

# PRESENTATION ON ALASKA GAS PIPELINE PROJECT

to Alaska State Legislative Budget & Audit Committee  
August 31, 2005

Impact on State and Municipal Economics  
From Delay in Gas Pipeline's In-Service Date

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# Estimated Impact on State of Alaska and Municipalities of Project Delay Beyond Year-End 2012

- **Delay in revenues to State of Alaska and Municipalities**
- **Reduction in Net Present Value of revenues to State of Alaska and Municipalities**

# Estimated Impact on State of Alaska and Municipalities of Project Delay Beyond Year-End 2012

## Estimated Delay in Total Revenue in Billion Dollars

Price Assumption	Start Date -- Year Ending:					
	2013	2014	2015	2016	2017	2018
	(Billion Dollars)					
	(1)	(2)	(3)	(4)	(5)	(6)
<b><i>EIA AEO 2005 (\$4.90)*</i></b>	<b>1.4</b>	<b>2.9</b>	<b>4.5</b>	<b>6.2</b>	<b>7.9</b>	<b>9.8</b>
Futures Market Implied (\$5.00)*	1.8	3.6	5.6	7.6	9.6	11.8
Low Price Scenario (\$4.00)*	1.3	2.6	4.0	5.5	7.0	8.5
High Price Scenario (\$6.00)*	2.3	4.7	7.1	9.7	12.3	15.0

\* Constant 2004 dollars.

# Estimated Impact on State of Alaska and Municipalities of Project Delay Beyond Year-End 2012

## Reduction in Net Present Value (NPV<sup>10</sup>)

Price Assumption	Start Date -- Year Ending:					
	2013	2014	2015	2016	2017	2018
	(Billion Dollars)					
	(1)	(2)	(3)	(4)	(5)	(6)
<b><i>EIA AEO 2005 (\$4.90)*</i></b>	<b><i>(\$0.5)</i></b>	<b><i>(\$0.9)</i></b>	<b><i>(\$1.4)</i></b>	<b><i>(\$1.8)</i></b>	<b><i>(\$2.2)</i></b>	<b><i>(\$2.7)</i></b>
<b>Futures Market Implied (\$5.00)*</b>	<b>(0.6)</b>	<b>(1.2)</b>	<b>(1.8)</b>	<b>(2.3)</b>	<b>(2.9)</b>	<b>(3.4)</b>
<b>Low Price Scenario (\$4.00)*</b>	<b>(0.5)</b>	<b>(0.9)</b>	<b>(1.3)</b>	<b>(1.7)</b>	<b>(2.1)</b>	<b>(2.4)</b>
<b>High Price Scenario (\$6.00)*</b>	<b>(0.8)</b>	<b>(1.6)</b>	<b>(2.3)</b>	<b>(3.0)</b>	<b>(3.7)</b>	<b>(4.3)</b>

\* Constant 2004 dollars.

# Estimated Impact on State of Alaska and Municipalities of Project Delay Beyond Year-End 2012

## Absolute Reduction in Net Present Value (NPV<sup>10</sup>)

Price Assumption	Start Date -- Year Ending:					
	2013	2014	2015	2016	2017	2018
	(Billion Dollars)					
	(1)	(2)	(3)	(4)	(5)	(6)
<b>EIA AEO 2005 (\$4.90)*</b>	<b>(\$0.5)</b>	<b>(\$0.9)</b>	<b>(\$1.4)</b>	<b>(\$1.8)</b>	<b>(\$2.2)</b>	<b>(\$2.7)</b>
Futures Market Implied (\$5.00)*	(0.6)	(1.2)	(1.8)	(2.3)	(2.9)	(3.4)
Low Price Scenario (\$4.00)*	(0.5)	(0.9)	(1.3)	(1.7)	(2.1)	(2.4)
High Price Scenario (\$6.00)*	(0.8)	(1.6)	(2.3)	(3.0)	(3.7)	(4.3)

