Appendix A — Response to Comments

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A. Summary of Issues

The Commissioners of Natural Resources and Revenue are required to consider public comments received during a 60-day comment period as a part of their Findings and Determination of whether a gas pipeline proposal will maximize the benefits to the people of Alaska and merits issuance.

On January 5, 2008, the commissioners commenced the public comment period by "Notice of Complete Applications Submitted Under AGIA and Call for Public Comments." The 60-day public comment period ended on March 6, 2008, at 5:00 p.m.

This section of the Findings and Determination summarizes a number of issues that were raised in the comments received during the 60-day public comment period on the application submitted by TransCanada Alaska Co., LLC and Foothills Pipe Lines Ltd. (jointly, "TC Alaska") to build a natural gas pipeline under the terms of the Alaska Gasline Inducement Act ("AGIA"). This appendix, at Section A, provides a summary of common issues that were raised in public comments and provides responses. Section B includes the actual comments received during the public comment period.

1. Issues related to the public process provided under AGIA.

a) Comment: Public notification of the AGIA process did not provide sufficient opportunity for public comment.

The public notice and comment process provided by the commissioners was consistent with the requirements of AGIA. Pursuant to AS 43.90.160, the commissioners published notice on January 4, 2008, inviting public comment on TC Alaska's application to build a natural gas pipeline under the terms of AGIA. The 60-day public comment period that ended March 6, 2008 was determined by the commissioners to be adequate. To facilitate the public comment process, notice was published in newspapers across the state and posted on the Alaska Department of Natural Resources Public Information Center Web site at www.dnr.state.ak.us/pic/pubnotfrm.htm and the AGIA Web site maintained by the Division of Oil and Gas at www.dog.dnr.state.ak.us/agia/. More than 300 comments were received.

All five applications submitted under AGIA were available to the public at the online site www.dog.dnr.state.ak.us/agia/. Hard copies of the five applications were made publically available at all ADNR Public Information Centers. In addition, hard copies of the complete application submitted by TC Alaska were made available to the public at each of the state's 22 Legislative Information Offices.

The commissioners held 18 public "town hall" informational meetings in communities around the state to explain the ongoing efforts to facilitate construction of a natural gas pipeline to transport Alaska's North Slope natural gas to market. The town hall meetings, announced in advance through public notices published in local newspapers and posted on state Web sites, provided informational presentations by members of the state's AGIA gas pipeline team to update the public on efforts to advance a gas pipeline project under AGIA. Town hall meetings were held in Palmer, Anchorage, Sitka, Kotzebue, McGrath, Ketchikan, Nome, Bethel, Juneau, Delta Junction, Kenai, Barrow, Dillingham, Fairbanks, Kodiak, Glennallen, Tok, and Valdez.

Throughout the AGIA application and evaluation process, beginning with the Request for Applications, which was posted on July 2, 2007, the Governor's Office and the Division of Oil and Gas have posted information, announcements and updates information at two state Web site locations: www.dog.dnr.state.ak.us/agia/ and www.gov.state.ak.us/agia/

All of the applications submitted under AGIA remain posted at www.dog.dnr.state.ak.us/agia/

2. Issues concerning the process provided by the AGIA legislation.

a) Comment: The AGIA process does not ensure a gas pipeline will be built.

The Alaska Gasline Inducement Act is Alaska's law designed to advance construction of a natural gas pipeline from the North Slope to market. It was not designed to guarantee that a pipeline would be built, rather to ensure that the project progresses through FERC certification. Enacted in 2007, AGIA requires a gas pipeline builder to meet certain requirements to advance the project along a specified timeline in exchange for a license that provides up to $500 million in state matching funds to help mitigate the financial risks the project faces in its early stages. By requiring AGIA applicants to commit to certain milestones within a specific timeframe, Alaska is taking steps that will get a gas pipeline built and in operation as soon as possible. TC Alaska committed to perform all of the AGIA requirements in its application.

b) Comment: The five bids received are not sufficient and the state should start over.

The goals of AGIA are to ensure exploration and development of Alaska's natural gas resources on the North Slope, take steps to construct a natural gas pipeline as quickly as possible, and make natural gas available to Alaskans through a public and open process. The AGIA application process was open to any party interested in the project. Because AGIA spells out the bedrock requirements identified by Alaskans through their elected representatives, even one application that agrees to satisfy the state's needs is major progress. Whether the state received five applications or 20, the state only needs one qualifying application that can accomplish the goals defined in AGIA.

The state received AGIA license applications from the following five applicants:

- AEnergia, LLC
- The Alaska Gasline Port Authority ("Port Authority")
- The Alaska Natural Gas Development Authority ("ANGDA")
- Little Susitna Construction Company
- TC Alaska

Submitting an AGIA application required considerable time and effort. The RFA was designed to elicit enough information to enable complete analysis of the application and included more than 100 requirements.

The commissioners ultimately determined that only one of the applications met all of the required conditions of AGIA and provided all of the required information. To begin the process anew would be unfair to the successful applicant and is not necessary. The commissioners' determination process and legislative review are adequate to ensure that benefits to the state are adequately maximized.

c) Comment: AGIA must provide a clear, stable, and predictable tax regime to persuade owners of natural gas to participate in a FERC open season.

The need for a clear, stable and predictable tax regime is addressed in AGIA. Producers who commit to ship gas during the first open season of an AGIA gasline will pay taxes at the rate in effect at that time for the first 10 years of gasline operations, even if the statutory rate changes during that same period.

d) Comment: The AGIA schedule is rushed and overly optimistic.

By requiring AGIA applicants to commit to certain milestones within a specific timeframe, Alaska is taking steps to progress a gas pipeline project toward construction and operation as quickly as possible. The fact that several applicants were willing to commit to meet that schedule suggests that it is commercially reasonable.

The commitments AGIA requires applicants to make are essential to developing an Alaska gas pipeline. AGIA requires application by a specific date for the regulatory approvals that are necessary before a gasline can be constructed. AGIA also requires applicants to agree to and hold an "open season," the process by which the gasline builder seeks commitments from the North Slope gas producers or other interested shippers for future shipments of gas on the pipeline.

e) Comment: The Alaska Gasline Port Authority's all-Alaska line option was preferable to TC Alaska's proposal; the Port Authority's application should not have been rejected.

In their January 4, 2008, Completeness Determination, the commissioners found that the AGIA application submitted by the Alaska Gasline Port Authority ("Port Authority") on November 30, 2007, was incomplete. On January 10, 2008, the Port Authority submitted a Request for Reconsideration, claiming that it had been placed in a difficult position by the actions of associates and former business partners and requested the commissioners to accept additional information after the application deadline. After carefully considering the Port Authority's request, the commissioners denied the

Request for Reconsideration. Their reasoning is explained in the decision dated January 30, 2008, that is available at www.dog.dnr.state.ak.us/agia/index.htm

Although the Port Authority application was incomplete under AGIA, the commissioners recognized that it was important to understand the comparative value of an LNG project. The Palin administration ("the Administration") directed an extensive analysis of different LNG project options in parallel with its analysis and evaluation of TC Alaska's AGIA application.

Although liquefied natural gas ("LNG") project options are likely economic, they would provide the state with less revenue than the TC Alaska Project. Exclusive LNG projects are significantly less likely to succeed compared to TC Alaska because they are more complex, more costly, more difficult to finance, and would face potential regulatory barriers in exporting LNG to Asia. The TC Alaska Project provides Alaska with its best opportunity for a successful LNG project, as a "Y-line" option. The TC Alaska Project proceeding first will reduce costs and lessen financial and contracting hurdles associated with an LNG project. Coming after gas is already bound for U.S. markets, a Y-line may be able to overcome political opposition to exporting gas. Accordingly, the commissioners believe that the best route to an Alaska LNG project runs through the TC Alaska proposal.

3. Issues related to the importance of Alaska Hire provisions.

a) Comment: The project should make hiring Alaska residents a priority, and Alaskans should have employment preference in all facets of construction and operation of the gas pipeline and related facilities.

Hiring qualified Alaska residents for in-state construction projects has been a priority of the state for many years. Although specific quotas and requirements to hire only Alaska residents have not withstood legal challenges, the AGIA and the RFA required that qualified residents be hired to the fullest extent possible (See Section 2.3.4 of the AGIA RFA). AGIA requires applicants to commit "to the maximum extent permitted by law" to hire qualified residents, contract with businesses located within the state, and establish hiring facilities in the state using state-operated job centers. AS 43.09.130(15).

Under AGIA, Governor Palin has sought "to ensure that Alaskans are trained and ready for the natural gas pipeline jobs and those jobs are made available to Alaskans." To that end, AS 43.90.470 states that "the commissioner of Labor and Workforce Development shall develop a job training program that will provide training for Alaskans in gas pipeline project management, construction, operations, maintenance and other gas pipeline-related positions."

In accordance with AS 43.90.470, the Alaska Department of Labor and Workforce Development published in January 2008 a job training program for Alaskans entitled, "AGIA Training Strategic Plan: A Call to Action." The plan identifies four broad strategies to address the workforce needs of the existing labor skills gap and AGIA:

1) Increase awareness of access to career opportunities in natural resources development.

2) Develop a comprehensive, integrated career and technical education system that aligns training institutions and coordinates program delivery.

3) Increase opportunities for registered apprenticeship in skilled occupations and expand other structured training opportunities.

4) Increase opportunities for development of appropriate training programs for operations, technical, and management workers.

Further, the training plan outlines a five-year, three-phased approach for accomplishing its strategies:

- Phase one will establish industry skill standards for training and extend accreditation to regional training centers

- Phase two will address the existing “skills gap” and will require significant new investments in public post secondary training programs with significant expansion of registered apprenticeship programs.

- Phase three will require information on the number of jobs created by the gas pipeline project and focus on training for those jobs.

Finally, in its application, TC Alaska commits to hire qualified Alaska residents, to contract with in-state businesses, to establish or use existing state hiring facilities, and to use the state’s job centers and associated services. TC Alaska also pledges to establish a local headquarters in Alaska for the proposed project, and to negotiate a project labor agreement before construction.

As an AGIA licensee, TC Alaska’s failure to fulfill these commitments would be a violation of the AGIA terms with remedies available to the state. AS 43.90.230.

b) Comment: A gas pipeline through Canada would take jobs out of Alaska; an all-Alaska gas pipeline would be preferable because it would ensure jobs for Alaskans.

The purpose of AGIA is to maximize the benefits of a gas pipeline to Alaskans by getting the right project for the state, not simply any project at any cost. Getting a gas pipeline at any cost does not address the state’s long-term interest in having a gasline that will create an open, competitive environment where explorers know that when they find gas, they will be able to get it to market on commercially reasonable terms. *Continued gas exploration and development is key to maintaining long-term in-state jobs*, meeting the state’s energy needs, and ensuring financial stability as oil production declines.

There are three categories of jobs that will be created during the development and operation of an overland gas pipeline through Canada or an all-Alaska gas pipeline from the North Slope to Valdez: Short-term construction jobs, long-term operations jobs, and jobs created to explore for and develop new natural gas resources.

Short-term construction: Preliminary estimates suggest that an all-Alaska gas pipeline will generate more short-term jobs during the peak year of construction than an overland gas pipeline (16,000 versus 15,000). An LNG project will have a longer peak period of six years versus four years for an overland gas pipeline due to the construction demands of installing the liquefaction plant in Prince William Sound.

Long-term operations: An all-Alaska gasline will generate slightly more long-term operations jobs than a gasline into Alberta, because operating the liquefaction plant on Prince William Sound will require approximately 650 staff per year. The TC Alaska Project and Producer Project will employ approximately 220 operations staff per year along the gas pipeline and at the gas treatment plant.

Exploration and development: An overland gas pipeline as proposed by TC Alaska will create more high-paying, long-term exploration and development jobs sooner than an all-Alaska gas pipeline. An overland gasline, as proposed by TC Alaska, will create approximately 72,000 long-term jobs on the North Slope during the 2015-2045 period as companies ramp-up their exploration and development of Alaska's large natural gas resources. As discussed in the Findings document, the overland gasline proposed by TC Alaska will be designed and operated so that its capacity can be easily expanded as new fields are discovered--this is essential to spurring the long-term development of Alaska's natural gas resources and to creating and sustaining high-paying exploration and development jobs in Alaska. An all-Alaska gasline will create long-term jobs on the North Slope, but fewer jobs will be created (47,000) during the 2015-2045 period and the creation of those jobs will be delayed by more than 10 years. This is due to among other things, the peculiarities of the global liquefied natural gas market and the lack of open access for the liquefaction plant component of the project.

