

Comments to Legislature on Gas Contract and Fiscal Interest Findings

June 15, 2006

Impact of Fiscal Terms

Barry Pulliam
Senior Economist
Econ One Research

*5th Floor
601 W 5th Street
Los Angeles, California 90071
213 624 9600*

*Suite 1170
1215 K Street
Sacramento, California 95814
916 449 2860*

*Suite 2825
Three Allen Center
333 Clay Street
Houston, Texas 77002
713 228 2700*

*Suite 230
106 E 6th Street
Austin, Texas 78701
512 476 3711*

Evaluation of Key Fiscal Differences Under Proposed Contract and Current Fiscal System

- 1. State Midstream Ownership of 20%**
- 2. State Takes Royalty & Severance Taxes in Kind**
- 3. State Agrees to 7.25% Severance Tax on Gas, Allowing Gas Costs to be Deducted at PPT (20%) Rate**
- 4. State Provides 35% Contribution Credit**
- 5. State Pays Additional Field Costs (UCA)**
- 6. State Pays Additional Processing Costs**
- 7. State Reduces Property Tax**
- 8. State Pays for Disposal of Impurities (CO₂)**

Impact of State Ownership of Pipeline

- **State Makes 20% Investment in Pipeline**
- **State Agrees to Take FT Commitment for its Gas Either Independently or through Producers**
- **State Earns Tariff Income, on its Equity Investment Consistent with Regulated Return, Probably 12-14% Depending on Jurisdiction**
- **Capacity Management Issues**

Evaluation of Impact of State Ownership of Pipeline (Base \$6.00 Gas Case)

	Proposed Contract	Proposed Excluding State Pipeline Ownership	Effect of State Pipeline Ownership	% Change Due to State Pipeline Ownership
	(Million Dollars)			(Percent)
	(1)	(2)	(1) - (2) (3)	(3) / (2) (4)
-- State Impacts --				
Impacts Excluding Investments				
Net Revenues (2005 \$)	\$51,603	\$51,422	\$181	0.4%
NPV - 8	\$14,407	\$14,261	\$146	1.0%
Investment Income				
Net Revenues (2005 \$)	\$1,230	\$0	\$1,230	-
NPV - 8	\$257	\$0	\$257	-
Total				
Net Revenues (2005 \$)	\$52,833	\$51,422	\$1,411	2.7%
NPV - 8	\$14,664	\$14,261	\$403	2.8%
-- Impacts on Producers --				
Integrated				
Net Revenues (2005 \$)	\$127,452	\$129,301	(\$1,849)	-1.4%
NPV - 10	\$21,228	\$20,823	\$404	1.9%
NPV - 10 / BOE	\$2.62	\$2.57	\$0.05	1.9%
Profitability Ratio - 10	3.47	3.02	0.45	-
IRR	27.0%	24.5%	2.5%	-

Note: Assumes Project Construction to Alberta.

Evaluation of Impact of Severance Tax Treatment (Base \$6.00 Gas Case Relative to PPT System)

	Proposed Contract	Proposed Contract with PPT System Sev Tax Rates	Effects of Proposed Tax Rates	% Change Due to Proposed Tax Rates
	(Million Dollars)			(Percent)
	(1)	(2)	(1) - (2) (3)	(3) / (2) (4)
-- State Impacts --				
Net Revenues (2005 \$)	\$52,833	\$64,039	(\$11,206)	-17.5%
NPV - 8	\$14,664	\$17,915	(\$3,251)	-18.1%
-- Impacts on Producers --				
Net Revenues (2005 \$)	\$127,452	\$120,152	\$7,300	6.1%
NPV - 10	\$21,228	\$19,792	\$1,436	7.3%
NPV - 10 / BOE	\$2.62	\$2.45	\$0.18	7.3%
Profitability Ratio - 10	3.47	3.30	0.17	-
IRR	27.0%	26.2%	0.8%	-

Note: Assumes Project Construction to Alberta.