## Percentage Reduction in Net Present Value (NPV<sup>10</sup>)

Price Assumption	Start Date -- Year Ending:					
	2013	2014	2015	2016	2017	2018
	(Percent)					
	(1)	(2)	(3)	(4)	(5)	(6)
<b>EIA AEO 2005 (\$4.90)*</b>	<b>-4.7%</b>	<b>-9.2%</b>	<b>-13.9%</b>	<b>-18.3%</b>	<b>-22.5%</b>	<b>-26.6%</b>
Futures Market Implied (\$5.00)*	-6.1%	-11.6%	-17.0%	-22.1%	-27.0%	-31.6%
Low Price Scenario (\$4.00)*	-5.8%	-11.1%	-16.2%	-21.2%	-26.0%	-30.5%
High Price Scenario (\$6.00)*	-6.2%	-12.0%	-17.4%	-22.6%	-27.5%	-32.2%

\* Constant 2004 dollars.

# Estimated Impact on State of Alaska and Municipalities of Project Delay Beyond Year-End 2012

## Reduction in Net Present Value (NPV<sup>5</sup>)

Price Assumption	Start Date -- Year Ending:					
	2013	2014	2015	2016	2017	2018
	(Billion Dollars)					
	(1)	(2)	(3)	(4)	(5)	(6)
<b><i>EIA AEO 2005 (\$4.90)*</i></b>	<b><i>(\$0.2)</i></b>	<b><i>(\$0.3)</i></b>	<b><i>(\$0.6)</i></b>	<b><i>(\$0.8)</i></b>	<b><i>(\$1.1)</i></b>	<b><i>(\$1.4)</i></b>
<b>Futures Market Implied (\$5.00)*</b>	<b>(0.5)</b>	<b>(0.9)</b>	<b>(1.3)</b>	<b>(1.7)</b>	<b>(2.2)</b>	<b>(2.7)</b>
<b>Low Price Scenario (\$4.00)*</b>	<b>(0.3)</b>	<b>(0.5)</b>	<b>(0.8)</b>	<b>(1.1)</b>	<b>(1.5)</b>	<b>(1.8)</b>
<b>High Price Scenario (\$6.00)*</b>	<b>(0.6)</b>	<b>(1.2)</b>	<b>(1.8)</b>	<b>(2.4)</b>	<b>(3.0)</b>	<b>(3.6)</b>

\* Constant 2004 dollars.

# Estimated Impact on State of Alaska and Municipalities of Project Delay Beyond Year-End 2012

## Absolute Reduction in Net Present Value (NPV<sup>5</sup>)

Price Assumption	Start Date -- Year Ending:					
	2013	2014	2015	2016	2017	2018
	(Billion Dollars)					
	(1)	(2)	(3)	(4)	(5)	(6)
<b><i>EIA AEO 2005 (\$4.90)*</i></b>	<b><i>(\$0.2)</i></b>	<b><i>(\$0.3)</i></b>	<b><i>(\$0.6)</i></b>	<b><i>(\$0.8)</i></b>	<b><i>(\$1.1)</i></b>	<b><i>(\$1.4)</i></b>
Futures Market Implied (\$5.00)*	(0.5)	(0.9)	(1.3)	(1.7)	(2.2)	(2.7)
Low Price Scenario (\$4.00)*	(0.3)	(0.5)	(0.8)	(1.1)	(1.5)	(1.8)
High Price Scenario (\$6.00)*	(0.6)	(1.2)	(1.8)	(2.4)	(3.0)	(3.6)

## Percentage Reduction in Net Present Value (NPV<sup>5</sup>)

Price Assumption	Start Date -- Year Ending:					
	2013	2014	2015	2016	2017	2018
	(Percent)					
	(1)	(2)	(3)	(4)	(5)	(6)
<b><i>EIA AEO 2005 (\$4.90)*</i></b>	<b><i>-0.6%</i></b>	<b><i>-1.3%</i></b>	<b><i>-2.3%</i></b>	<b><i>-3.3%</i></b>	<b><i>-4.3%</i></b>	<b><i>-5.5%</i></b>
Futures Market Implied (\$5.00)*	-1.7%	-3.2%	-4.8%	-6.5%	-8.3%	-10.0%
Low Price Scenario (\$4.00)*	-1.5%	-2.7%	-4.1%	-5.6%	-7.2%	-8.8%
High Price Scenario (\$6.00)*	-1.8%	-3.5%	-5.2%	-7.0%	-8.9%	-10.7%

\* Constant 2004 dollars.