4. Issues related to benefits to Alaskans.

a) Comment: The gas pipeline project should benefit Alaskans by increasing local gas supply and lowering local gas prices.

A spur gas pipeline connection built in conjunction with or subsequent to an Alaska gas pipeline project could provide a significant quantity of gas supply for in-state usage. The increase in local gas supply would benefit Alaska energy consumers in at least four ways.

First, a reliable source of stable gas supply in significant quantities, while not necessarily inexpensive when compared against the historic natural gas prices of the 1970s to 1990s, would offer Alaska consumers a secure, long-term energy supply. In addition to the commodity cost, the total cost for the Alaska North Slope natural gas energy supply would include a mainline tariff, the spur-line tariff, plus the usual local distribution charges. AGIA is designed to generate the lowest possible in-state gas costs. AGIA requires a mileage-based tariff based on the actual distance from pipeline inlet to off-take points so that supplies diverted to local, in-state usage would not bear the burden of the full mainline cost of service from the North Slope to Alberta.[1]

Second, a spur line could enhance Cook Inlet exploration by creating a market outlet for new gas discoveries. The spur gasline would be designed for bi-directional flows. Thus, it could provide a source of gas supply into South-central and an outlet for South-central producers to ship gas to markets beyond the borders of the Cook Inlet basin. This could be very important given the significant variation in South-central seasonal gas demand. The spur gasline connection with the Alaska gasline project could effectively link the Cook Inlet basin with the thriving North American gas market.

Third, long-term supply security would enable the major electric power utilities to develop long-term planning strategies for scheduled, efficient, and cost-effective generation capacity replacement. Planning for power generation equipment upgrade and replacement and, more generally, for business long-term energy strategies, is difficult under the present, highly uncertain gas supply situation among South-central and Railbelt energy consumers. Natural gas supply certainty and security may also help to address the current problems and challenges confronting industrial applications. For example, the Nikiski Fertilizer plant owned by Agrium, Inc. is currently idled pending a viable, long-term gas supply solution.

Fourth, ANS gas supply is likely to reach beyond the Alaska South-central and Railbelt regions. According to a recent DNR study (Dismukes et al., 2002: p. 114) “gas-by-wire” transmission and distribution of electric power from a regional, gas-fired power generating facility near Fairbanks could enable neighboring Interior Alaska communities to benefit from ANS natural gas energy. Also, the Alaska Natural Gas Development Authority (PND, Inc., 2005; pp. 24-5) concluded that propane production and distribution to coastal and possibly, river-connected rural Alaska communities could become a significant future in-state use for ANS gas.

[1] AS 43.90.130(13). In addition, the Alaska Clear and Equitable Share Petroleum Profits Tax (ACES-PPT) includes tax rate limits that apply to local (in-state) gas sales. These ACES-PPT limits should benefit producers and consumers.

Citations

Dismukes et al., Alaska Natural Gas In-State Demand Study, Anchorage: Prepared for the Alaska Department of Natural Resources, January, 2002, p. 114.

PND, Inc., Feasibility Study of Propane Distribution throughout Coastal Alaska, (Anchorage: for Alaska Natural Gas Development Authority), August, 2005, pp. 24-5.

b) Comment: What access will Alaskans have to the gas under TC Alaska’s project?

TC Alaska’s proposed gasline would originate on the North Slope near Prudhoe Bay and generally follow the trans-Alaska pipeline system (TAPS) south to a location near Prospect Creek. The gasline would then diverge from the TAPS route and continue southeast following the Alaska Highway to the Alaska-Canada (Yukon Territory) border near Beaver Creek. Once in Canada, the proposed gasline would follow the Alaska Highway through the Yukon crossing into British Columbia near Watson Lake. The gasline would continue to run southeasterly through British Columbia, crossing into Alberta near Boundary Lake. Once in Alberta, the gasline would interconnect with an existing gasline network referred to as the “Alberta hub.”

As required by AGIA, TC Alaska has committed to provide a minimum of five off-take points along the Alaska section of the proposed gasline. The location of these off-take points is as yet undetermined and each provides an opportunity for connection with spur lines. While TC Alaska does not propose building a spur line directly, the main line would allow for connection and off-take by a third-party project. Both ENSTAR and the Alaska Natural Gas Development Authority (ANGDA) are pursuing spur-line projects which would connect with the main gasline in Delta Junction and bring gas south to feed in to ENSTAR’s existing network.

TC Alaska also commits to providing natural gas service to delivery points in the state even if during the first open season no shippers come forward to have their gas shipped to those delivery points. TC Alaska will require, however, that when shippers wish to have gas shipped to those delivery points, they must enter into long-term firm contracts for service. This commitment leaves the door open for delivery of natural gas to Alaskans when it is needed. TC Alaska also proposes a single in-state transportation rate that does not include the downstream gasline costs in Canada. The commitment from TC Alaska to provide distance-sensitive rates also ensures gas will be taken off of the mainline to serve Alaska communities at an appropriate transportation cost.

c) Comment: Will there be enough long-term gas for Alaska?

Estimates of undiscovered, technically recoverable resources in Alaska’s Arctic exceed 224 trillion cubic feet (Tcf). This is enough to supply the entire volume of gas consumed by commercial and residential customers in the rest of the United States for about three years. There are 34 Tcf of “reserves” on the North Slope within Prudhoe Bay and other existing fields. The Department of Energy estimates the amount of economically recoverable, undiscovered gas within Alaska’s Arctic to total nearly 137 tcf. However, since no transportation system is available for moving natural gas from the North Slope, no company has explored specifically for gas until very recently.

Gas consumed within Alaska for power generation, gas utilities, and industrial use amounts to roughly 163 billion cubic feet (Bcf) per year. Studies of in-state gas use have projected consumption to remain less than 190 Bcf/ year, even after North Slope gas becomes available to other parts of the state. Depending upon the production available from Cook Inlet, this would be less than 0.5 Bcf/ day of the 4.0-4.5 Bcf/ day proposed in various gasline projects.

AGIA requires any AGIA-licensed project to provide a minimum of five off-take points within the state, as well as distance-sensitive tariffs. Thus, Alaskans will have access to

North Slope gas throughout the life of the project. Estimates of project life range between 25 and 50 years.

d) Comment: Will there be a shorter, in-state line (often referred to as a "bullet line") to provide gas for Alaskans?

AGIA was passed by the Alaska State Legislature with a specific charge: Bring Alaska's North Slope gas to market, recognizing that quick movement on that main line has many important benefits. First, to ensure that Alaskans have access to the gas, off the main line for in-state use, at the lowest possible transportation costs. Second, to ensure that new gas is developed; third, to help sustain Alaska's economy through development of natural gas resources. So AGIA is specifically designed to ensure that Alaska's gas reaches Alaskans.

Many Alaskans are primarily concerned with in-state use of North Slope gas. AGIA requires any potential licensee to commit to a number of things that will accommodate the desire of Alaskan communities to access their North Slope gas. Among these are the gasline access provisions that will allow explorers who search for and produce natural gas to put that gas into an Alaska gas pipeline. In addition, any AGIA licensee must commit to providing five in-state off-take points and "distance sensitive" transportation rates so that Alaskans who wish to purchase natural gas can do so at an appropriate price rather than paying for the "full haul" all the way to the gas pipeline terminus. This should facilitate the development of shorter, in-state spur lines to provide gas to more Alaska communities.

Alaskans should know that the Administration understands the concerns expressed above, and that on March 5, 2008, the Governor appointed a statewide Energy Coordinator with the express goal of tasking him and his organization, the Alaska Energy Authority, with examining, analyzing, assessing and proposing solutions to the energy availability and cost challenges facing many Alaskans.

AGIA also allows for the state to incentivize or directly pursue a low-volume line (less than 500 million cubic feet per day) serving in-state needs. However, these projects, such as a bullet line, need to be evaluated on their own merits and compared to other alternative energy options. Governor Palin tasked the Energy Coordinator to evaluate this, and in fact, the Administration has already been examining the feasibility of a bullet line, linking Alaska's North Slope gas directly to Alaskan consumers. That analysis is a component of the Energy Coordinator's Energy Plan. To facilitate this analysis, Governor Palin requested $8 million, so that the work on the bullet line study done to date can be refined to allow the Energy Coordinator to include the bullet line as one of the projects examined to ultimately serve Alaska's long-term energy needs.

However, it is important to distinguish the division between AGIA and the state's Energy Plan. The commissioners' recommendation on advancing TC Alaska's mainline project involved close evaluation of ensuring that this project will develop Alaska's gas to maximize gas development, Alaskan jobs, and Alaskans' use of the gas.

By contrast, Alaska's Energy Policy will include review and evaluation of a bullet line concept, including construction times, costs, and markets.

Ultimately, the cost of routing North Slope gas to Alaska communities will improve greatly with the construction and operation of a large-diameter pipeline that fully commercializes Alaska's North Slope natural gas reserves. In fact, issuing a license to TC Alaska will increase the likelihood that plans for a "bullet line" will become reality.

5. Issues related to First Nation interests in Canada

a) Comment: First Nations groups whose lands and people may be impacted expect full communication and participation in the gas pipeline project.

The commissioners appreciate the concerns expressed concerning possible social and environmental impacts to the local communities in Alaska and Canada. With regard to this concern, the commissioners have consulted with Canadian legal counsel to review TC Alaska's application and the requirements under Canadian law. The commissioners are aware of and recognize the obligations and duty to consult that are imposed upon project proponents in Canada and Canadian provincial, territorial and federal governments to consult First Nations when the project undertakings could potentially have a significant impact on First Nations.

The commissioners believe that these requirements and TC Alaska's history of working with the Aboriginal communities in Canada will provide the basis for resolving these issues should they arise.

6. Issues related to financing and economics of a natural gas pipeline

a) Comment: Will the State of Alaska be providing loan guarantees for this project?

The state is committed to doing whatever is necessary to get a gas pipeline built for Alaska. At this time, the Administration does not believe state loan guarantees are necessary to move the project forward. Project sponsors are currently eligible for $18 billion (which escalates with inflation) of federal loan guarantees. This will allow the project sponsor to borrow money at a favorable interest rate. While this does improve the project economics somewhat, it does not determine the project's feasibility.

b) Comment: TC Alaska's proposed return on equity is too high; it transfers inflation risks to the shippers.

TC Alaska's proposed return on equity (ROE) — 965 basis points (9.65%) above 10-year Treasury bills, or 14 percent at the time that TC Alaska filed its application — suggests to some that it is too high, that TC Alaska has effectively transferred inflation risk to the shippers, and that it may not be a good decision for Alaska.

Along with capital structure and other proposed terms, the ROE proposal will be subject to a great deal of scrutiny, including (i) review and approval by the NEB and FERC, and (ii) intense negotiations with very sophisticated and experienced prospective shippers. The combination of this regulatory oversight and these negotiations will, in the commissioners' opinion, satisfactorily resolve the issue.

The ROE offer should also be put in context. What most matters to both shippers and the state is the overall tariff level. TC Alaska's ROE offer is coupled with an offer of a 75/25 percent debt/equity ratio. As explained in the Finding, the overall value of the TC Alaska offer is very similar to a 12 percent ROE with a 70/30 debt/equity ratio – a combination of ratemaking parameters that is squarely within the mainstream of modern ratemaking.

c) Comment: Alaska should use the Permanent Fund to either help lower gas costs for Alaskans, provide Alaskans with direct financial assistance for high gas costs, or finance and build a state gas pipeline in which all Alaska residents are stockholders.

Recent increases in energy prices have severely impacted many Alaskans. Rural areas in particular have been affected, forcing difficult choices. Both the Administration and legislature are committed to helping solve this issue and have taken steps to study various alternatives and discuss possible solutions. The Governor's recent appointment of an energy coordinator, the energy inventory currently under way at DGGS, and the new Renewable Energy Fund are all steps being taken to address this need. They will consider use of the Permanent Fund as one option for reducing Alaskan's energy costs.

