



LEGISLATIVE BUDGET & AUDIT COMMITTEE

REPRESENTATIVE RALPH SAMUELS, CHAIRMAN

February 19, 2008

Anthony M. Palmer
Vice-President Alaska Development
TransCanada PipeLines Limited
450 – 1st Street S.W.
Calgary, AB, T2P 5H1
Canada

Dear Mr. Palmer:

This letter is our first request for additional information and clarification on issues surrounding your AGIA application. We will have numerous questions and will attempt to categorize the issues in separate letters and would appreciate your responding in the same manner.

This letter addresses open season and expansion as it relates to the tariff. In reviewing the expansion analysis, we are attempting to determine which expansions would *increase* the tariff and which expansions would *decrease* the tariff.

1. What is the smallest economic expansion by compression?
2. What is a reasonable economic expansion increment that allows for same compressor size, etc.?
3. What is the smallest economic expansion by looping?
4. What is a reasonable economic expansion by looping?

In order to understand these issues more clearly we will pose some hypothetical scenarios.

1. What would the costs of expansion be for three expansions spaced two years apart:
 - a. First expansion approximately 1 bcf/d two years after first gas (compression only).

Representative_Ralph_Samuels@legis.state.ak.us

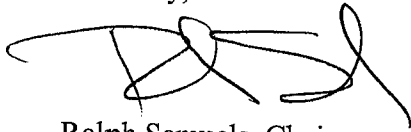
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- b. Second expansion approximately 1 bcf/d four years after first gas (compression only – completes expansion by compression).
 - c. Third expansion approximately 1 bcf/d six years after first gas (looping).
 - d. Please explain the tariff impact/change for each of the scenarios listed above.
2. If expansions were in reasonable economic increments, how many expansions would you expect to occur to get from 4.9 bcf/d to 5.9 bcf/d?

We look forward to your timely response to these questions.

Sincerely,



Ralph Samuels, Chair
Legislative Budget and Audit Committee