

Introducing SB 138

Putting the Guidance Documents (HOA + MOU) in Context

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Guidance Documents & SB 138

Heads of Agreement (HOA)

- Describes roadmap to advance project through phased process.
- Describes understanding and consensus on key terms.

Memorandum of Understanding (MOU)

- Describes agreement to transition from AGIA License to a more traditional commercial relationship.
- Describes key commercial terms for that relationship.

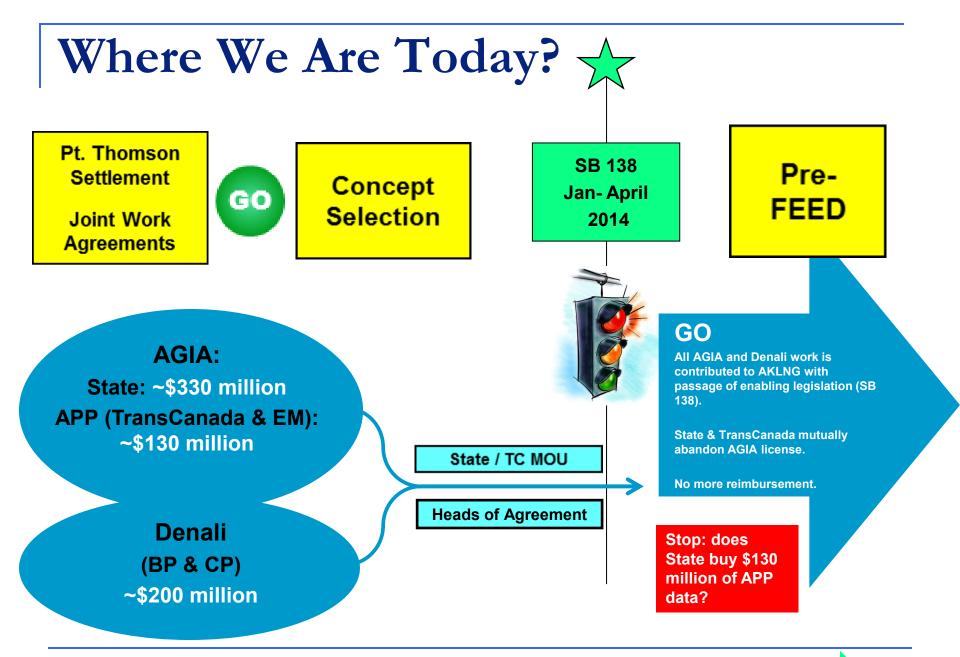
HOA and MOU
Describe **how** SB 138
would be used.

Senate Bill 138

- **Participation** in the AKLNG Project.
- Percentage of State
 Gas Share and Participation
 in the AKLNG Project.
 - Process for development of Project Enabling Contracts and Legislative oversight and approval of future contracts.



Legislature decides whether to advance or not.



What Happens if SB 138 Passes?

Pre-Front End Engineering & Design (Pre-FEED) 12-18 months



FEED (Front-End Engineering &

Design)

Estimated Cost: ~\$435 million

(Does not include costs upstream in Prudhoe Bay & Pt. Thomson)

Producer Share: ~\$348 - \$327 million

State/AGDC Subsidiary

Share: ~\$35 - \$43 million

(Does not include Agency/AGDC costs and contingency in support of project)

TransCanada: ~\$53 - \$67 million

Note: Savings with TransCanada include cash commitments by TransCanada for Pre-FEED costs which reduce State of Alaska appropriations by \$53 - \$67 million and seamless transition into Pre-FEED with personnel and data continuing to be committed to the project.

Legislative Approval of Contracts Yes/No?

GO

Exercise Option for 40% of FEED = \$21 - \$27 million?

Stop

Pay TC Development Costs (~\$53-\$67mm) + 7.1% AFUDC.

What Happens after FEED?

Front End Engineering & Design (FEED) 2-3 years

Estimated Cost: ~\$1,800 million
(Does not include costs upstream in Prudhoe Bay & Pt. Thomson)

Producer Share: ~\$1,440 - \$1,350 million

State/AGDC Subsidiary

Share: ~\$145 - \$180 million

(Does not include Agency/AGDC costs and contingency in support of project)

State/AGDC Subsidiary

Share (w Equity Option): ~\$230 - \$290 million

TransCanada: ~\$215 - \$270 million

TransCanada (w Option): ~\$130 - \$160 million

Note: FEED costs are VERY rough estimates and rounded!



Final Investment
Decision ~
Construction

Approval by all Parties & Financing Yes/No?

Go Build

STOP

Pay TC development costs (~\$183 - \$337 mm) + 7.1% AFUDC.

Summary

- ➤ The Heads of Agreement (HOA) and Memorandum of Understanding (MOU) provide guidance on how the powers provided in SB 138 will be used.
- At each stage in the project there are "off-ramps" and decision points for Legislative and public review.
- Commitments by the State will be made commensurate with progress by the project.

THANK YOU

Please find our contact information below:

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Resources

http://dor.alaska.gov/AKGasDocs.aspx

www.dnr.alaska.gov/AKgas.htm

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