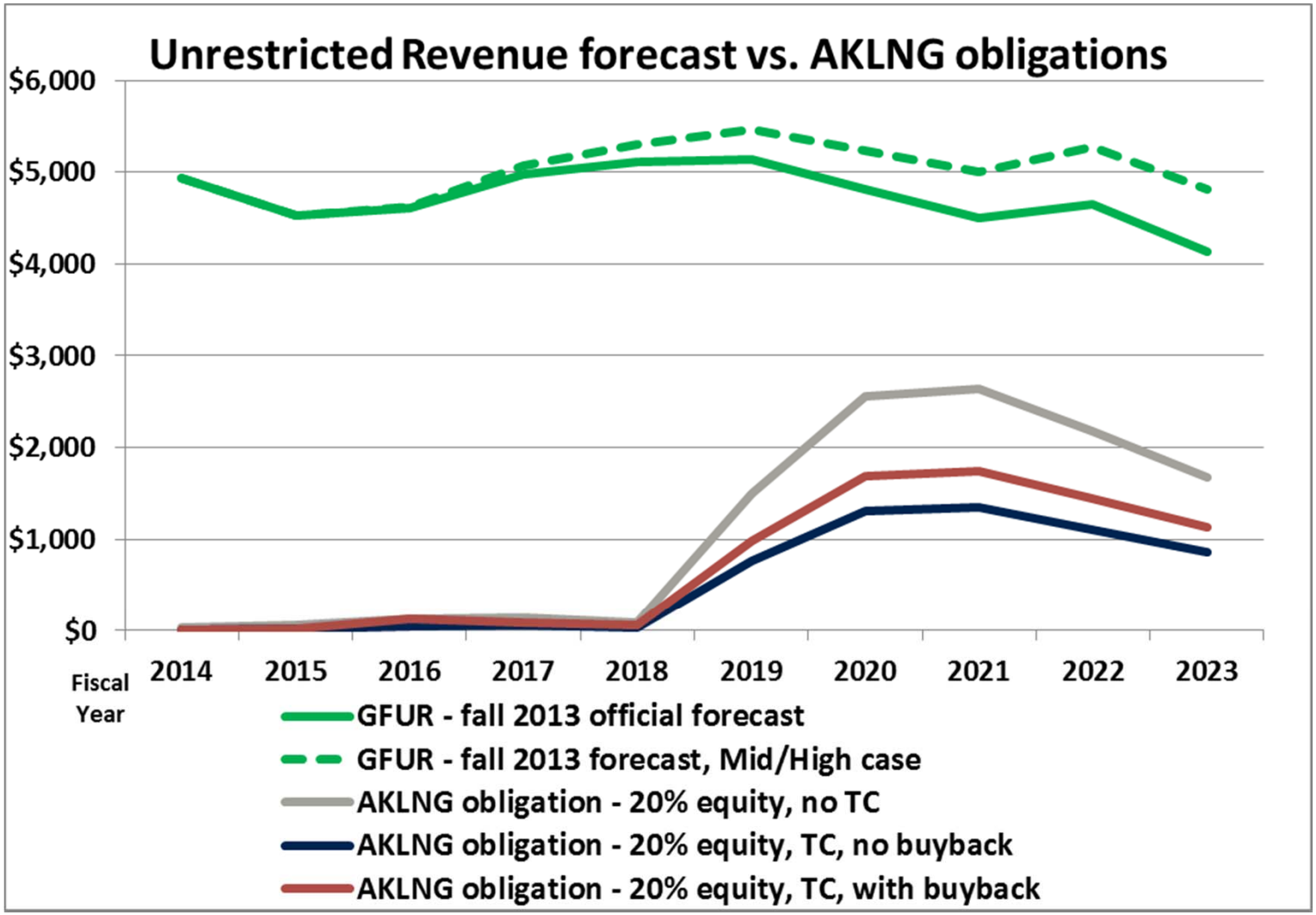
AK LNG:
Potential State Revenues and Debt Capacity