Evaluation of Impact of Severance Tax Treatment (Base \$6.00 Gas Case Relative to ELF System Rates Only)

	Proposed Contract	Proposed Contract with ELF System Sev Tax Rates	Effects of Proposed Tax Rates and System	% Change Due to Proposed Tax Rates and System
	(Million Dollars)		(Percent)	
	(1)	(2)	(1) - (2) (3)	(3) / (2) (4)
-- State Impacts --				
Net Revenues (2005 \$)	\$52,833	\$52,269	\$564	1.1%
NPV - 8	\$14,664	\$14,593	\$71	0.5%
-- Impacts on Producers --				
Net Revenues (2005 \$)	\$127,452	\$127,825	(\$373)	-0.3%
NPV - 10	\$21,228	\$21,249	(\$21)	-0.1%
NPV - 10 / BOE	\$2.62	\$2.63	(\$0.00)	-0.1%
Profitability Ratio - 10	3.47	3.47	(0.00)	-
IRR	27.0%	27.0%	0.0%	-

Note: Assumes Project Construction to Alberta.

Evaluation of Impact of Severance Tax Treatment (Base \$6.00 Gas Case Relative to ELF System Rates and Contract Deducts / Credits)

	Proposed Contract	Proposed Contract with ELF System Rates and Contract Deducts/Credits	Effects of Proposed Tax Rates	% Change Due to Proposed Tax Rates
	(Million Dollars)			(Percent)
	(1)	(2)	(1) - (2) (3)	(3) / (2) (4)
-- State Impacts --				
Net Revenues (2005 \$)	\$52,833	\$55,853	(\$3,020)	-5.4%
NPV - 8	\$14,664	\$15,633	(\$969)	-6.2%
-- Impacts on Producers --				
Net Revenues (2005 \$)	\$127,452	\$125,518	\$1,935	1.5%
NPV - 10	\$21,228	\$20,788	\$440	2.1%
NPV - 10 / BOE	\$2.62	\$2.57	\$0.05	2.1%
Profitability Ratio - 10	3.47	3.42	0.05	-
IRR	27.0%	26.6%	0.4%	-

Note: Assumes Project Construction to Alberta.

Impact of GTP / Feeder Credits

- **Under Current Law, There is No Credit**
- **Under Contract, State Grants Contribution Credit of 35% of GTP and Feeder Line Construction Costs**
- **Credit is in Addition to Federal Tax Credit of 15% of GTP Construction Costs**

Evaluation of Impact of GTP/Feeder Credits (Base \$6.00 Gas Case without Credits)

	Proposed Contract	Proposed Contract without GTP/Feeder Credits	Effects of GTP/Feeder Credits	% Change Due to GTP/Feeder Credits
	(Million Dollars)			(Percent)
	(1)	(2)	(1) - (2) (3)	(3) / (2) (4)
-- State Impacts --				
Net Revenues (2005 \$)	\$52,833	\$53,729	(\$896)	-1.7%
NPV - 8	\$14,664	\$15,275	(\$611)	-4.0%
-- Impacts on Producers --				
Net Revenues (2005 \$)	\$127,452	\$126,870	\$582	0.5%
NPV - 10	\$21,228	\$20,880	\$348	1.7%
NPV - 10 / BOE	\$2.62	\$2.58	\$0.04	1.7%
Profitability Ratio - 10	3.47	3.43	0.04	-
IRR	27.0%	26.2%	0.8%	-

Note: Assumes Project Construction to Alberta.

Impact of State Taking Gas In-Kind

- **Incur Marketing Costs -- Estimated at 5.5¢ (2005\$) per Mcf**
- **Lose Potential Value of Royalty “Higher of” Provision and RIV / RIK Option Estimated at 2% of Value**
- **State Will Either Have to Develop In-House Expertise or Hire / Contract with Marketers, or Both**

Evaluation of Impact of State Taking Gas In-Kind (Base \$6.00 Gas Case)

	Proposed Contract	Proposed Contract with Changes Below	Effect of Changes Below	% Change Due to Changes Below
	(Million Dollars)			(Percent)
	(1)	(2)	(1) - (2) (3)	(3) / (2) (4)
-- State Impacts --				
Marketing Costs (\$0.055 / Mcf)				
Net Revenues (2005 \$)	\$52,833	\$53,292	(\$459)	-0.9%
NPV - 8	\$14,664	\$14,806	(\$142)	-1.0%
Loss of Royalty "Higher of" and RIV / RIK Option (2%)				
Net Revenues (2005 \$)	\$52,833	\$53,484	(\$651)	-1.2%
NPV - 8	\$14,664	\$14,866	(\$202)	-1.4%
-- Impacts on Producers --				
Marketing Costs (\$0.055 / Mcf)				
				-- (Negligible) --
Loss of Royalty "Higher of" and RIV / RIK Option (2%)				
Net Revenues (2005 \$)	\$127,452	\$127,033	\$419	0.3%
NPV - 10	\$21,228	\$21,138	\$90	0.4%
NPV - 10 / BOE	\$2.62	\$2.61	\$0.01	0.4%
Profitability Ratio - 10	3.47	3.46	0.01	-
IRR	27.0%	27.0%	0.1%	-

Note: Assumes Project Construction to Alberta.