Use of the Permanent Fund is restricted by the principles under which it was created. These include the Prudent Investor Rule, flexibility of trustees in investment decisions, insulation from political activity, and accountability to the Legislature. Permanent Fund investment in an Alaska gas pipeline has been considered, but any such investment must still meet the fund's criteria. While these principals create barriers to spending of the Permanent Fund's principal, they also provide the structure to which so much of the fund's success is owed.

Permanent Fund earnings are deposited directly into the Earnings Reserve Account (ERA) and are available for appropriation by the legislature. This could provide the legislature several options for spending in programs like the Power Cost Equalization program. However, past efforts to access the ERA have faced strong public opposition, and any such effort in the future will require significant agreement between the public, Administration, and legislature.

Ref: Article IX: Alaska State Constitution

d) Comment: How will the state profit from TC Alaska's project; is Alaska's best interest really aligned with TC Alaska?

In the broadest sense, Alaska and TC Alaska's best interests are aligned in that both parties will vigorously pursue the development and construction of a gas pipeline. The value of Alaska's natural gas is measured on a scale of hundreds of billions of dollars. This value will invariably be shared between the state and those who produce the gas and deliver it to market. The state will receive tax and royalty revenues when the gas is produced. The producers will earn revenues when the gas is sold and the pipeline company will earn revenues for transportation services. The balance between these interests is struck in a complex process that began when AGIA was passed. The AGIA requirements ensure that the state's interests, which are different from those of the producers and the pipeline company, are met. Any gas pipeline project must be commercially feasible, and any project sponsor should be expected to maximize their share of value. The best interest of Alaska, however, is protected by the terms under AGIA, and by the Federal Energy Regulatory Commission (FERC) and NEB and NPA in Canada.

In exchange for the various inducements offered under AGIA, TC Alaska committed to certain terms which protect the state's interest. These terms encourage gas exploration by ensuring new shippers have access to the pipeline, and that tariff increases from expansion are shared by all shippers. The terms also ensure that tariffs are kept low to help maximize revenue to the state. The state's economy will benefit from this large construction project and from the long-term employment opportunities associated with operating the gas pipeline. The state will also benefit from the opportunities the gasline will create to meet in-state energy demands.

7. Issues related to TC Alaska's application

a) Comment: TC Alaska should not be selected for an AGIA license.

TC Alaska's application was one of five received through the AGIA process by the deadline of November 30, 2007. In accordance with the AGIA statutes and AGIA Request for Applications, all applications were reviewed for completeness under the 20 AGIA statutory requirements (referred to as the "must haves"). After the initial review, letters were sent requesting clarifying information for each application. No new or supplemental information was requested. After receiving clarifying information from each applicant, the applications were re-evaluated for completeness with the statutory requirements. At the end of the completeness review, only TC Alaska's application was found to meet AGIA's 20 statutory requirements. The application was then reviewed by the AGIA team to determine whether it was in the best interest of the people of Alaska.

The commissioners thoroughly evaluated TC Alaska's application to ensure it accomplished the goals in AGIA, and have considered the public's comments during the evaluation process.

b) Comment: TC Alaska's application is not complete because it contains "conditions" for fiscal certainty federal loan guarantees and federal participation as a bridge shipper.

Some comments suggested that TC Alaska's application was not complete because it asks for fiscal certainty and other conditions, such as federal loan guarantees and participation as a bridge shipper. But, while TC Alaska's application presents different options, it is not conditioned on them.

TC Alaska's application suggested the "bridge shipper" concept as a means of allowing the project to go forward even if the major North Slope producers refuse to participate in an open season, TC Alaska did not make its commitments to fulfill any of AGIA's requirements conditional on either the state's or U.S. Government's agreement to or participation in the bridge shipper concept. Rather, it suggests (but does not require) a bridge shipper alternative as a means of obtaining financing for the gas pipeline project, and allowing the project to go forward even if the major North Slope producers refuse to participate in an open season for the project's capacity. TC Alaska proposes to work with the state to persuade the U.S. government to assume some or all of the project's initial risk by acting as a bridge shipper. According to TC Alaska, this would encourage explorers to develop new Alaska gas supplies and commit those supplies to the project. This, in turn, would create momentum that would encourage the major North Slope producers to commit to capacity in the gasline. Once the capacity of the gasline is supported by commitments to capacity, the U.S. government's bridge shipper obligations would terminate.

For a more detailed discussion of this issue, see "Response to Mischaracterization of TC Alaska Application as Conditional" posted on the Governor's AGIA Web site at http://www.dog.dnr.state.ak.us/agia

Furthermore, TC Alaska does not condition its commitments to go forward with the project on the receipt of federal loan guarantees provided by the Alaska Natural Gas Pipeline Act enacted by the U.S. Congress in 2004. TC Alaska proposes (but does not require) that the state and TC Alaska work together to convince the federal government to allow TC Alaska to use federal loan guarantees for capital cost overruns. Under TC Alaska's concept, as described at Page 16 of the Application's Executive Summary, negotiated rate shippers would have the option to repay loans using the federal loan guarantees only when gas prices exceed a certain amount. While the state may ask TC Alaska to clarify its concept in the future, it is clear that TC Alaska has not conditioned its commitments under AGIA on obtaining the federal loan guarantees, or on either the state or U.S. government approving TC Alaska's concept of how to use the loan guarantees. TC Alaska describes its loan guarantee concept as an "option" (see Page 16 of the Executive Summary), which it merely "proposes" (see pages 2.2-53 and 2.2-71 of the Application) but does not require as a condition to fulfilling the commitments in its Application. TC Alaska does not make its commitments to file for a FERC certificate or fulfill any of AGIA's other requirements conditional on any condition or contingency, including the loan guarantee concept. Instead, TC Alaska commits, repeatedly and unconditionally, to file for a FERC certificate as required by AGIA.

For example:

- At Page 10 of the Executive Summary, TC Alaska unconditionally “commits” to “apply for [a FERC certificate] to authorize the construction and operation of the [project] by December 2011.”

- At Page 2.2-85 of its Application, TC Alaska unconditionally “commits” to “apply for a FERC Certificate of Public Convenience and Necessity to authorize the construction and operation of the Project by December 30, 2011.”

- Moreover, in its signed Certification and in the cover letter to its Application, TC Alaska commits to comply with all of AGIA’s requirements, and places no conditions on that unequivocal commitment.

Accordingly, any assertion that TC Alaska has conditioned its commitments on the loan guarantee idea mentioned in its Application, including the commitment for file for a FERC certificate, is incorrect and mischaracterizes TC Alaska’s Application.

The TC Alaska application does not place any conditions or contingencies on those commitments. The bridge shipper and loan guarantee concepts are not requirements. Instead, they are creative ideas which TC Alaska has offered for the state’s consideration to help facilitate the development of the project.

c) Comment: How solid is TC Alaska’s creditworthiness; what is the company’s net worth?

TC Alaska’s application states that the company has a strong credit rating (a rating of “A3” from Moody’s Investors Service), nearly $30 billion (Canadian) in assets, and a net annual income of more than $1 billion (Canadian). The Goldman Sachs report attached as Appendix H concludes that TC Alaska is financially capable of completing this project.

TC Alaska’s application further explains that, in addition to owning pipeline systems that total more than 36,500 miles of pipe and approximately 29.5 billion cubic feet of gas throughput per day (Bcf/d), the company also operates numerous affiliated pipelines in North America. TC Alaska recently completed a $6 billion (Canadian) expansion of its Canadian Mainline system and, in the 1990s, completed a $14 billion (Canadian) expansion of its Alberta system, which now totals more than 14,500 miles of pipe and 11.1 Bcf/d of gas throughput.

More information concerning TC Alaska’s finances can be found at: www.TC Alaska.com/investor/financial.html

8. Issues Related to ConocoPhillips' November 2007 Gas Pipeline Plan.

a) Comment: ConocoPhillips' alternative pipeline plan should have been considered under AGIA; why wasn't the Conoco plan considered?

ConocoPhillips ("CPAI") did not file an AGIA application. Because CPAI declined the opportunity to submit an application under the open AGIA process and meet the requirements set forth by Governor Palin and the Alaska State Legislature under AGIA it was not considered as part of the AGIA review process.

On November 30, 2007, CPAI issued a document to the public inviting the State of Alaska to negotiate terms for an Alaska North Slope natural gas pipeline project, an alternative to the process created by the legislature in AGIA. Conoco's proposal did not follow AGIA procedures or satisfy the AGIA requirements.

Conoco's alternative was contingent upon the state's negotiating a satisfactory "resource fiscal package" of tax and royalty concessions to induce not only Conoco, but also ExxonMobil and BP to support the pipeline with shipping commitments. Conoco has yet to define what a satisfactory package would be, or prove to the state or the public that such a package is necessary to make a project economic. In effect, Conoco's proposal would have restarted the failed Stranded Gas Development Act negotiations between the state and the three North Slope producers.

b) Comment: Conoco stated it will not ask for the AGIA incentives; wouldn't that be a better deal for Alaska?

Conoco's "alternative plan" is no longer valid. Conoco has rescinded that offer and is now involved in a new approach in with BP. Based upon the limited information provided in either Conoco's original alternative plan or the more recent announcement by Conoco and BP, it is impossible to determine exactly how much of the state's money is being requested. While it is true that the AGIA matching funds are not being sought, both of these proposals seek an undefined amount of other state funds in the form of tax law changes. The AGIA matching funds are available only to a project proponent willing to commit to certain provisions that protect the state's long-range economic interest, which BP/Conoco are unwilling to do. Failure to protect those interests would likely result in costs to the state far in excess of the $500 million AGIA matching funds.

The BP/Conoco joint effort has not yet established what the debt to equity ratio it would propose to use in its tariff, or other commercial tariff terms. If, rather than the 70/30 required by AGIA, their debt to equity ratio was instead 68/32, the financial difference to the state over the 25-year life of the project would be the equivalent of writing the same $500 million AGIA check to BP/Conoco without any of AGIA's other protective provisions regarding access and expansion. No commitments to solicit interest from explorers through future open seasons, no commitment to ensure the level playing field provided by AGIA's access and rolled-in expansion rates provisions, but the $500 million up-front cost would be identical.

Further, without competition from an AGIA project, and absent commitments of any kind to advance the project along a specific timeline, the producers would have the state in a leveraged position and would likely attempt to extract additional value in the form of further reductions to their tax burden. Under those circumstances and at that time in the lifespan of the Prudhoe Bay oil field, the state could see no alternative than to acquiesce altogether. The ultimate cost to the state under that scenario is difficult to calculate, though it's likely the amount would greatly exceed $500 million.

The assertion that Conoco will not be seeking any state matching funds is misleading. Conoco is not eligible to receive incentive funds under AGIA because Conoco will not commit to meet AGIA requirements. Conoco makes its alternative contingent on the state's negotiating "fiscal terms" – tax and royalty concessions – not only with Conoco, but also with ExxonMobil and BP to induce them to support the pipeline project. Historically, Conoco and the other two North Slope producers have sought tax and royalty concessions that would cost Alaskans billions of dollars. In exchange, Conoco has offered no enforceable commitment to build a pipeline on a timely basis.

c) Comment: Conoco has Alaska experience and will hire more Alaskans and utilize Alaska businesses.

AGIA requires a licensee to commit to employing Alaskans and Alaska businesses to the maximum allowable by law. Conoco also commits to use Alaska contractors, so long as these contractors are competitive with Outside contractors. Nevertheless, any gas pipeline project will generate such a tremendous labor demand that most Alaskans who want a job will be able to get one. To ensure that Alaskans are ready to take those jobs, the state has committed more than $20 million to advance job training opportunities in Alaska.

9. Issues related to North Slope gas producers

a) Comment: Commitments from North Slope gas producers are necessary for a pipeline project to succeed.

Much of the North Slope gas being considered for commercialization is located on state lands which have been leased to the producers. Under their lease contracts with the state, the producers are required to produce the oil and gas resources in the lease in order to retain their leasehold. Commercially, it would be in the producers' best interests to make firm transportation commitments to ship gas on an economic pipeline project or to sell the gas to a counterpart willing to make those same transportation commitments. As discussed in Chapter 3 of the Finding and Determination,, the current North Slope producers can expect very generous internal rates of return for committing Prudhoe Bay gas to an AGIA pipeline, and returns that are still generous, though less so, for gas from other North Slope fields.