Supplemental Slides in response to request from Rep. Tarr

March 21, 2014

Alaska Department of Revenue

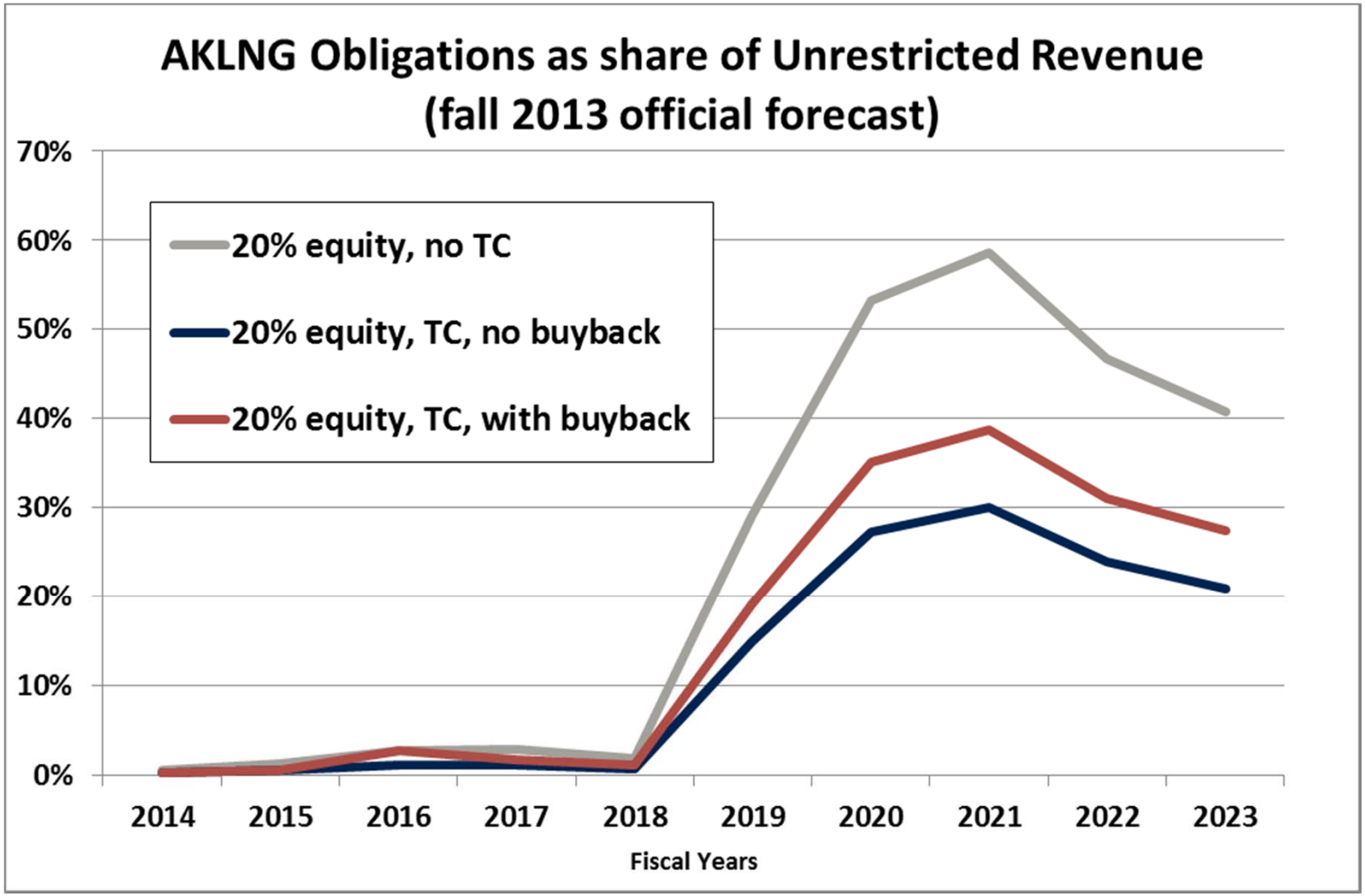
Revenue Forecast vs AKLNG Obligations @ 20% state ownership in millions of dollars



Source: Department of Revenue - Revenue Sources Book Fall 2013; Black and Veatch.

Assumes obligation is due in the corresponding fiscal year; i.e. CY 2019 obligation in FY 2019, etc.

AKLNG Obligations vs. GFUR Forecast @ 20% state ownership



Source: Department of Revenue - Revenue Sources Book Fall 2013; Black and Veatch.

Assumes obligation is due in the corresponding fiscal year; i.e. CY 2019 obligation in FY 2019, etc.

AKLNG Obligations vs. GFUR Forecast @ 20% state ownership in Billions of dollars.

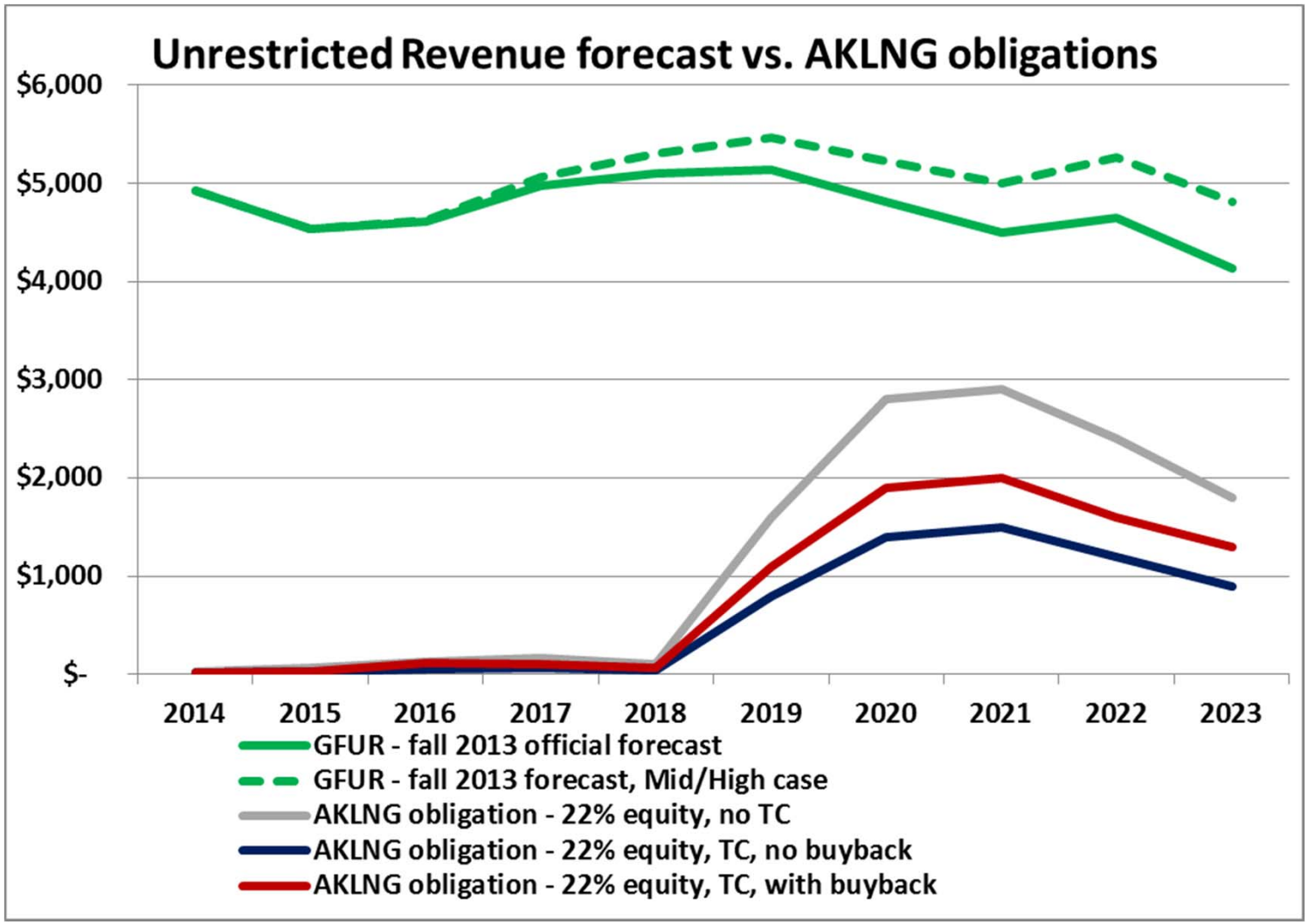
Unrestricted Revenue Forecast vs. AKLNG Obligations