Impact of UCA

- **Under Current Law, State Pays Upstream Cost Allowance (UCA) on Royalty Gas at Prudhoe Bay (Approximately 22¢ per Mcf, Inflating with PPI)**
- **Under Contract, State Pays Upstream Cost Allowance (UCA) on All Royalty and Tax Gas (Approximately 22¢ per Mcf, Inflating with CPI)**

Evaluation of Impact of UCA (Base \$6.00 Gas Case)

	Proposed Contract	Proposed Contract with SQ UCA Terms	Effects of SQ UCA Terms	% Change Due to SQ UCA Terms
	(Million Dollars)		(1) - (2) (3)	(3) / (2) (4)
	(1)	(2)		(4)
-- State Impacts --				
Net Revenues (2005 \$)	\$52,833	\$54,265	(\$1,432)	-2.6%
NPV - 8	\$14,664	\$15,082	(\$418)	-2.8%
-- Impacts on Producers --				
Net Revenues (2005 \$)	\$127,452	\$126,530	\$922	0.7%
NPV - 10	\$21,228	\$21,045	\$183	0.9%
NPV - 10 / BOE	\$2.62	\$2.60	\$0.02	0.9%
Profitability Ratio - 10	3.47	3.45	0.02	-
IRR	27.0%	26.9%	0.1%	-

Note: Assumes Project Construction to Alberta.

Impact of Gas Treatment Costs

- **Under Current Law, State Pays Treatment Costs on Prudhoe Bay Royalties and all Severance Taxes**

- **Under Contract, State Pays Treatment Costs on All Royalty and Tax Gas**

Evaluation of Impact of Gas Treatment Costs (Base \$6.00 Gas Case)

	Proposed Contract	Proposed Contract with SQ GTP Terms	Effects of SQ GTP Terms	% Change Due to SQ GTP Terms
	(Million Dollars)		(1) - (2) (3)	(3) / (2) (4)
	(1)	(2)		(4)
-- State Impacts --				
Net Revenues (2005 \$)	\$52,833	\$53,227	(\$394)	-0.7%
NPV - 8	\$14,664	\$14,786	(\$122)	-0.8%
-- Impacts on Producers --				
Net Revenues (2005 \$)	\$127,452	\$127,199	\$254	0.2%
NPV - 10	\$21,228	\$21,173	\$54	0.3%
NPV - 10 / BOE	\$2.62	\$2.62	\$0.01	0.3%
Profitability Ratio - 10	3.47	3.46	0.01	-
IRR	27.0%	27.0%	0.0%	-

Note: Assumes Project Construction to Alberta.

Impact of Property Tax Changes

- **Under Current Law, Taxed at 2% of Value**

- **Under Contract, a Per-Mcf (or Per-MMBtu) Payment Formula, Escalating with CPI**
 - **GTP**
 - **Alaska Pipeline**
 - **Feeders**

Evaluation of Impact of Property Tax Changes (Base \$6.00 Gas Case)

	Proposed Contract	Proposed Contract with Property Taxes Per SQ	Effects of Property Taxes Changes	% Change Due to Property Taxes Changes
	(Million Dollars)			(Percent)
	(1)	(2)	(1) - (2) (3)	(3) / (2) (4)
-- State Impacts --				
Net Revenues (2005 \$)	\$52,833	\$53,966	(\$1,133)	-2.1%
NPV - 8	\$14,664	\$15,248	(\$585)	-3.8%
-- Impacts on Producers --				
Net Revenues (2005 \$)	\$127,452	\$126,636	\$816	0.6%
NPV - 10	\$21,228	\$20,922	\$306	1.5%
NPV - 10 / BOE	\$2.62	\$2.59	\$0.04	1.5%
Profitability Ratio - 10	3.47	3.43	0.04	-
IRR	27.0%	26.7%	0.4%	-

Note: Assumes Project Construction to Alberta.