Governor Palin is determined to use all reasonable and legal means to assure that Alaska's gas resources are developed. The state will work to ensure that gas is produced from its lands consistent with the terms of the leases and unit agreements the North Slope producers hold.

b) Comment: The state must negotiate with oil-and-gas producers.

The major North Slope producers have demanded that Alaskans provide fiscal concessions in the form of adjusted state tax and royalty provisions before they will consider building a pipeline. State officials maintain that it is economically irresponsible to provide a financial boost to the project before project cost, schedule, and range of risks are further defined. This position is essentially validated by the recent announcement by BP and ConocoPhillips that fiscal concessions are not necessarily a critical first step in this process, despite years of having made contrary public representations.

If the State of Alaska decides in the future that some form of adjustment must be made to the tax or royalty structure in order to move a gas pipeline project forward, then that will be examined. But any such decision must be based upon sound economic and technical information like that acquired through the AGIA process. There is currently no financial evidence to support the major North Slope producers' claim that the project needs the state's help.

10. Issues related to transport concerns

a) Comment: An all-Alaska route with LNG facility in Valdez is a better option since it would cost less to build and would be easier and more quickly built.

Various methods for commercializing North Slope gas have been proposed in the past, each of which offers different benefits and challenges. The option of building a pipeline to Valdez for liquefaction and sale to Asian markets has long been an intriguing alternative to proposals which transport Alaska's gas through Canada.

Recognizing the importance of LNG as a potential alternative for Alaska, the Administration conducted an extensive analysis of different LNG projects in parallel with its evaluation of TC Alaska's AGIA application. These analyses examined a range of price and demand scenarios, along with the commercial realities of LNG projects, to see what comparative benefits an LNG project might offer the state.

The higher price of some LNG in foreign markets makes it appear an attractive option for Alaska. However, any economic benefit an LNG project might bring to the state depends heavily on a substantial differential remaining between domestic and foreign gas prices. Forecasts anticipate this difference to narrow considerably over the coming years as new LNG projects come online, and as depleted U.S. and Canadian gas reserves force up domestic prices and the importation of increasing supplies of LNG.

The added cost of a gas liquefaction plant make the total costs of an LNG project substantially more than an equivalently sized project bringing gas in to Canada. This increased cost leads to a greater transportation tariff and, subsequently, to less state revenue. LNG economics are further strained by the comparatively large amount of gas consumed during the transportation and liquefaction processes, requiring the higher overall capital cost to be recovered from less gas.

Both LNG and trans-Canadian pipeline projects face different schedule risks. While a trans-Canadian project must resolve additional right-of-way and permit issues, the integrated nature of LNG projects require a much higher level of coordination between gas sellers, pipeline operators, and gas buyers. Since no LNG project is being considered under AGIA, or is otherwise being advanced, at least one additional year would be required to restart the AGIA process and solicit new LNG proposals.

An LNG project would stand to bring the state more property tax revenue, and would provide roughly 200 jobs that would not result from a trans-Canadian project. Nevertheless, these benefits must ultimately be evaluated alongside a variety of other factors, including expandability and the resultant long-term economic benefits in order to determine which project serves the best interest of the state.

b) Comment: The pipeline route should not go through Canada because Canada will get all the benefits.

TC Alaska’s proposal is to build an open-access pipeline and enter contracts with gas producers for shipping the gas on the pipeline to market. TC Alaska will not own rights to any of the gas shipped through the line. The open season required by AGIA is the first step in this process.

c) Comment: Will Canadians have the power to shut off gas to Lower 48 markets or use all the gas themselves?

As an international project, any Alaska pipeline which transports gas from the North Slope in to Canada will be governed by the Agreement between the Government of the United States of America and the Government of Canada Concerning Transit Pipelines (Transit Pipeline Treaty). The Transit Pipeline Treaty (abr.) took effect in 1977 and applies to all pipelines in both countries whenever one country’s pipeline carries the other’s oil or gas. The treaty mandates nondiscriminatory treatment and would not allow Canada to simply shut off gas to the Lower 48 market.

11. Issues related to state-owned pipeline.

a) Comment: The State of Alaska should take on ownership and construction of an all-Alaska natural gas pipeline and leave the major oil producers out altogether.

Constructing and maintaining a pipeline is an enormous commitment of resources, both financial and human, that is better left to experienced pipeline companies. While Alaska may have that much money in its coffers with the recent increases in oil prices, committing that significant amount of money might impair the state's ability to meet its other sovereign obligations-like the education, health and infrastructure. To design, construct and operate a pipeline would require a different kind of expertise than is now present within state government. In order to be able to build the pipeline, the state would have to hire new employees and form a corporate entity to manage the project.

The state will continue to be involved in the development of this gas pipeline. AGIA requires a successful licensee to provide information about its progress to the state. AS 43.90.220. The state can protect its interests by monitoring the pipeline development process to make sure that the commitments made by the licensee are honored.

B. Comments and Responses

The following public comments were received in response to the 60-day AGIA call for Comments issued on January 4, 2008. The comments are grouped in five categories (Public, State and Local Government, Federal, Industry, and Canada) and sorted alphabetically.

Comments were received via Web site, e-mail, fax, and mail and inserted into the format below. All comments received are recorded here verbatim. Hard-copy comments that contained graphs, figures, or charts are attached at the end of this appendix. Attachments to comments can be seen in .pdf on the State of Alaska Web site: http://www.dog.dnr.state.ak.us/agiacomments/Comments.aspx

PUBLIC

COMMENT	RESPONSE
Abshier, T.C-, 3/04/08 (202NK)	
Alaskan Natural Gas Pipeline Constitution of Alaska, Article VIII, Section 2. General Authority. The legislature shall provide for the utilization, development, and conservation of all natural resources belonging to the State, including land and water, for the maximum benefit of its people.	
This means- Alaska natural resources for Alaskans FIRST. Then, if there is a surplus, Alaska can sell for a profit (and put the money in the permanent fund). Who, or what, says that there can be only ONE pipeline? Alaska has enough money that we can hire companies to build as many gas lines as we need to bring the natural gas to Alaskans; Alaska can also hire companies to operate any number of gas lines. True, the major natural gas pipeline should be built to the major market, first. But there should not be just ONE pipeline.	The state is not committed to considering only one pipeline, but real benefits are associated with constructing a single large-diameter pipeline for the initial, most difficult portion of the route from the North Slope. The harsh climate and terrain present very significant challenges for this project, so there are clear economies of scale associated with a single gas line that can accommodate growth and future expansions by simply adding compressor stations or minimal looping. Some points along the proposed route will have difficulty physically accommodating the existing oil pipeline and the addition of just one new buried gas line. Farther downstream, new pipeline laterals can be constructed to serve the Cook Inlet area, a possible LNG facility, and deliveries to local industry and communities. With proper planning and sizing, a single trunk line can accommodate deliveries to the major market and to markets throughout Alaska. The Administration is open to more than one pipeline, but suggests that additional alternatives be considered in terms of economics/costs, environmental and social

COMMENT	RESPONSE
	impact, among other things. For more information, see the summaries at Section A, Issue #4a, 4b, and 4d.
Infrastructure Infrastructure is the key to progress and financial security. Infrastructure guarantees maximum distribution of resources. For example,(sic) “Let’s build a system of interstate highways across the nation (Eisenhower, circa 1950). Today, how much of the US resources (freight) are moved across the infrastructure?	
There’s enough natural gas in Alaska to supply Alaskans for as long as the State exists. So, when do Alaskans get some of their natural resources? The TAPS was built for one major market; how much do we Alaskan get? True, oil takes refineries, but natural gas is usable right out of the ground. Alaska ships its oil out of the state and then pays the premium price to ship and buy some gasoline and heating oil in Alaska. Alaskans need heating fuel (at -30 F), electric power generation, and cleaner fuels for our vehicles (hydrogen). Alaskan first! Then, if there any surplus, it can be sold to any market in the World. There is nothing that says Alaska can’t have a major natural gas pipeline from the North Slop to the Interior; this pipeline should be the first and the major line. From the Interior, the natural gas can be piped to anywhere in the world, but it must come down from the North Slope first.	An Alaska gas pipeline project in conjunction with a spur pipeline connection would provide a significant quantity of potential gas supply for in-state usage. AGIA is designed to generate the lowest possible in-state gas costs. AGIA permits a mileage-based tariff based on the actual distance from pipeline inlet to off-take points so that supplies diverted to local, in-state usage would not bear the burden of the full mainline cost of service from the North Slope to Alberta. Recent increases in energy prices have severely impacted all Alaskans. Rural areas in particular have been affected, forcing many to make difficult choices. The Administration and legislature are committed to helping solve this issue and have taken steps to study various alternatives and discuss possible solutions. The Governor’s recent appointment of an energy coordinator, the energy inventory currently under way at DGGS, and the new Renewable Energy Fund, are all steps being taken to address this need. For more summary information, see Section A, Issues #4a, 4b, 4c, 4d.
Let a company, like Conoco Phillips, build the major line, from the fields to the infrastructure. Then, a company, like TransCanada can build a line to Calgary. Nikiski is the only LNG plant operating in the U.S., let the Port Authority build a gas line to Nikiski. Anchorage is the largest consumer of natural gas in Alaska, build them a line. So, the big question becomes: Should just one company build just one pipeline to just one	Comments noted.

COMMENT	RESPONSE
market; or shall the legislature provide for "the maximum benefit of its people"? It's up to the members of the legislature to decide now, and vote one this question. We, the electorate, can always replace the governor of the State, even by recall, if necessary. TC Abshier	
Alaska Chamber of Commerce - Wayne A. Stevens, President /CEO 3/06/08 (286NK)	
Attached is our letter which has also been faxed and mailed. March 05, 2008 AGIA License Office State of Alaska, Department of Revenue 550 West 7th Avenue, Suite 1820 Anchorage, AK 99501 Dear Commissioner Galvin and Commissioner Irwin: The number one legislative priority of the Alaska State Chamber of Commerce is the construction of the Alaska gas pipeline to supply the U.S. market. The State Chamber commends the Administration for its hard work and strong efforts to bring a successful gasline project to fruition.	
In order for an AGIA licensee, or any other pipeline project sponsor to succeed, there must be a clear, stable and predictable natural gas tax regime so that natural gas owners perceive value in participating in a FERC open season. We urge the Administration and the Alaska Legislature to begin that dialogue.	As stated in Section A, Issue #2c, of this appendix, AGIA includes important incentives for current North Slope gas producers. By committing to transport gas to market, producers will receive long-term exemptions from tax changes.
Again, we commend your efforts to get an Alaska gasline project under way. As "The Voice of Alaska Business" we look forward to continuing the dialogue and providing the business perspective on this vital economic development project. Yours in economic prosperity, Wayne A. Stevens President/CEO	
Alley, Steve H. - Valdez, AK 3/04/08 (198NK)	
I was at the meeting in Valdez on the 28th the people attending were unanimous on a vote for all AK line. I am one of the oiled fisherman waiting for Exxon to do the right thing, so you can understand my distrust of the oil industry. If you folks want to do what's right for AK an all AK line is the right thing to do. Our resources are valuable.	The commissioners launched an extensive analysis of different LNG projects in parallel with their evaluation of TC Alaska's AGIA application. They found that, when compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater maximum benefits to Alaskans over the life of the project. For summaries of these analyses, see Section A, Issues #2e, 10a, 10b; for more details, see Chapter 4 of the Findings.

COMMENT	RESPONSE
So why do we need a 48” line to deplete the gas faster, when we can start out slowly and enlarge as needed, supplying AK first is a #1 priority.	The ability to ship gas (access to pipeline capacity) and the development of an expandable pipeline that can “grow” to accommodate production from new discoveries are vital to long-term natural gas exploration and development programs. A pipeline that is not reasonably accessible and affordable to all who wish to ship natural gas through it, however, will act against this change in exploration economics. In the eyes of exploration companies, a ‘closed’ pipeline may as well not exist. In this situation, natural gas exploration can be expected to be delayed until such time as production from existing reserves begins to deplete (thus freeing up capacity in the pipeline).
In closing I want to Thank you for your time, it is a breath of fresh air having people like you, looking out for the best interest of Alaska and its people. Steve H. Alley	For a discussion of energy for Alaskans, read Chapter 1 of the Finding. For brief summaries, see Section A, Issues #4a, 4b, 4c, 4d.