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
GFUR - fall 2013 official forecast $billions	$ 4.9	$ 4.5	$ 4.6	$ 5.0	$ 5.1	$ 5.1	$ 4.8	$ 4.5	$ 4.7	$ 4.1
GFUR - fall 2013 forecast, Mid/High case $billions	$ 4.9	$ 4.5	$ 4.6	$ 5.1	$ 5.3	$ 5.5	$ 5.2	$ 5.0	$ 5.3	$ 4.8
AKLNG obligation - 20% equity, no TC $billions	$ 0.0	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 1.5	$ 2.6	$ 2.6	$ 2.2	$ 1.7
AKLNG obligation - 20% equity, TC, no buyback $billions	$ 0.0	$ 0.0	$ 0.1	$ 0.1	$ 0.0	$ 0.8	$ 1.3	$ 1.3	$ 1.1	$ 0.9
AKLNG obligation - 20% equity, TC, with buyback $billions	$ 0.0	$ 0.0	$ 0.1	$ 0.1	$ 0.1	$ 1.0	$ 1.7	$ 1.7	$ 1.4	$ 1.1
Obligation % of GFUR - 20% equity, no TC	1%	1%	3%	3%	2%	29%	54%	58%	47%	41%
Obligation % of GFUR - 20% equity, TC, no buyback	0%	1%	1%	1%	1%	16%	27%	29%	24%	22%
Obligation % of GFUR - 20% equity, TC, with buyback	0%	1%	2%	2%	1%	19%	35%	38%	30%	27%

Source: Department of Revenue - Revenue Sources Book Fall 2013; Black and Veatch.

Assumes obligation is due in the corresponding fiscal year; i.e. CY 2019 obligation in FY 2019, etc.

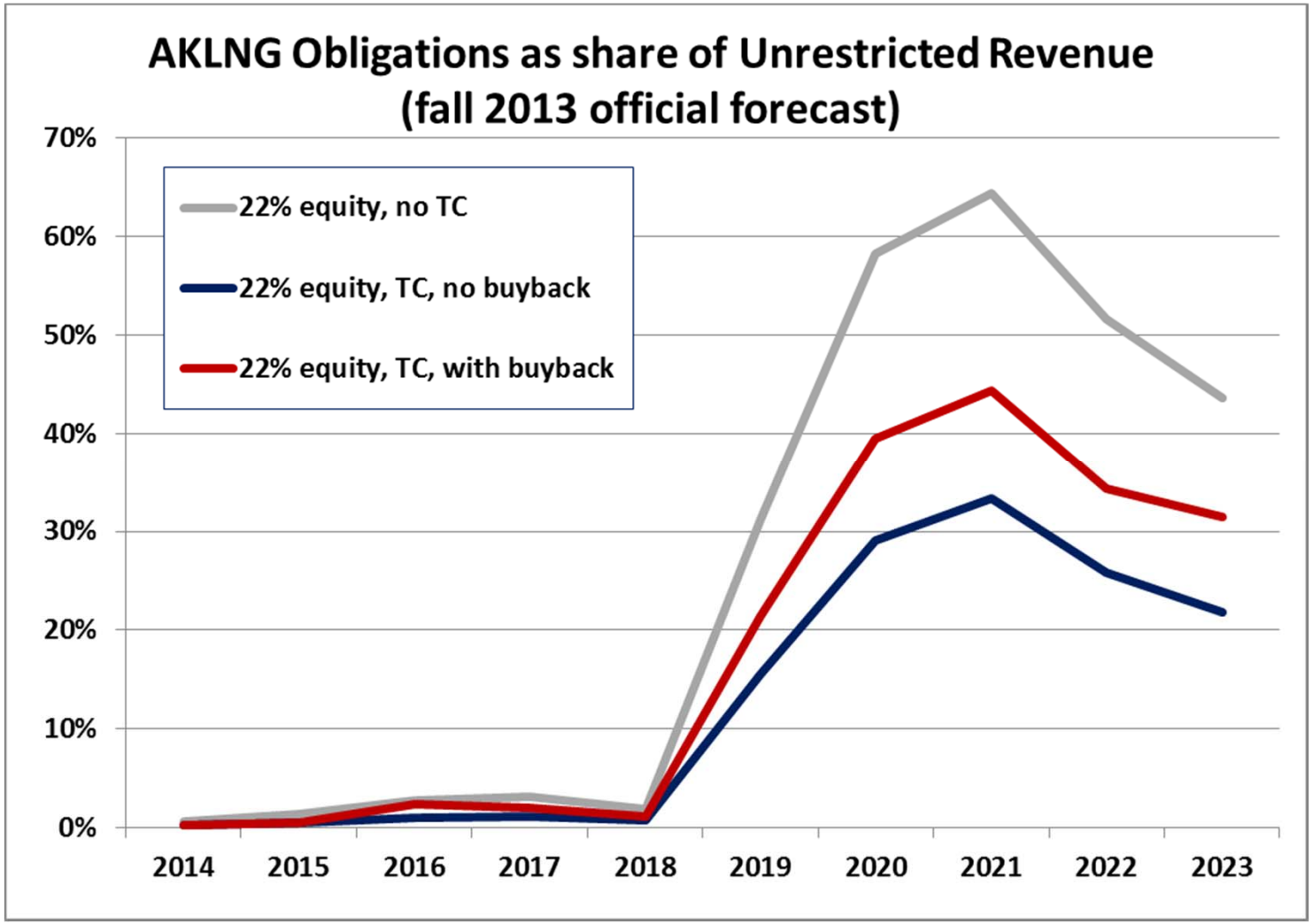
Revenue Forecast vs AKLNG Obligations @ 22% state ownership in millions of dollars