Summary of Impacts of Fiscal Terms (Base \$6.00 Gas Case)

	State Metrics					
	Net Revenues (2005 \$)			NPV - 8		
	Total	Effect of Change	% Change	Total	Effect of Change	% Change
	(Million \$)	(Million \$)	(Percent)	(Million \$)	(Million \$)	(Percent)
	(1)	(2)	(3)	(4)	(5)	(6)
Proposed Contract	\$52,833	-	-	\$14,664	-	-
1. State Ownership of Pipeline	\$51,422	\$1,411	2.7%	\$14,261	\$403	2.8%
2. PPT System Severance Tax Rates	\$64,039	(\$11,206)	-17.5%	\$17,915	(\$3,251)	-18.1%
3. ELF System Severance Tax Rates	\$52,269	\$564	1.1%	\$14,593	\$71	0.5%
4. ELF System Tax Rates and Deductions/Credits	\$55,853	(\$3,020)	-5.4%	\$15,633	(\$969)	-6.2%
5. Remove GTP / Feeder Contribution Credits	\$53,729	(\$896)	-1.7%	\$15,275	(\$611)	-4.0%
6. Remove Take-In-Kind Costs	\$53,943	(\$1,110)	-2.1%	\$15,008	(\$344)	-2.3%
7. Change to UCA Per SQ	\$54,265	(\$1,432)	-2.6%	\$15,082	(\$418)	-2.8%
8. Change to GTP Deductions Per SQ	\$53,227	(\$394)	-0.7%	\$14,786	(\$122)	-0.8%
9. Change to Property Tax Per SQ	\$53,966	(\$1,133)	-2.1%	\$15,248	(\$585)	-3.8%

	Producer Metrics (Combined Upstream and Midstream)						
	Net Revenues (2005 \$)			NPV - 10			IRR
	Total	Effect of Change	% Change	Total	Effect of Change	% Change	
	(Million \$)	(Million \$)	(Percent)	(Million \$)	(Million \$)	(Percent)	(Percent)
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Proposed Contract	\$127,452	-	-	\$21,228	-	-	27.0%
1. No State Ownership of Pipeline	\$129,301	(\$1,849)	-1.4%	\$20,823	\$404	1.9%	24.5%
2. PPT System Severance Tax Rates	\$120,152	\$7,300	6.1%	\$19,792	\$1,436	7.3%	26.2%
3. ELF System Severance Tax Rates	\$127,825	(\$373)	-0.3%	\$21,249	(\$21)	-0.1%	27.0%
4. ELF System Tax Rates and Deductions/Credits	\$125,518	\$1,935	1.5%	\$20,788	\$440	2.1%	26.6%
5. Remove GTP / Feeder Contribution Credits	\$126,870	\$582	0.5%	\$20,880	\$348	1.7%	26.2%
6. Remove Take-In-Kind Costs	\$127,034	\$418	0.3%	\$21,138	\$90	0.4%	27.0%
7. Change to UCA Per SQ	\$126,530	\$922	0.7%	\$21,045	\$183	0.9%	26.9%
8. Change to GTP Deductions Per SQ	\$127,199	\$254	0.2%	\$21,173	\$54	0.3%	27.0%
9. Change to Property Tax Per SQ	\$126,636	\$816	0.6%	\$20,922	\$306	1.5%	26.7%

Note: Assumes Project Construction to Alberta; Changes are Not Additive.

Summary of Impacts of Fiscal Terms (Low \$4.00 Gas Case)

	State Metrics					
	Net Revenues (2005 \$)			NPV - 8		
	Total	Effect of Change	% Change	Total	Effect of Change	% Change
	(Million \$)	(Percent)	(Percent)	(Million \$)	(Percent)	(Percent)
(1)	(2)	(3)	(4)	(5)	(6)	
Proposed Contract	\$28,870	-	-	\$7,566	-	-
1. No State Ownership of Pipeline	\$27,458	\$1,411	5.1%	\$7,163	\$403	5.6%
2. PPT System Severance Tax Rates	\$34,947	(\$6,078)	-17.4%	\$9,285	(\$1,719)	-18.5%
3. ELF System Severance Tax Rates	\$28,503	\$366	1.3%	\$7,507	\$59	0.8%
4. ELF System Tax Rates and Deductions/Credits	\$31,935	(\$3,066)	-9.6%	\$8,538	(\$972)	-11.4%
5. Remove GTP / Feeder Contribution Credits	\$29,766	(\$896)	-3.0%	\$8,177	(\$611)	-7.5%
6. Remove Take-In-Kind Costs	\$29,713	(\$843)	-2.8%	\$7,823	(\$257)	-3.3%
7. Change to UCA Per SQ	\$30,266	(\$1,396)	-4.6%	\$7,968	(\$402)	-5.0%
8. Change to GTP Deductions Per SQ	\$29,229	(\$360)	-1.2%	\$7,673	(\$107)	-1.4%
9. Change to Property Tax Per SQ	\$29,978	(\$1,109)	-3.7%	\$8,140	(\$574)	-7.1%