American Village of Alaska, Inc. - Park Kriner, President, Glennallen, AK 3/06/08 (275NK)

I attended the public meetings in Valdez on February 28 and in Glennallen on March 3. Thank you for giving me those opportunities. I arrived in Alaska shortly after statehood in 1959. My entire adult life I have been waiting for a gas line. I applaud the Governor and her gas line team for creating a meaningful debate.	
However, I have concerns that AGIA does not fully take into account the best interests of Alaskans. Specifically, AGIA has not produced a finding or an indication that near term, Alaskans will directly and economically benefit from a North Slope gas project.	A broad discussion regarding how the state is working to maximize its natural gas revenues can be found in Chapter 1 of the Finding. Also, see Section A, Issue #4a.
I was dismayed to hear in Valdez that while AGIA will ensure a low tariff structure and will provide distance sensitive pricing, the economic benefits are long term and may not be realized for decades. We need help now. When the TransCanada line turns left at Delta Junction, their off-take points aren't going to do me much good in Copper Center where I am spending close to $1,000 a month to heat my 5-Star energy home. We need gas, not bigger PFDs and not more money for the Legislature	Rising fuel prices are creating hardships for Alaska communities and families. There is no single solution to ease this energy crunch. However, in-state supply of natural gas could help reduce energy costs in some regions and spur the continuation or development of value-added petrochemical industries. While the state has no control over the price of natural gas, the state can influence the volume produced (by ensuring a pipeline is open and expandable), and cost factors such as tariffs.

COMMENT	RESPONSE
to spend on programs. I was very encouraged to learn the North Slope gas reserves are huge. It was stated in both meetings I attended that there is ample gas for multiple projects, which brings me to the true point of my written comments. I believe the state should: Separate the gas line debate into two subjects; in-state use and commercialization Cause to be built an in-state project which delivers gas along the Roadbelt, the Yukon River system, and to coastal communities via barge (from Valdez or Cook Inlet). Make a policy decision to invest state dollars in the project and to price the gas affordably for the benefit of Alaskans. Market in-state use to improve project economics, promote economic development, and to create a sustainable economic base. Continue efforts to commercialize North Slope gas and when the planets align, move the big project gas to market In response to questions about a project for in-state use the audience was told "it is not economic, we can't afford to do that". We can't afford not to. Alaska has $40 billion in savings and $5 billion in checking yet our rural communities (soon to be felt in Anchorage) are dying a slow but certain death. With our vast capital and natural resources why can't the state determine that we will have the cheapest energy on the planet? WE CAN! Thank you. Good luck with your efforts to develop the state's gas for the benefit of all Alaskans.	As required by AGIA, TC Alaska has committed to provide a minimum of five off-take points along the Alaska section of the proposed pipeline. The location of these off-take points is negotiable and each provides an opportunity for connection with spur lines. While TC Alaska does not propose building a spur line directly, the main line would allow for connection and off-take by a third-party project. Both ENSTAR and the Alaska Natural Gas Development Authority (ANGDA) are pursuing spur-line projects which would connect with the main pipeline in Delta Junction and bring gas south to feed in to ENSTAR's existing network. For more, see Chapter 1 of the Finding, and Section A, Issues #4b, 4d, 6c. The State of Alaska appreciates your suggestions and opinions relating to the need for abundant, affordable fuel in-state.

Anchorage Chamber of Commerce- Kathy Porterfield, Chair and IOM President 3/05/08 (211K)

March 5, 2008 Respectfully, the Anchorage Chamber of Commerce submits comments on the complete application under the Alaska Gasline Inducement Act (AGIA). As the state's largest business organization, and as Alaskans, we recognize the importance of getting a natural gas pipeline built. In Natural Gas & Alaska's Future, our series of white papers about the issues surrounding a natural gas pipeline project, the Anchorage Chamber outlines goals and priorities for the gas pipeline. Our goals and priorities remain	

COMMENT	RESPONSE
unchanged. They are, in order of importance:	
1. Getting a gas pipeline built. 2. Maximizing the value of North Slope natural gas for Alaskans. 3. Getting a gas pipeline built sooner rather than later. 4. Meeting Alaskan's non-industrial natural gas needs. 5. Making natural gas available to Alaskans in places where it is not available today.	AGIA is designed to advance construction of a natural gas pipeline from the North Slope to market. The statute requires a pipeline builder to meet certain requirements to advance the project in exchange for a license that provides up to $500 million in matching funds. AGIA's requirements ensure that the license holder take definite steps toward developing a gas pipeline within certain time periods in exchange for matching reimbursements, thus moving the pipeline project forward within a defined timeframe. For a broader introduction to this topic, please refer to Chapter 1 of the Finding. For summary information, see Section A, Issues #4a, 4b, and 4d.
6. Attracting new gas-based manufacturing industry to Alaska.	See Section A, Issue #4a
7. Preserving the existing natural gas-based industry in Alaska. In addition, we are concerned about the "zero sum" game that has been established by pitting the interests of the major producers against the interest of the State. The major producers and the State have worked together as partners for more than 30 years, to the benefit of Alaska. Now is the time for statesmanship and for the State of Alaska to create the proper environment necessary for a successful project. Sincerely, Kathy Porterfield, chair Stacy Schubert, IOM, president Anchorage Chamber of Commerce Anchorage Chamber of Commerce	Statesmanship and the maintenance of positive relationships between the State of Alaska and the major oil producers are important to the development and commercialization of our natural gas resources. Ultimately, however, Alaskans own the resource; through leases, the state allows companies the right to produce and profit from Alaska's oil and gas. The commissioners are bound by the Alaska State Constitution to, in Governor Palin's words, "ensure that an open-access gas pipeline (is) built on competitive terms, provide(s) the maximum benefit to the people of Alaska, and fully promote(s) the development of Alaska's vast natural gas resources." The AGIA statute was crafted and passed by the Alaska State Legislature to ensure that the parallel natural gas development missions of Alaska and the producers is fair, open, and transparent. For more, see Section A, Issue #9b.

Anderson, John-Valdez, AK 3/06/08 (272NK)

COMMENT	RESPONSE
your plan sucks....what don't you get about the fact that Alaskans want an Alaskan gas line...you better do something about the price of energy for the people that live here...before we can't afford to live here any more...I am a life-long Alaskan...	Rising fuel prices are creating hardships for Alaskans statewide. In-state supply of natural gas could help reduce energy costs in some regions of the state and spur the continuation or development of value-added petrochemical industries. While the state has no control over the price of natural gas, it can influence the volume produced (by ensuring a pipeline is open and expandable), and cost factors such as tariffs.
we need a gas line to Valdez.. look again at the port authority plan... there is space on the existing trans-alaska pipeline for another line ...they did that during initial construction.... Canada is a bad idea. We will regret it forever if you do this trans-canada gas line..regards ....John L Anderson	The commissioners found the Alaska Gasline Port Authority's application to be incomplete. Nonetheless, the commissioners felt that it was important to understand the comparative benefits an LNG project might offer. An extensive analysis was conducted of different LNG projects in parallel with the commissioners' evaluation of TC Alaska's AGIA application. The gasline team examined a range of price and demand scenarios, along with the commercial realities of large-scale LNG projects. Ultimately, the commissioners found that, when compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater maximum benefits to Alaskans over the life of the project. For more, see Chapter 4 of the Finding, and Section A, Issues #2e.
Anderson, Shana-Valdez, AK 3/06/08 (273NK)	
WE WANT AN ALL ALASKA GAS LINE....NO FOOLING AROUND IN CANADA...CONGRATULATIONS ON YOUR UPCOMING 5TH CHILD... SHANA ANDERSON	Please refer to the response above.
Archey, Pat-Anchorage, AK 1/23/08 (63NK)	
I have reviewed the AGIA application for Trans Canada and it does not appear to be complete. There is no guarantee that this company is required to build the pipeline if it does not have a guaranteed source of gas. And Trans Canada has no guaranteed source of gas.	AGIA was crafted to advance construction of a natural gas pipeline from the North Slope to market. It was not designed to ensure that a pipeline would be built, rather to ensure that the project progresses through FERC certification. AGIA's requirements that the license holder take definite steps toward developing a gas pipeline within certain time periods in exchange for matching reimbursements moves the pipeline project

COMMENT	RESPONSE
	forward within a defined timeframe. TC Alaska committed to perform all of the AGIA requirements in its application. For more background, see Chapter 1 of the Finding; a brief summary is found in Section A, Issue #2a
Also, I do not think having one bidder constitutes competition for a gas line making this a sole source bid, which must go through the same public approval process as any sole source bidder would have to for a State sanctioned project of this magnitude. So I believe that this process is flawed and that a second bidder that does have control of the resource and the market should be brought into the process. I totally oppose this entire application.	Five applicants met the AGIA Request for Applications deadline. Under the commissioners' examination, each application revealed considerable effort and attention to detail. The commissioners ultimately determined that only one of the applications met all of the required conditions and provided all of the required information. The commissioners' determination process and legislative review are adequate to ensure that benefits to the state are adequately maximized. See Section A, Issue #2b

Ayotte, Rihard-Valdez, AK 3/06/08 (314NK)

COMMENT	RESPONSE
no to canada no to china yes, all alaskan to valdez yes, to doing it ourselves without big oil. NO TO EVER BRINGING UP CANADA AGAIN. GO PUNCH IN NATHAN A. AYOTTE IN A SEARCH ENGINE. HE IS A PETRO CHEMICAL ENGINEER IN CALIFORNIA, FOR ONE OF THE SATANIC GROUP. REMEMBER IN CAL NOT AK. HE GRADUATED FROM UAF LAST YEAR. MY YOUNGEST SON IS A FRESHMAN AT UAF...HE SAYS THE ENERGY ENVIRONMENT IS TO SENSELESS, AND REFUSES TO GET IN BED WITH SATAN. OH YEA, EVEN WITH THAT SAID, HERE IS MY WAY TO HANDLE BIG OIL. NO TO ANY OIL COMPANY... KICK EVERYONE OF THEM OUT OF ALASKA AND HAVE A STATE ENTITY RUN OUR WHOLE GAMMATE OF RESOURCES. LET EM TAKE US TO COURT...REMEMBER THE EXXON VALDEZ OIL SPILL FROM THE 19TH CENTURY...WELL THEY SET A GOOD EXAMPLE AT HOW LONG WE COULD DRAG OUR FEET. BY THE TIME WE SETTLED UP IN COURT AK BE OUT OF FOSSIL FUELS...	Constructing and maintaining a pipeline is an enormous commitment of resources that is better left to experienced pipeline companies. To design, construct and operate a pipeline would require a different kind of expertise than is now present within state government. In order to be able to build the pipeline, the state would have to hire new employees and form a corporate entity to manage the project. For more, see Section A, Issue #11a. For a detailed discussion of in-state LNG pipeline issues, refer to Chapter 4 of the Finding. For summary information, see Section A, Issues #10a, 10b.
Baker, Eleazar-Delta Junction, AK 2/28/08 (145NK)	
I would like to comment on the security of this pipeline when in another country. How can we enforce our ability to protect this line when Canada does not have the same laws we do when it comes to letting people into the country that may be terrorists? Is it not best to be able to control our own affairs, with our own constitutional rights and privileges in our own country. Do we not give this up when our property and economy are in the hands of people we cannot vote for?	The route through Canada is necessary to gain access to the AECO Hub in Alberta which provides the opportunity to maximize the value of Alaskan gas by delivering it to markets throughout North America. Canadian authorities have been more proactive recently in addressing the issue of pipeline security management as evidenced in the attached proposed regulations. Section 2.9 of the TC Alaska application provides a discussion of TransCanada Corporation's history of compliance with safety, health, and environmental requirements including audits by the Transportation Security Association – Cross Border Initiative. Finally, it will clearly be in TransCanada and TC Alaska's best interest to maintain a secure and safe pipeline to ensure a profitable operation.