Source: Department of Revenue - Revenue Sources Book Fall 2013; Black and Veatch.

Assumes obligation is due in the corresponding fiscal year; i.e. CY 2019 obligation in FY 2019, etc.

AKLNG Obligations vs. GFUR Forecast @ 22% state ownership



Source: Department of Revenue - Revenue Sources Book Fall 2013; Black and Veatch.

Assumes obligation is due in the corresponding fiscal year; i.e. CY 2019 obligation in FY 2019, etc.

AKLNG Obligations vs. GFUR Forecast @ 22% state ownership in Billions of dollars.

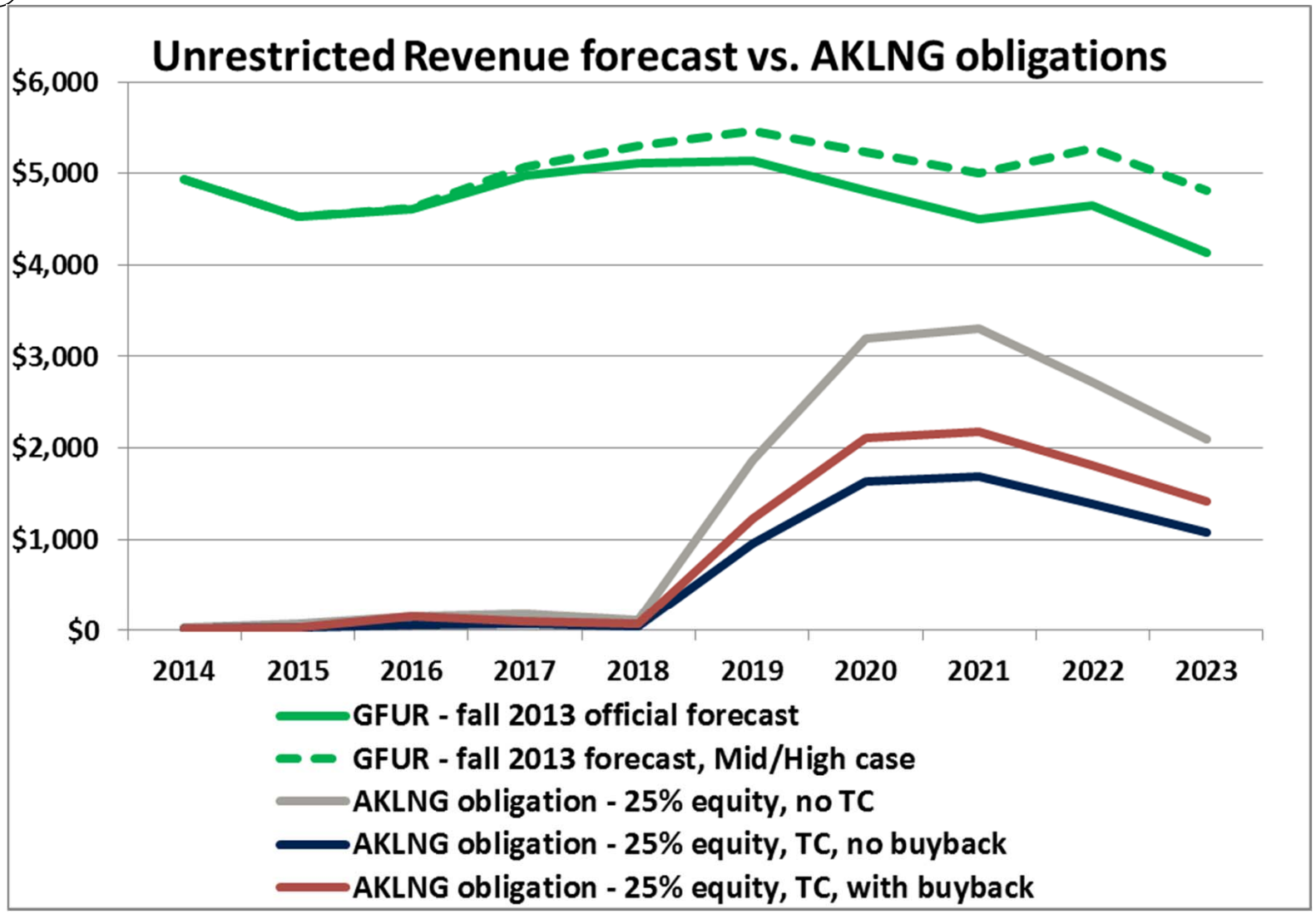
Unrestricted Revenue Forecast vs. AKLNG Obligations