	Producer Metrics (Combined Upstream and Midstream)						
	Net Revenues (2005 \$)			NPV - 10			IRR
	Total	Effect of Change	% Change	Total	Effect of Change	% Change	
	(Million \$)	(Percent)	(Percent)	(Million \$)	(Percent)	(Percent)	(Percent)
(7)	(8)	(9)	(10)	(11)	(12)	(13)	
Proposed Contract	\$74,699	-	-	\$10,777	-	-	20.3%
1. No State Ownership of Pipeline	\$76,548	(\$1,849)	-2.4%	\$10,372	\$404	3.9%	18.5%
2. PPT System Severance Tax Rates	\$70,701	\$3,998	5.7%	\$10,016	\$761	7.6%	19.7%
3. ELF System Severance Tax Rates	\$74,942	(\$243)	-0.3%	\$10,798	(\$21)	-0.2%	20.3%
4. ELF System Tax Rates and Deductions/Credits	\$72,732	\$1,967	2.7%	\$10,336	\$441	4.3%	19.8%
5. Remove GTP / Feeder Contribution Credits	\$74,116	\$582	0.8%	\$10,429	\$348	3.3%	19.6%
6. Remove Take-In-Kind Costs	\$74,452	\$247	0.3%	\$10,726	\$50	0.5%	20.2%
7. Change to UCA Per SQ	\$73,800	\$899	1.2%	\$10,602	\$175	1.7%	20.1%
8. Change to GTP Deductions Per SQ	\$74,468	\$231	0.3%	\$10,730	\$47	0.4%	20.2%
9. Change to Property Tax Per SQ	\$73,899	\$800	1.1%	\$10,476	\$301	2.9%	19.9%

Note: Assumes Project Construction to Alberta; Changes are Not Additive.

Summary of Impacts of Fiscal Terms (High \$8.00 Gas Case)

	State Metrics					
	Net Revenues (2005 \$)			NPV - 8		
	Total	Effect of Change	% Change	Total	Effect of Change	% Change
	(Million \$)	(Percent)	(Percent)	(Million \$)	(Percent)	(Percent)
	(1)	(2)	(3)	(4)	(5)	(6)
Proposed Contract	\$76,796	-	-	\$21,766	-	-
1. No State Ownership of Pipeline	\$75,385	\$1,411	1.9%	\$21,363	\$403	1.9%
2. PPT System Severance Tax Rates	\$93,103	(\$16,307)	-17.5%	\$26,537	(\$4,771)	-18.0%
3. ELF System Severance Tax Rates	\$76,007	\$789	1.0%	\$21,671	\$94	0.4%
4. ELF System Tax Rates and Deductions/Credits	\$79,852	(\$3,057)	-3.8%	\$22,775	(\$1,009)	-4.4%
5. Remove GTP / Feeder Contribution Credits	\$77,692	(\$896)	-1.2%	\$22,377	(\$611)	-2.7%
6. Remove Take-In-Kind Costs	\$78,143	(\$1,347)	-1.7%	\$22,184	(\$419)	-1.9%
7. Change to UCA Per SQ	\$78,230	(\$1,434)	-1.8%	\$22,185	(\$419)	-1.9%
8. Change to GTP Deductions Per SQ	\$77,192	(\$396)	-0.5%	\$21,889	(\$123)	-0.6%
9. Change to Property Tax Per SQ	\$77,928	(\$1,132)	-1.5%	\$22,350	(\$584)	-2.6%