COMMENT	RESPONSE
I heard at the town hall meeting in Fairbanks on the 27th of Feb. that we would not let China rule our pipeline future. What is the difference when we give control to another country, be it friend or foe? We still give it up. Have we not seen beef exports being blocked, timber exports being taxed? What if the gasline was to be blown up so many times in the future that the Canadian people say that is enough! We have seen this happen in the past, when what we do affects them, they have the right to vote for the future of this pipeline in Canada, do we? Thanks for your time. I do think that we have the best governmental system in the world, also the best administration in Alaska in a long time. Yours truely, Eleazar Baker	As summarized in Section A, Issue 10c, any Alaska pipeline which transports gas from the North Slope in to Canada will be governed by the Agreement between the Government of the United States of America and the Government of Canada Concerning Transit Pipelines (Transit Pipeline Treaty). The treaty would not allow Canada to simply shut off gas to the Lower 48 market. In 2005, Canada's *National Energy Board Act* was amended to include "security" within the Board's mandate, providing the Board with the clear statutory basis to regulate security of the energy infrastructure under its jurisdiction. The "Proposed Regulatory Change 2006-01 – Pipeline Security Management Programs" can be found online at www.neb.gc.ca/clf-nsi/rsftyndthnvrnmnt/scrty/pplnscrtmngmnt/pplnscrtmngmnt200605-eng.pdf
Baker, Eleazar-Delta Junction, AK 2/29/08 (149NK)	
I would like to comment on the overwhelming taxes we will have to pay to the provinces in Canada if we choose to transfer gas through Canada. Canadian infrustructures will be able to tax our profits to death. Look at todays Newsminer article (Feb.29th) about the value of the pipeline and what it costs to cross bouroughs in this state. Do we not think that will impact the overall costs of our gas shipments to Chicago?	Taxes are a cost of doing business in Alaska as well as Canada. The state's NPV analysis has included the level of all taxes that will be incurred in the calculation, including taxes in Canada as well as Alaska.
We will not have to pay these taxes if we ship by tanker, just tanker costs and infrastructure which could be from contractors in this country. I do not like to think that many of our countries dollars will go across borders that could be spent in this country. Why not an Alaska only pipeline? We may decrease profits, but we will have control of our resources. Cannot the State Legislature make this law? Cannot the U.S. Congress make this law? Something to think about before we give it away. Eleazar Baker	See Section A, Issues #10a and 10b for summaries regarding in-state LNG issues. For in-depth discussions, please refer to Chapter 4 of this Finding. A summary detailing some of the challenges Alaska would face with a state-owned and -constructed pipeline is available at Section A, Issue #11a.
Ballow, Connie-Valdez, AK 2/27/08 (135NK)	

COMMENT	RESPONSE
I would like to ask why it is called the "Alaska Gasline Inducement Act" when we are considering a project that runs through Canada. Has anyone in our State Government considered what Alaska would be like if the Oil line had been run through Canada as some had actually suggested?	The Alaska Gasline Inducement Act is Alaska's law designed to advance construction of a natural gas pipeline from the North Slope to market. AGIA requires a pipeline builder to meet certain requirements to advance the project along a specified timeline in exchange for a license that provides up to $500 million in State matching funds. TC Alaska committed to perform all of the AGIA requirements in its application.
How many oil related jobs would there still be in Alaska today.	The commissioners have determined that the creation of new jobs in the oil and gas sector in the future will be spurred by the development of a natural gas pipeline, but that not all natural gas pipelines will stimulate natural gas development, or jobs, equally. The acceptance of new gas shippers (an open-access pipeline), the willingness and ability of a pipeline project to expand to accommodate new production, and low tariffs (transportation costs) are vital to long-term natural gas exploration and development of the North Slope gas reserves and to sustaining the long-term employment that will be generated from continuing exploration and development. See Section A, Issue #3b for a summary discussion regarding jobs for Alaskans in the case of a trans-Canada pipeline.
I believe it is also this administrations responsibility to make sure there are as many take off points as possible, from any project considered, to reach as many of Alaska's people as possible, and ensure us access to our own low cost, utility regulated, fuel.	As required by AGIA, TC Alaska has committed to provide a minimum of five off-take points along the Alaska section of the proposed pipeline. The location of these off-take points is as yet undetermined and each provides an opportunity for connection with spur lines. While TC Alaska does not propose building a spur line directly, the main line would allow for connection and off-take by a third-party project. Both ENSTAR and the Alaska Natural Gas Development Authority (ANGDA) are pursuing spur-line projects which would connect with the main pipeline in Delta Junction and bring gas south to feed in to ENSTAR's existing network. See Section A, Issues #4a, 4b, 4d.
With the natural resources available in Alaska, it is a mystery to me, why we face some of the	Rising fuel prices are creating hardships for Alaska communities and families, and there is

COMMENT	RESPONSE
highest heating and fuel costs in America. It is in this administrations reach to eliminate the burden some families must make, heating fuel or food. I also ask that you give utmost consideration to any plan that has the most potential to get the job started today. This project is long overdue.	no single solution to ease this energy crunch. However, in-state supply of North Slope natural gas could help reduce energy costs in some regions of the State and spur the continuation or development of value-added petrochemical industries within Alaska.
The people of Alaska are tired of false promises that have led to just a waiting game. If that means we need to think outside of the box, then let's start thinking outside of the box. If we have to build this gasline ourselves, then let's do it. Alaska is full of smart, hardy, resourceful people. I have confidence that if we wanted to widen the lane that the Oil Pipeline already occupies…we could do it. Just one little last reminder….the people of Alaska voted….and we said, "An All Alaska Gasline" Thank-you, Connie Ballow	The commitment of resources, expertise and capital required for a state-built and -owned pipeline would be enormous. To design, construct and operate a pipeline requires a different kind of expertise than is now present within state government. By working with an established private entity, the state can protect its interests by monitoring the pipeline development process and ensure commitments made by the licensee are honored. See the summary at Section A, Issue #11a.

Ballow, Rick-Valdez, AK 3/01/08 (155NK)

COMMENT	RESPONSE
As you compare the Trans Canada proposal to an All Alaskan LNG project, and consider which would bring the "greatest benefit" for the people of Alaska, I'd like to give you my definition... "Greatest Alaska Gas Benefit" ~ Bringing relief from heating fuel and utility costs to as many of Alaska's residents as possible. I am hoping that you do not define "greatest benefit" as a project that merely promises the biggest royalties. Because I don't believe the State needs more money in it's surplus as bad as Alaskans need relief from high energy costs. Surely you would not deny the people the opportunity for a stable future over the promise of a bigger bank account?	The AGIA statute was crafted by the State of Alaska and passed by the Alaska State Legislature to ensure that an open-access gas pipeline (is) built on competitive terms, provide(s) the maximum benefit to the people of Alaska, and fully promote(s) the development of Alaska's vast natural gas resources." Recent increases in energy prices have severely impacted all Alaskans. AGIA is designed to generate the lowest possible in-state gas costs. The commissioners have determined, through the AGIA process and in this Finding, that TC Alaska's proposal offers to provide the maximum benefit to the people of Alaska. For a broad discussion, see Chapter 6 of this Finding.
Surely you heard us when we voted for an All Alaska Route.	See Section A, Issues #10a and 10b

COMMENT	RESPONSE
Beal, Ross-Fairbanks, AK 3/02/08 (164NK)	
I have to trust and I actually believe the people our govenor has chosen to oversee the process of getting a pipeline built, absolutly want and are working towards getting the best deal for Alaskans but this seems to be a game of chess right now. Chess always has a winner and a loser. We need cheap energy now. I hope there's someone left in the state to actually use this gas when and if it's ever available.	The AGIA statute and process facilitates commercialization of North Slope gas resources, promotes exploration and development of North Slope oil and gas resources, and maximizes benefits to the people of the state from the development of oil and gas resources in the state. For information regarding affordable energy and TC Alaska's proposal, see Chapter 1 of this Finding.
Bearden, Daniel-Anchorage, AK 1/09/08 (19NK)	
I'm glad we have Andrew Halcro doing due diligence on this flawed process run by obviously incompetent people. The AGIA process is bogus. Why do Palin, Rutherford and Irwin keep covering up the truth and lying to our face while conducting foolish award shows? Is it because it will expose your incompetence? The truth will be exposed very soon.	Comments noted
Beedle, Kenneth-Anchorage, AK 3/05/08 (233NK)	
Please make Alaska's gas-line an all Alaskan pipeline, keep gas for Alaskan's keep job for Alaskans and the long term job to maintain and run the line for years to come: All Alaskan gas-line No-Canada what so ever	The commissioners have conducted an extensive analysis of possible LNG projects in parallel with the evaluation of TC Alaska's AGIA application. The state gasline team examined a range of price and demand scenarios, along with the commercial realities of large-scale LNG projects. Ultimately, the commissioners found that, when compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater maximum benefits to Alaskans over the life of the project. For more, see Chapter 4 of the Finding, and Section A, Issues #10a, 10b, and #3a, 3b.
Behlke, James-Anchorage, AK 2/22/08 (111NK)	

COMMENT	RESPONSE
Hello; this is a question, not a comment: I'd like to know how much natural gas Alaska may require from an AGIA natural gas pipeline-- if a "spur" line was built to Cook Inlet and the AGIA gasline provided sufficient natural gas for all the the Railbelt, Cook Inlet, and any other in-state recipients along the route-- what percentage of the AGIA natural gas pipeline's capacity could Alaska require? A year ago I was talking with an oil company person, and after looking at the numbers, we speculated that Alaska may initially require as much as 15 percent of the natural gas from a 54 inch pipeline-- and that need could grow over time. If I understand correctly, TransCanada would build a 48 inch pipeline. I'm not sure if our calculations were correct (actually I doubt they were), but I wonder if the TransCanada project would allow for (or be engineered for) such large "offloading" of natural gas within Alaska-- it seems, especially between the North Slope and Fairbanks, that a natural gas pipeline might need a higher capacity in order to supply sufficient quantities at Alaska's take-out points. Thanks. Jim Behlke	Estimates of undiscovered, technically recoverable resources in Alaska's Arctic exceed 224 trillion cubic feet (tcf). This is enough to supply the entire volume of gas consumed by commercial and residential customers in the North Slope within Prudhoe Bay and other existing fields. The Department of Energy estimates the amount of economically recoverable, undiscovered gas within Alaska's Arctic to total nearly rest of the United States for about three years. There are 34 tcf of "reserves" on the 137 tcf. Gas consumed within Alaska for power generation, gas utilities, and industrial use amounts to roughly 163 billion cubic feet (bcf) per year. Studies of in-state gas use have projected consumption to remain less than 190 bcf/ year, even after North Slope gas becomes available to other parts of the state. Depending upon the production available from Cook Inlet, this would be less than 0.5 bcf/ day of the 4.0-4.5 bcf/ day proposed in various pipeline projects. AGIA requires any AGIA-licensed project to provide a minimum of five off-take points within the state, as well as distance-sensitive tariffs. Thus, Alaskans will have access to North Slope gas throughout the life of the project. Estimates of project life range between 25 and 50 years. For more, See Section A, Issues #4a, 4b, 4c.
Behlke, James-Anchorage, AK 3/06/08 (259NK)	
I have several concerns about the TransCanada AGIA application. I'm disappointed the applicant would not provide a direct supply of natural gas as a primary core infrastructure component to most of Alaska's population along the southern Railbelt and Cook Inlet. Perhaps this is an economic necessity, but I'm still disappointed. I'm not sure if it would ultimately better serve Alaska's needs to receive tax revenues from North Slope natural gas production, or if Alaska's economy would benefit more from a sustainable, adequate supply of natural gas. A spur pipeline to Cook Inlet from a TransCanada pipeline is no guarantee.	Please refer to response above.
Even if a spur pipeline got built, it may be	A spur pipeline connection built in conjunction