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
GFUR - fall 2013 official forecast $billions	$ 4.9	$ 4.5	$ 4.6	$ 5.0	$ 5.1	$ 5.1	$ 4.8	$ 4.5	$ 4.7	$ 4.1
GFUR - fall 2013 forecast, Mid/High case $billions	$ 4.9	$ 4.5	$ 4.6	$ 5.1	$ 5.3	$ 5.5	$ 5.2	$ 5.0	$ 5.3	$ 4.8
AKLNG obligation - 22% equity, no TC $billions	$ 0.0	$ 0.1	$ 0.1	$ 0.2	$ 0.1	$ 1.6	$ 2.8	$ 2.9	$ 2.4	$ 1.8
AKLNG obligation - 22% equity, TC, no buyback $billions	$ 0.0	$ 0.0	$ 0.1	$ 0.1	$ 0.0	$ 0.8	$ 1.4	$ 1.5	$ 1.2	$ 0.9
AKLNG obligation - 22% equity, TC, with buyback $billions	$ 0.0	$ 0.0	$ 0.1	$ 0.1	$ 0.1	$ 1.1	$ 1.9	$ 2.0	$ 1.6	$ 1.3
Obligation % of GFUR - 22% equity, no TC	1%	1%	3%	3%	2%	31%	58%	64%	52%	44%
Obligation % of GFUR - 22% equity, TC, no buyback	0%	1%	1%	1%	1%	16%	29%	33%	26%	22%
Obligation % of GFUR - 22% equity, TC, with buyback	0%	1%	2%	2%	1%	21%	40%	44%	34%	31%

Source: Department of Revenue - Revenue Sources Book Fall 2013; Black and Veatch.

Assumes obligation is due in the corresponding fiscal year; i.e. CY 2019 obligation in FY 2019, etc.

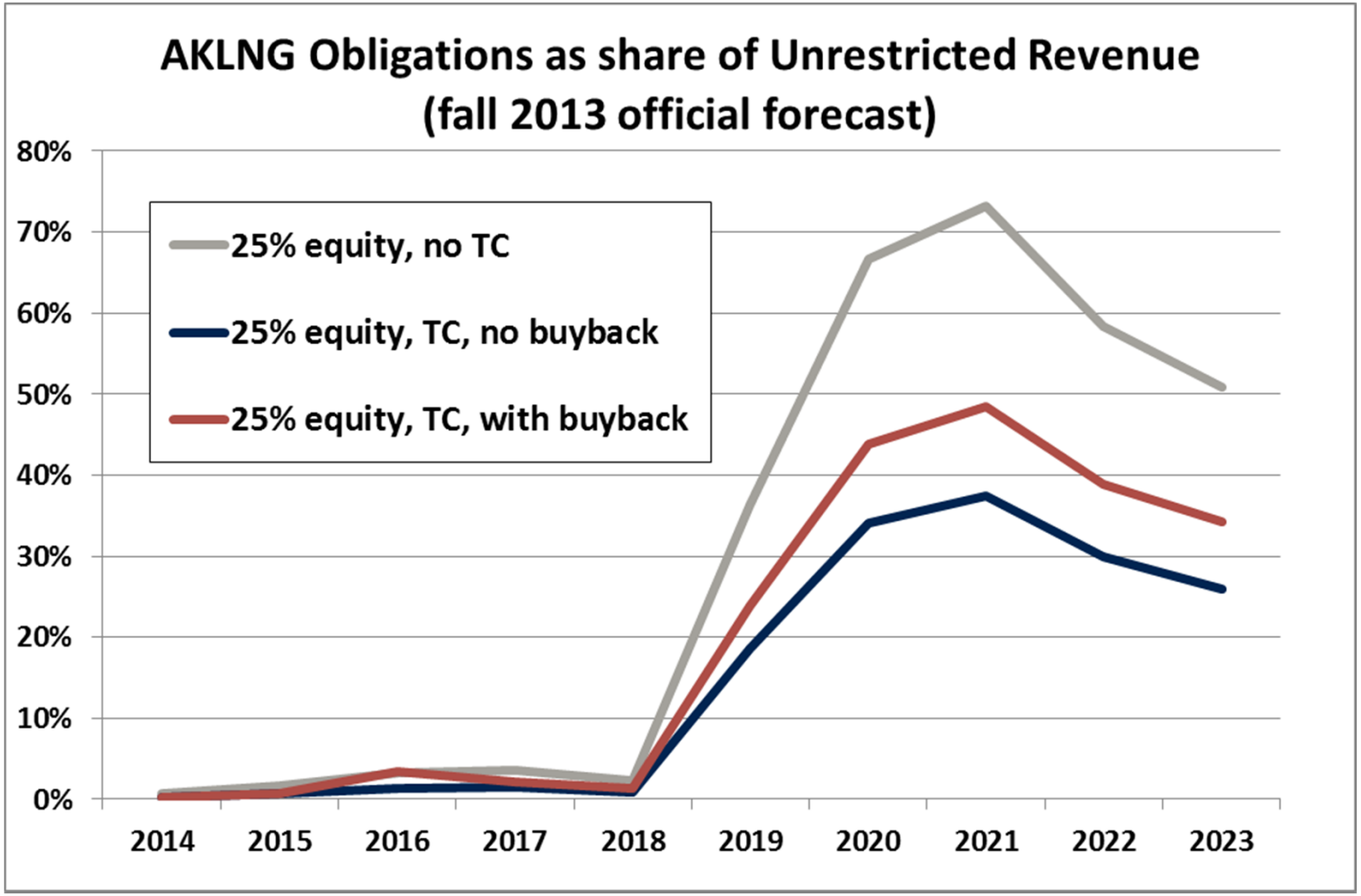
Revenue Forecast vs AKLNG Obligations @ 25% state ownership in millions of dollars