	Producer Metrics (Combined Upstream and Midstream)						
	Net Revenues (2005 \$)			NPV - 10			IRR
	Total	Effect of Change	% Change	Total	Effect of Change	% Change	
	(Million \$)	(Percent)	(Percent)	(Million \$)	(Percent)	(Percent)	
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Proposed Contract	\$180,207	-	-	\$31,676	-	-	32.4%
1. No State Ownership of Pipeline	\$182,056	(\$1,849)	-1.0%	\$31,272	\$404	1.3%	29.3%
2. PPT System Severance Tax Rates	\$169,622	\$10,585	6.2%	\$29,572	\$2,105	7.1%	31.4%
3. ELF System Severance Tax Rates	\$180,728	(\$521)	-0.3%	\$31,704	(\$27)	-0.1%	32.3%
4. ELF System Tax Rates and Deductions/Credits	\$178,252	\$1,955	1.1%	\$31,216	\$461	1.5%	31.9%
5. Remove GTP / Feeder Contribution Credits	\$179,625	\$582	0.3%	\$31,329	\$348	1.1%	31.5%
6. Remove Take-In-Kind Costs	\$179,637	\$570	0.3%	\$31,554	\$123	0.4%	32.3%
7. Change to UCA Per SQ	\$179,284	\$923	0.5%	\$31,493	\$184	0.6%	32.3%
8. Change to GTP Deductions Per SQ	\$179,952	\$255	0.1%	\$31,621	\$55	0.2%	32.3%
9. Change to Property Tax Per SQ	\$179,391	\$816	0.5%	\$31,370	\$306	1.0%	32.0%

Note: Assumes Project Construction to Alberta; Changes are Not Additive.

Summary of Impacts of Fiscal Terms (\$5.50 Gas Case)

	State Metrics					
	Net Revenues (2005 \$)			NPV - 8		
	Total	Effect of Change	% Change	Total	Effect of Change	% Change
	(Million \$)	(Percent)	(Percent)	(Million \$)	(Percent)	(Percent)
	(1)	(2)	(3)	(4)	(5)	(6)
Proposed Contract	\$46,815	-	-	\$12,875	-	-
1. No State Ownership of Pipeline	\$45,403	\$1,411	3.1%	\$12,472	\$403	3.2%
2. PPT System Severance Tax Rates	\$56,746	(\$9,932)	-17.5%	\$15,746	(\$2,872)	-18.2%
3. ELF System Severance Tax Rates	\$46,307	\$507	1.1%	\$12,810	\$65	0.5%
4. ELF System Tax Rates and Deductions/Credits	\$49,894	(\$3,079)	-6.2%	\$13,868	(\$993)	-7.2%
5. Remove GTP / Feeder Contribution Credits	\$47,711	(\$896)	-1.9%	\$13,486	(\$611)	-4.5%
6. Remove Take-In-Kind Costs	\$47,865	(\$1,050)	-2.2%	\$13,200	(\$325)	-2.5%
7. Change to UCA Per SQ	\$48,244	(\$1,430)	-3.0%	\$13,292	(\$417)	-3.1%
8. Change to GTP Deductions Per SQ	\$47,207	(\$392)	-0.8%	\$12,996	(\$121)	-0.9%
9. Change to Property Tax Per SQ	\$47,949	(\$1,134)	-2.4%	\$13,460	(\$585)	-4.3%

	Producer Metrics (Combined Upstream and Midstream)						
	Net Revenues (2005 \$)			NPV - 10			IRR
	Total	Effect of Change	% Change	Total	Effect of Change	% Change	
	(Million \$)	(Percent)	(Percent)	(Million \$)	(Percent)	(Percent)	
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Proposed Contract	\$114,282	-	-	\$18,623	-	-	25.5%
1. No State Ownership of Pipeline	\$116,131	(\$1,849)	-1.6%	\$18,218	\$404	2.2%	23.1%
2. PPT System Severance Tax Rates	\$107,802	\$6,480	6.0%	\$17,354	\$1,269	7.3%	24.7%
3. ELF System Severance Tax Rates	\$114,618	(\$336)	-0.3%	\$18,642	(\$20)	-0.1%	25.5%
4. ELF System Tax Rates and Deductions/Credits	\$112,308	\$1,974	1.8%	\$18,170	\$452	2.5%	25.0%
5. Remove GTP / Feeder Contribution Credits	\$113,699	\$582	0.5%	\$18,275	\$348	1.9%	24.7%
6. Remove Take-In-Kind Costs	\$113,902	\$380	0.3%	\$18,541	\$81	0.4%	25.4%
7. Change to UCA Per SQ	\$113,361	\$921	0.8%	\$18,440	\$182	1.0%	25.4%
8. Change to GTP Deductions Per SQ	\$114,029	\$253	0.2%	\$18,569	\$54	0.3%	25.5%
9. Change to Property Tax Per SQ	\$113,465	\$817	0.7%	\$18,316	\$307	1.7%	25.1%

Note: Assumes Project Construction to Alberta; Changes are Not Additive.