**ASAP Class III Estimate and Updated Tariffs**
**Fact Sheet**

**Background**

These are the first published cost and tariff updates since the ASAP project plan was presented to the Legislature in January 2013

<u>Original 2012 estimates based on 500 MMscfd design capacity</u>

- Capital costs were estimated at **$7.7 billion +/- 30 percent** ($ 2012)
  - Inflation costs were assumed to add $200+ million annually
  - O&M costs of $152 million
  - 2012 work didn't estimate Dismantle, Removal & Restoration (DR&R) costs

- Associated tariffs ($/MMBtu):

| 2012 | Fairbanks | Anchorage |
|---|---|---|
| Tariff | $4.25 - $ 6.00 | $5.00 - $ 7.25 |
| Burner tip | $8.25 - $10.00 | $9.00 - $11.25 |

  - Burner tip assumes $2.00 cost of gas and $2.00 local distribution charge

<u>Revised 2014 estimate based on 500 MMscfd design capacity</u>

- Capital costs are estimated at **$9.97 billion +/- 20 percent** ($ 2014)
  - 30-year O&M costs of $147 million
  - Dismantle, Removal & Restoration (DR&R) costs of $324

- Associated tariffs ($/MMBtu):

| 2014 | Fairbanks | Anchorage |
|---|---|---|
| Tariff | $ 5.50 - $ 6.75 | $ 8.00 - $ 9.75 |
| Burner tip | $11.50 - $14.00 | $11.50 - $14.50 |

  - Tariffs assume sufficient demand to place all 500 MMscfd
  - Tariff modeling incorporates updated assumptions on in-service date, depreciation life, return on equity (ROE), debt to equity ratios, construction financing, Fairbanks demand and rate designs
  - Burner tip assumes $2.00 - $3.30 cost of gas, local distribution charges of $1.50 for Anchorage and $4.00 for Fairbanks

**Other Facts:**

- The work completed on ASAP represents a significant milestone and indicates ASAP has approached the end of FEED. It's a culmination of over three years of work.
- $9.97 billion capital cost is +/- 20 percent, and has a higher confidence level (P75) than the original 2012 estimate
- $9.97 billion falls within the 30 percent margin attributed to the original $7.7 billion estimate (23 percent above inflation adjusted 2012 number)

- For Fairbanks, the high-end of the ASAP tariff is below that community's $15 target, and below recent LNG trucking estimates from the Interior Energy Project
    - Demand estimates have decreased from 60 to 30 MMscfd
    - Estimates for local distribution have increased from $2.00 to between $4.00 and $6.00, excluding the cost of home conversions.

**About AGDC Corporate Initiatives:**

The **Alaska Stand Alone Pipeline (ASAP)** project is 100 percent state-owned and is designed to deliver utility grade natural gas from Alaska's North Slope to Fairbanks, Anchorage and as many other communities within the state as practical. It consists of a Gas Treatment Plant (GTP) at Prudhoe Bay; a 727-mile, 36-inch diameter, mostly buried pipeline from Prudhoe Bay to ENSTAR's existing gas distribution system near Anchorage at Big Lake; and a 29-mile, 12-inch diameter lateral to Fairbanks. It includes up to five off-take points for in-state gas delivery.

The **Alaska LNG project** is a $45 to $65 billion liquefied natural gas export project that includes a Gas Conditioning Facility (GCF) located on the North Slope. The project also includes an 800-mile, large diameter pipeline with up to five off-take points for in-state gas delivery and up to eight compression stations. It culminates at a liquefaction facility, storage and export terminal in the Nikiski area on the Kenai Peninsula. LNG tankers would transport the LNG to world markets. AGDC's partners in the Alaska LNG project include ExxonMobil, ConocoPhillips, BP and TransCanada.