Source: Department of Revenue - Revenue Sources Book Fall 2013; Black and Veatch.

Assumes obligation is due in the corresponding fiscal year; i.e. CY 2019 obligation in FY 2019, etc.

AKLNG Obligations vs. GFUR Forecast @ 25% state ownership



Source: Department of Revenue - Revenue Sources Book Fall 2013; Black and Veatch.

Assumes obligation is due in the corresponding fiscal year; i.e. CY 2019 obligation in FY 2019, etc.

AKLNG Obligations vs. GFUR Forecast @ 25% state ownership in billions of dollars.

Unrestricted Revenue Forecast vs. AKLNG Obligations

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
GFUR - fall 2013 official forecast $billions	$ 4.9	$ 4.5	$ 4.6	$ 5.0	$ 5.1	$ 5.1	$ 4.8	$ 4.5	$ 4.7	$ 4.1
GFUR - fall 2013 forecast, Mid/High case $billions	$ 4.9	$ 4.5	$ 4.6	$ 5.1	$ 5.3	$ 5.5	$ 5.2	$ 5.0	$ 5.3	$ 4.8
AKLNG obligation - 25% equity, no TC $billions	$ 0.0	$ 0.1	$ 0.2	$ 0.2	$ 0.1	$ 1.9	$ 3.2	$ 3.3	$ 2.7	$ 2.1
AKLNG obligation - 25% equity, TC, no buyback $billions	$ 0.0	$ 0.0	$ 0.1	$ 0.1	$ 0.1	$ 1.0	$ 1.6	$ 1.7	$ 1.4	$ 1.1
AKLNG obligation - 25% equity, TC, with buyback $billions	$ 0.0	$ 0.0	$ 0.1	$ 0.1	$ 0.1	$ 1.3	$ 2.3	$ 2.3	$ 1.9	$ 1.5
Obligation % of GFUR - 25% equity, no TC	1%	2%	3%	4%	2%	37%	67%	73%	58%	51%
Obligation % of GFUR - 25% equity, TC, no buyback	0%	1%	1%	1%	1%	19%	33%	38%	30%	27%
Obligation % of GFUR - 25% equity, TC, with buyback	0%	1%	3%	2%	1%	25%	48%	51%	41%	36%

Source: Department of Revenue - Revenue Sources Book Fall 2013; Black and Veatch.

Assumes obligation is due in the corresponding fiscal year; i.e. CY 2019 obligation in FY 2019, etc.