COMMENT	RESPONSE
exceedingly difficult for Alaska to acquire sufficient supplies of natural gas from a TransCanada project (apparently Cook Inlet may need as much as 300 million to 500 million cubic feet daily, and the northern Railbelt may need additional supplies). I simply don't know if the TransCanada pipeline would provide adequate capacity for Alaska's needs while maintaining enough volume, after Alaska's "take out" points, to efficiently pump natural gas farther south. Alaska buyers would probably compete with midwest market prices which historically have been much higher than ours. I attended the AGIA workgroup's Anchorage public presentation and I got good feedback. Still, I think it is difficult or impossible for many Alaskans like myself, even after studying, researching, and attending public forums, to have a sophisticated understanding of AGIA and related issues. However I am very impressed with the AGIA team that Governor Palin has assembled. I think this is an outstanding group. After talking with them, I feel they are highly qualified and dedicated professionals, and they are hearing and embracing Alaskans' concerns as best as they can within AGIA's parameters-- I shouldn't expect more from this workgroup or any other. Good luck to Alaska's AGIA team. I thank them for reaching out and including Alaska's public in this process.	with or subsequent to an Alaska gas pipeline project could provide a significant quantity of gas supply for in-state usage. The increase in local gas supply would benefit Alaska energy consumers in at least four ways: • A reliable source of stable gas supply in significant quantities would provide Alaska consumers a secure, long-term energy supply. • A spur line could enhance Cook Inlet exploration by creating a market outlet for new gas discoveries. • Long-term supply security would enable the major electric power utilities to develop long-term planning strategies for scheduled, efficient, and cost-effective generation capacity replacement. • ANS gas supply is likely to reach beyond the Alaska South-central and Railbelt regions. For more, see Section A, Issues #4a, 4b, 4d

Bennett, Jayne-, 2/28/08 (143NK)

Bottom Line: We need gas sooner before DLG becomes a ghost town	AGIA requires any AGIA-licensed project to provide a minimum of five off-take points within the state, as well as distance-sensitive tariffs. Thus, Alaskans will have access to North Slope gas throughout the life of the project. For more, see Section A, Issues #4a, 4b, 4d

Blumentritt, Brent-Soldotna, AK 1/25/08 (66NK)

I really think we should look at Conoco-Phillips proposal. Lets not close doors and burn bridges. Alaska could really use the gas line. lets do what it takes to get it done.	ConocoPhillips ("Conoco") declined to submit an application under AGIA. Conoco's "alternative proposal" was contingent upon the state's negotiating a satisfactory "resource fiscal package" of tax and royalty concessions to induce not only Conoco, but also ExxonMobil and BP to support the pipeline

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	with shipping commitments. Conoco has not defined what a satisfactory package would be, or proven to the state or the public that such a package is necessary to make a project economic. For an expanded summary, see Section A, Issues #8a, 8b. An in-depth discussion of Conoco-BP Alaska's "Denali Plan," announced by those companies after the public comment period for this Finding, is offered in Chapter 5 of this Finding.

Boatner, Bethany-Seattle, WA 1/23/08 (62NK)

COMMENT	RESPONSE
TransCanada is a Calgary-based company and as such can not possibly have the best interests of Alaska or Alaskans in mind.	Alaska and TC Alaska's best interests are aligned in that both parties will vigorously pursue the development and construction of a gas pipeline. AGIA requirements ensure that the state's interests, which are different from those of the producers and the pipeline company, are met. Any gas pipeline project must be commercially feasible, and any project sponsor should be expected to maximize their share of value. The best interest of Alaska, however, is protected by the terms under AGIA, and by the Federal Energy Regulatory Commission (FERC) and NEB and NPA in Canada. For more, see Section A, Issue #6d.
ConocoPhillips has had a presence in Alaska for 50 years. They would train Alaskans to help build the pipeline. Their employees already work and live in the US, not in Canada, so their incomes stay here.	AGIA requires a licensee to commit to employing Alaskans and Alaska businesses to the maximum allowable by law. Conoco commits to use Alaska contractors, but only so long as these contractors are competitive with Outside contractors. See Section A, Issues # 8c.

Bobbitt, Daniel-Valdez, AK 3/04/08 (197NK)

COMMENT	RESPONSE
I am young and wanting to stay in Alaska however with the cost of heating fuel and electricity I may have to leave Alaska. An All Alaska Pipeline "Gas" would help in creating lower living cost and create good paying jobs. Your consideration for an All Alaskan Gas Pipeline in paramount.	The AGIA statute requires applicants to commit "to the maximum extent permitted by law" to hire qualified residents, contract with businesses located within the state, and establish hiring facilities in the state using state-operated job centers. See Section A, Issue #3a For a detailed discussion of in-state LNG pipeline issues, refer to Chapter 4 of the Finding. For summary information, see Section A, Issues #10a, 10b.

COMMENT	RESPONSE
Bobbitt, Donna-Valdez, AK 3/04/08 (192NK)	
Governor Palin and Administration An all Alaska Gas Pipeline is the only way we can attract new residence, new business ventures, a training program for the new generation, keep our fishing industries viable, maintain current business in Alaska. The All Alaska Gas Pipeline is the best net back for Alaskans.	The commissioners have conducted an extensive analysis of possible LNG projects in parallel with the evaluation of TC Alaska's AGIA application. A range of price and demand scenarios were examined, along with the commercial realities of large-scale LNG projects. Ultimately, the commissioners found that, when compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater maximum benefits to Alaskans over the life of the project. For more, see Chapter 4 of the Finding, and Section A, Issues #10a, 10b.
A Gas line to Canada could end up being a security risk to Alaska and the lower 48 because Canada could stop shipping OUR gas at anytime.	As an international project, an Alaska pipeline that transports gas from the North Slope in to Canada will be governed by an agreement between the United States and Canada called the Transit Pipeline Treaty. The treaty would not allow Canada to shut off gas to the Lower 48 market. See Section A, Issue #10c.
Bobbitt, Roy-Valdez, AK 3/04/08 (194NK)	
Governor Palin, Alaska is on the verge of shrinking instead of growing because the price of heating fuel and electricity is impacting the residence of all our communities.	
1. Public voted for all Alaskan Gas Pipeline.	Please see response above. For more, see Chapter 4 of the Finding, and Section A, Issues #10a, 10b.
2. All Alaska Gas Pipeline with multiple off shoots to all towns and villages.	The AGIA licensee must commit to providing five in-state off-take points and "distance sensitive" transportation rates. This should facilitate the development of shorter, in-state spur lines to provide gas to more Alaska communities. See Section A, Issues #4a, 4b, 4d.
3. All Alaska Gas Pipeline would attract business, more people would move here, a new generation of young trained workers would emerge. 4. All current fishing industries commercial and charters will have to pass on their extra cost to consumers and tourist.	The commissioners have determined TC Alaska's proposal will promote continued gas exploration and development which is key to maintaining long-term in-state jobs, meeting the state's energy needs, and ensuring financial stability as oil production declines. For summary information, see Section A, Issues 3a, 3b.

COMMENT	RESPONSE
5. The Canada Gas Pipeline does not net back to the citizens of Alaska.	Alaska and TC Alaska's best interests are aligned in that both parties will vigorously pursue the development and construction of a gas pipeline. The AGIA requirements ensure that the state's interests, which are different from those of the producers and the pipeline company, are met. See Section A, Issue #6d.
6. Consider that a Canadian Gas line only would be a security risk to Alaskans and the lower 48 if the shut off shipping of our Gas.	As an international project, an Alaska pipeline that transports gas from the North Slope in to Canada will be governed by an agreement between the United States and Canada called the Transit Pipeline Treaty. The treaty would not allow Canada to shut off gas to the Lower 48 market. See Section A, Issue #10c.

Boyer, Jamie-Valdez, AK 3/04/08 (200NK)

Palin Administration an All Alaska Gas Pipeline is the only scenario that makes sense for increasing jobs, revenue, protecting our resources maintaining current business structure and developing new business in the future. A Canadian Gas line will take away jobs, lessen the net back to Alaskans. Look at the history in BLM records of how Canada has sold back American gas to Americans at a big profit margin for the Canadians	Thank you for taking the time to submit your comment. The response above addresses your concerns and provides direction for more information.

Bradshaw, John-Valdez, AK 3/05/08 (234NK)

I still don't get a warm fuzzy feeling running our natural resources through a foreign country. My mind returns to the time a few years ago when fishing boats blockaded the state ferry in Prince Rupert.	TC Alaska's proposed gas pipeline will be governed by an agreement between the United States and Canada called the Transit Pipeline Treaty. The treaty would not allow Canada to shut off gas to the Lower 48 market. See Section A, Issue #10c.
I'm also concerned that the people of Alaska are not getting the best bang for the "buck" with the gas leaving the state. After the pipeline is built not much is required to keep it flowing so where are the jobs. The state gets the revenue but the people do not get any immediate benefit like jobs would give.	Alaska and TC Alaska's best interests are aligned in that both parties will vigorously pursue the development and construction of a gas pipeline (see Section A, Issue #6d). The commissioners have determined TC Alaska's proposal will promote continued gas exploration and development which is key to maintaining long-term in-state jobs. For more information, see Section A, Issues 3a, 3b. More details of the commissioners' determination can be found in Chapter 6 of

COMMENT	RESPONSE
	this Finding.
I would really like to see the line remain in state with liquefaction plants with feed lines to larger cities and processing plants for propane etc. that would benefit smaller villages. Also the state must use its share or percentage if the gas and give it to the people at cost as they should with the oil. An immediate benefit to the people again. Thanks for your attention. -John Bradshaw	For a summary regarding in-state lines to provide gas for Alaskans, see Section A, Issue #4d, 4a, 4b.
Bredeman, Lawrence-Manley Hot Springs, AK 1/20/08 (52NK)	
If TransCanada needs a loan guarantee we have over $40 billion in the PDF in reserve. This money should be used to ensure the project.	The state is committed to doing whatever necessary to get a gas pipeline built for Alaska. However, the Administration does not believe state loan guarantees are necessary to move the project forward. Project sponsors are currently eligible for $18 billion of Federal Loan Guarantees. This will allow the project sponsor to borrow money at a favorable interest rate (see the summary at Section A, Issue #6a). Use of the Permanent Fund for pipeline construction, or for providing direct energy assistance, is restricted by the principles under which it was created. For details, see Section A, Issue #6c.
If the contractor takes longer then 6 months to decide to build then the State should build it.	For a discussion regarding the commitment of resources, expertise and capital required for a state-built and -owned pipeline, see the summary at Section A, Issue #11a.
Brophy, Jan-Soldotna, AK 2/28/08 (137NK)	
Dear Governor, I hope this finds you and your family well and you have the time to consider this letter. I am pleased with the way you do things as Alaskas' governor, although I don't follow everything that goes on in the state. I have no complaints.	
I want to talk to you about a "Utility Gas Line" in our state. I use the word utility because it brings into concept gas usefulness that is not connected to big production, the producers gas line through Canada, decades into the future, and addresses the needs of all Alaskans now. Alaska residents, business,	A spur pipeline connection built in conjunction with or subsequent to an Alaska gas pipeline project could provide a significant quantity of gas supply for in-state usage. The increase in local gas supply would benefit Alaska energy consumers in at least four ways: (1) A reliable source of stable gas supply in significant

COMMENT	RESPONSE
Boroughs, state utilities, Villages, all Alaskans need to have a all Alaska "Ulility" gas line now. I think there should be a gas line in place to provide utility gas from the slope, to Fairbanks, to the Delta, Tok, Valdez, Anchorage, The Kenai, all through-out Alaska. Commercial business, LNG, residents, small business would all prosper to any endeavor. If I may say so this should have been done many years ago, but without a vision it is, as it is. Concerning the interest of the Producers, Exxon/BP/CP, and the current cost of steel pipe, etc., the amount of gas on the slope, the states need for gas, and future gas fields being developed, it is conducive for them to control and warehouse the gas until other producers come on line, 20 years? There is the Pt. Thompson field, British Gas drilling, Arco, who else between now and the next two decades doing something with natural gas. At that time I believe they would maybe open Anwar of course run pipe over to Mackenzy in Canada, merely 400 +- miles or LNG out the top, being more cost affective? I believe the Federal government wants all the gas here in Alaska to be used in the states as they only have +- 10 years reserve for that purpose. So, questions to you Governor, to the people, do we want all our gas shipped out of here in a short period of time, will we as Alaskans have uility gas for us/our children/our childrens children?	quantities would provide Alaska consumers a secure, long-term energy supply; (2) A spur line could enhance Cook Inlet exploration by creating a market outlet for new gas discoveries; (3) Long-term supply security would enable the major electric power utilities to develop long-term planning strategies for scheduled, efficient, and cost-effective generation capacity replacement; (4) ANS gas supply is likely to reach beyond the Alaska Southcentral and Railbelt regions. For more information, see Section A, Issues #4a, 4b, 4d, and Chapters 1 and 6 of the Finding.
Will there be steady income from jobs created from the results of an all "Alaska Utility Gas Line", and how long?	Construction and long-term maintenance jobs would be generated by any sort of in-state gas pipeline. See Section A, Issues #3a, 4a, 4b, 4c and 4d for summaries regarding Alaska hire and in-state gas.
This line would not only make it possible to heat most homes in Alaska, provide energy for commercial business, propane to Villages, LNG to export, bring industry (ie,Agrium) to Alaska, and what of electrical energys from gas too. And this is our blessing. That the land holds these riches for us and that we must be good stewards of this land. To draw it out for a short exchange of financal gain without putting in place something for future generations	