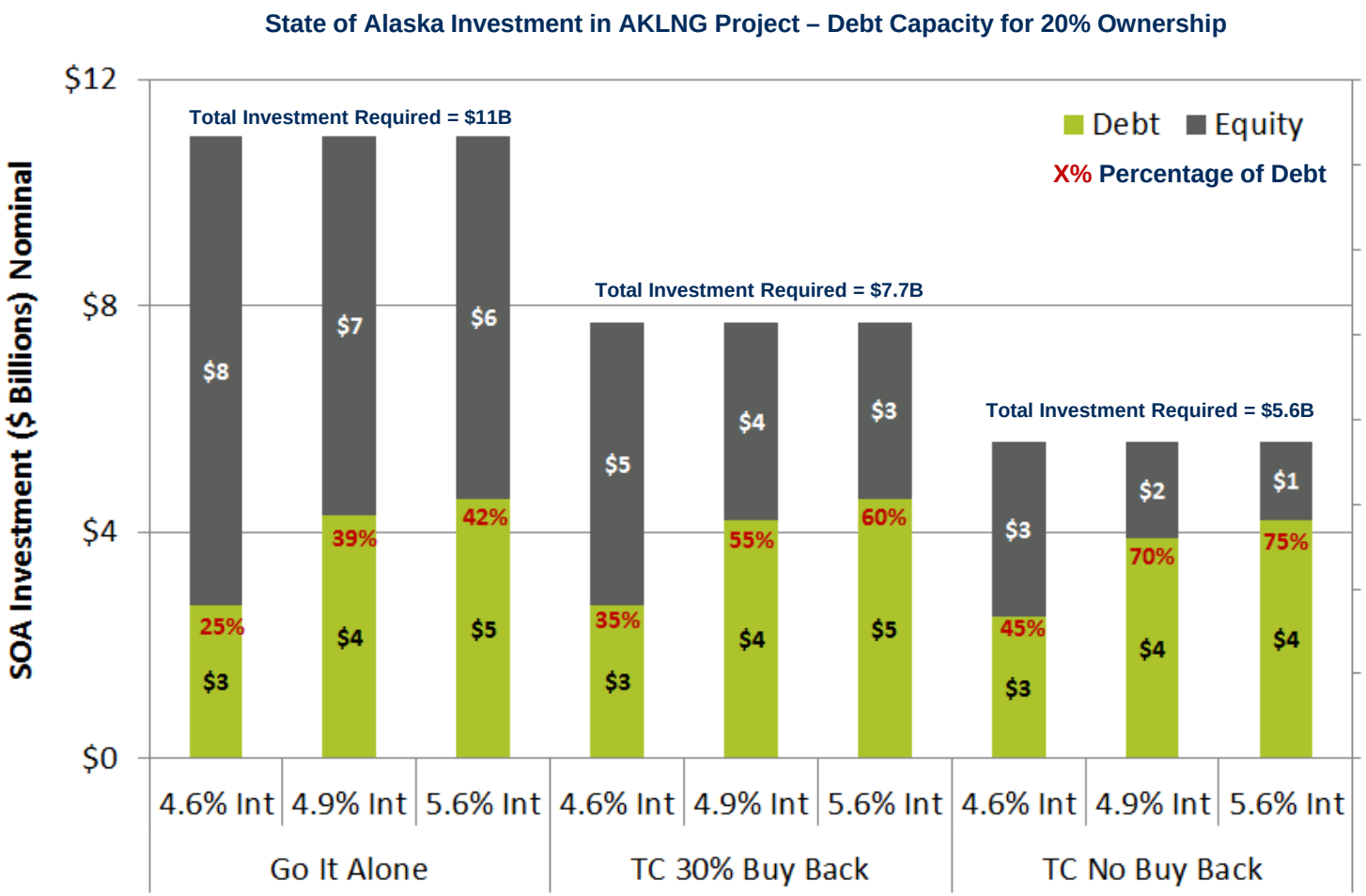
CAN THE STATE GO IT ALONE? - STATE'S DEBT CAPACITY

- **Financing the State's share of the AKLNG Project on the State's balance sheet – key issues:**
  - At what cost of debt?
  - Debt servicing as what % of general fund unrestricted revenue?

Scenario 1 (lower interest)	• SOA Debt at 4.6% • Debt Service limited to 3% of GFUR
Scenario 2	• SOA Debt at 4.9% • Debt Service limited to 5% of GFUR
Scenario 3 (higher interest)	• SOA Debt at 5.6% • Debt Service limited to 6% of GFUR

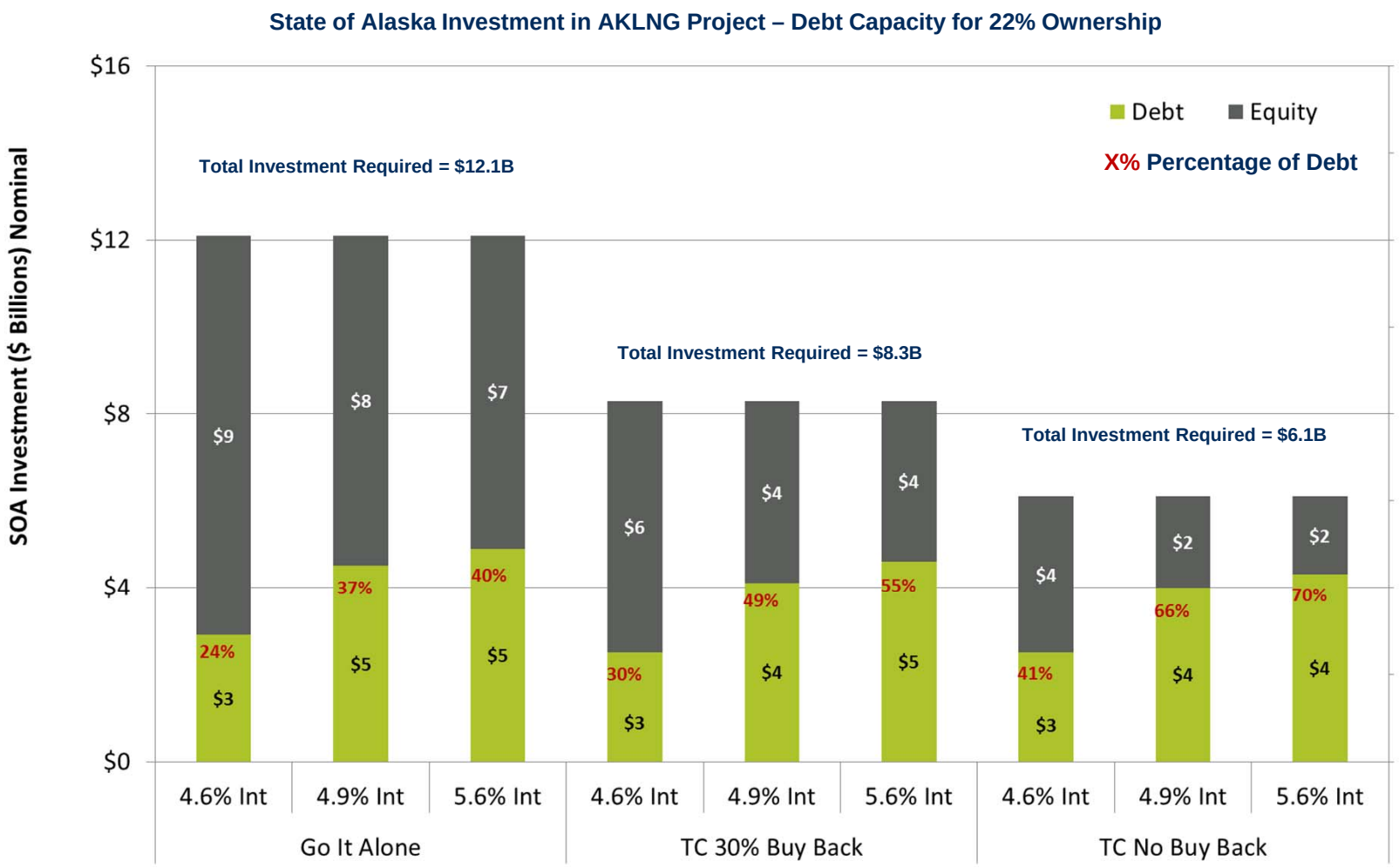
- **High-level, indicative assumptions based on input from Department of Revenue**
- **Based on market conditions as of February 20, 2014**

CAN THE STATE GO IT ALONE?
- STATE'S DEBT CAPACITY @ 20% OWNERSHIP



- High-level, indicative assumptions based on input from Department of Revenue
- Based on market conditions as of February 20, 2014

CAN THE STATE GO IT ALONE?
- STATE'S DEBT CAPACITY @ 22% OWNERSHIP



- **High-level, indicative assumptions based on input from Department of Revenue**
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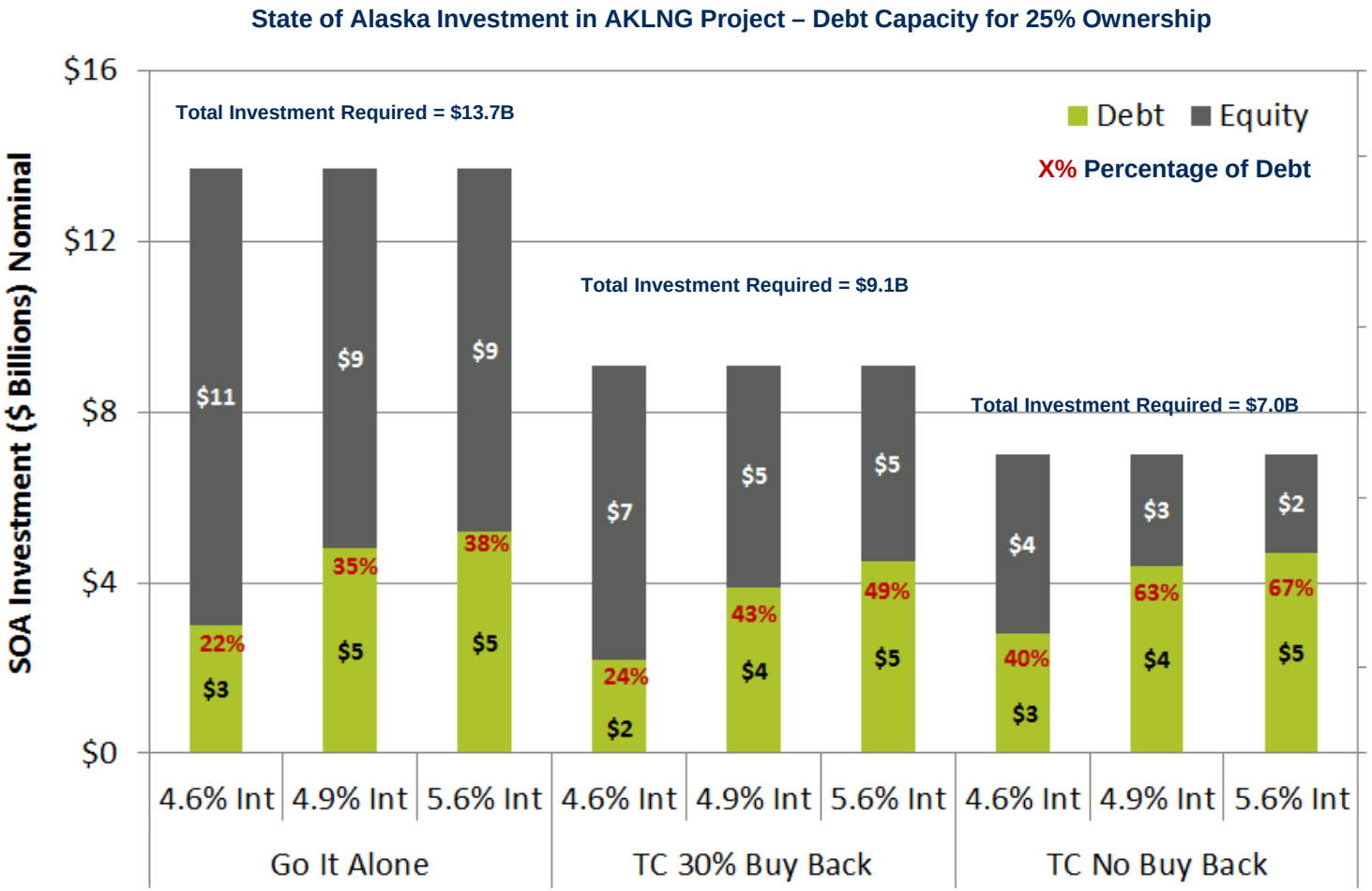
CAN THE STATE GO IT ALONE?
- STATE'S DEBT CAPACITY @ 25% OWNERSHIP



- High-level, indicative assumptions based on input from Department of Revenue
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