COMMENT	RESPONSE
would be a mistake to be accountable for. How to make this come to pass starts with a vision, an idea as I am sure you concure.. Make it happen Sarah and Gods' blessings be with you.........Sincerly, Jan Barry Brophy Soldotna squelch44@hotmail.com Commissioners, I have sumitted a letter that I have sent to the Governor. Please consider. Too, I would like to add that as a utility in state gas line, local gas utilitys would use and give rise to new gas utility companys in the state to provide local gas to residents and businesses in citys, villages and towns through-out Alaska. Also, as new explorations in the field could sell thier product as processed into this utility line. Thank you for your service to the state of Alaska. Sincerly, Jan Brophy	
Brown, Debbie Holle-, 3/06/08 (312NK)	
I am in support of AGIA and the concepts contained in it. Transparency: getting the oil/gas resource up and into a pipeline to produce needed revenue for all involved. However, I am asking you, Governor Palin, to require as a priority, availability of Alaska oil/gas resource to Alaskans "FIRST". It is my understanding that Alaska will be experiencing its own energy crisis for existing and NEW industry and business as early as 2015.	The Alaska Gasline Inducement Act is designed to advance construction of a natural gas pipeline from the North Slope to market. By requiring AGIA applicants to commit to certain milestones within a specific timeframe, Alaska has taken steps to progress a gas pipeline project toward construction and operation as quickly as possible. TC Alaska has committed to perform all of the AGIA requirements in its application.
Therefore I am opposed to the State of Alaska spending Millions upon Millions of state dollars toward the building or a pipeline if it does not include in the Initial Contract, a pipeline within Alaska providing opportunity for Alaskans to access the actual resource. Our Alaska Constitution supports resource development and priority use by Alaskans/Alaska to grow our own economy and satisfy our own family and business needs.	As required by AGIA, TC Alaska has committed to provide a minimum of five off-take points along the Alaska section of the proposed pipeline. While TC Alaska does not propose building a spur line directly, the main line would allow for connection and off-take by a third-party project. Both ENSTAR and the Alaska Natural Gas Development Authority are pursuing spur-line projects which would connect with the main pipeline in Delta Junction and bring gas south to feed in to ENSTAR's existing network. See Section A, Issue #4b for more summary information.
I also support the concept of allowing Alaska residents to invest their Permanent Fund Dividends (as Investors) in a pipeline building project. Please consider creating such an opportunity for us.	Use of the Permanent Fund for pipeline construction, or for providing direct energy assistance, is restricted by the principles under which it was created. Permanent Fund investment in an Alaska gas pipeline has been

COMMENT	RESPONSE
	considered, but any such investment must still meet the fund's criteria. While these principals create barriers to spending of the Permanent Fund's principal, they also provide the structure to which so much of the fund's success is owed. For a fuller discussion, see Section A, Issue #6c.
In closing I do not support the approval of a gasline project going into Canada with the purpose of selling Alaskans Oil/Gas resources to Canada FIRST, Lower 48 states SECOND. The large oil companies are indeed playing "world scale" hardball with Alaska. Let's not continue being dominated Alaska any longer.	
We should build our own gasline and enjoy a walk-off homerun with Alaskans benefiting most and FIRST to use the gas resource itself. Thank you for reading my Public Comment on the TransCanada Gasline Proposal, Sincerely, Debbie Holle Brown	Please see Section A, Issue #11a.
Bruner, Michael D.-Anchorage, AK 2/26/08 (120NK)	
I want an all alaskan pipeline built to Valdez	The commissioners have determined that, when compared to an all-Alaska LNG project to Valdez, the overland gas pipeline project proposed by TC Alaska will provide greater benefits to Alaskans over the life of the project. For more on this, see Section A, Issue #10a, or Chapter 4 of the Finding.
Burke, Dr -North Pole, AK 1/06/08 (13NK)	

COMMENT	RESPONSE
AGIA comments Jan 6, 2008 "TransCanada has proposed an alternative of constructing a smaller diameter pipeline with a capacity of 2 Bcf a day across the state to tidewater in Valdez, where North Slope gas could be chilled to a liquid state and then tankered to markets overseas."	
I SEE OTHER ALTERNATIVES; SUCH AS, BUILDING A LNG BRANCH PIPELINE TO NORTH POLE REFINERY, TO HAVE IT CHILLED TO A LIQUID STATE AND THEN PUT ON RAIL TANK CARS TO ANCHORAGE, FOR USE THERE AND TO SHIP TO LOWER 48 VIA TANKER SHIPS. THIS WOULD ALLOW FAIRBANKS AND ANCHORAGE TO CONVERT OVER TO LNG, FOR THEIR HOMES, BUSINESSES AND TRANSPORTATION. WE NEED TO GET OFF OF IMPORTED OIL AND ON LNG, FOR LONG TERM USAGE. IN ANY EVEN, IT IS MY HOPE THAT FAIRBANKS AND ANCHORAGE WILL NOT BE LEFT IN THE COLD AND WE WILL HAVE ACCESS TO CHEAP LNG, WITH A GUARANTEED FIXED PRICE FOR ALASKANS, TO GIVE OUR STATE CITIZENS A STABLE SOURCE OF CLEAN ENERGY AND TO GIVE THEM ENCOURAGEMENT TO SWITCH OVER TO LNG AND STOP USING IMPORTED OIL. WE NEED TO ASSURE ALASKAN'S THAT THEIR STATE ISN'T BEING RAPED FOR THEIR NATURAL RESOURCE'S AND THEY WILL HAVE A CHEAP SUPPLY OF LNG, FOR THE FORESEEABLE FUTURE.	The commissioners have found that, when compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater benefits to Alaskans over the life of the project. The evaluation process revealed that an LNG pipeline depends on securing a specific market, and once that market commitment is made, the amount and type of gas developed and shipped is limited to the needs of the long-term contract. In addition, for an LNG project, any future expansions to the pipeline require extensive and expensive infrastructure development, most of which is not located in Alaska. This means that an LNG pipeline project would rely almost exclusively on existing gas reserves, thus limiting the need and opportunities for new gas exploration and development. For summaries regarding Alaska gas supplies and distribution under the TC Alaska application, please see Section A, Issues #4a, 4b, 4c, and 4d.
AND WE NEED TO HIRE ALASKAN'S FIRST, FOR THIS PROJECT. THIS PROJECT SHOULD BRING ALASKA AND CANADA CLOSER TOGETHER, AS A WORKING RELATIONSHIP, TO PREVENT THE LOWER 48 FROM STEALING OUR NATURAL RESOURCES, THAT CAN NEVER BE REPLACED.	In its application, TC Alaska commits to hire qualified Alaska residents, to contract with in-state businesses, to establish or use existing state hiring facilities, and to use the state's job centers and associated services. TC Alaska also pledges to establish a local headquarters in Alaska for the proposed project, and to negotiate a project labor agreement before construction. As an AGIA licensee, TC Alaska's failure to fulfill these commitments would be a violation of the license terms with remedies available to

COMMENT	RESPONSE
	the state. For more, please see Section A, Issues #3a, 3b.
I WOULD ALSO SUGGEST BUILDING A SMALLER PIPELINE, TO SUPPLY WATER TO THE LOWER 48. MAYBE FROM CANADA OR SOUTHEASTERN ALASKA? I THINK DRAUGHTS WILL BECOME THE NORM IN A FEW YEARS AND WE HAVE TO PLAN AHEAD TO FEED THEM THE WATER, THAT THEY WILL NEED, IF WE ARE TO REMAIN A VIABLE NATION. ONE DAY WATER WILL BE AS EXPENSIVE AS OIL AND WE MUST BE READY FOR THAT DAY. AS AN ALTERNATIVE CONSIDERATION TO SAVE MONEY AND TIME, I WOULD HAVE THE PIPELINE BETWEEN PRUDHOE AND NORTH POLE SERVE A DUEL PURPOSE. AS THE OF OIL DECLINES, LIQUIFIED LNG SHOULD TAKE ITS PLACE AND BE SEPARATED AT THE NORTH POLE REFINERY, FOR SHIPPING DOWN THE TRANSCANADA PIPELINE. DOING THIS WILL SHORTEN THE BUILDING TIME OF THE PIPELINE by not having TO BUILD A PIPELINE SOUTH FROM PRUDHOE, TO FAIRBANKS AND THIS WILL SAVE BILLIONS OF DOLLARS FOR BOTH ALASKA AND TRANSCANADA CORPS. IT WAS HARD ENOUGH, LAYING A PIPELINE OVER ANTIGUN PASS AND WE WILL HAVE TO LAY ANOTHER ONE DOWN ON TOP OF IT OR DIG A TUNNEL THROUGH THE MOUNTAIN, COSTING $$$$$$ BILLIONS. I'm not sure if another right of way, can be found around Atigun Pass. IT WOULD BE BETTER TO PAY TRANSALASKA PIPELINE CORPS FOR SHARING THEIR EXISTING PIPELINE WITH LNG. A DUAL PURPOSE PIPELINE, THAT LNG WILL EVENTUALLY BUY OUT ANYWAY, ONCE THE OIL IS DEPLETED. WHY PAY FOR SOMETHING TWICE, WHEN THE EXISTING INFRASTRUCTURE WILL DO? So, the existing pipeline from Prudhoe to Fairbanks, will serve both oil and LNG. And while we wait for the LNG pipeline to get build through Canada, we will be in a position to	Your comments and suggestions are noted and will be taken under advisement.

COMMENT	RESPONSE
send LNG to North Pole refinery, have it liquified and then send it on to Anchorage by tanker railcars, then port it down to the lower 48. So our lead time to market will be greatly reduced and transCanada and Alaska will start receiving profits sooner, to pay off accumulated debts. Also; an alternate route is a good idea, because of terrorist threats and having a dual shipping infrastructure, will ensure an uninterrupted supply of LNG to the energy starved lower 48. Now, if we were to use a broader brush stroke and think BIGGER, then a tourist infrastructure, along with a pipeline would be a more feasible ambition. Like laying down a new 4 lane highway along transCanada pipeline to Alaska, along with a high speed monorail, that will transport people to and from Alaska, at over 200 mph. Then a bike path for naturalist and hikers, with way stations along the way for parks and recreation. If we are going to spend BILLIONs on this mega project, then we should combine it with other State projects that will encourage people to move to Alaska and bring in more tourist to help offset the cost of building this project. I would eventually like to see a transBering chunnel; connecting the lower 48 and Canada to the Far East, via Alaska and a Bering Sea chunnel. Alaska will be a major conduit, connecting the Far East and the Lower 48 together. There ONLY 50 miles separating the two and eventually they will come together. We have to plan for that. The money saved with above ideas, could be use to help this dream come true. We only need people in positions of leadership, who have the foresight to get it done. DR BURKE.	
Burris, Lawrence-Anaktuvak Pass, AK 2/12/08 (87NK)	
The All Alaska Line is the best for our state and should have been given more consideration by our state administration and governor.	The commissioners have determined that, when compared to an all-Alaska LNG project to Valdez, the overland gas pipeline project proposed by TC Alaska will provide greater benefits to Alaskans over the life of the project. For summary information on this, see Section A, Issue #10a; for in-depth discussions, see Chapter 4 of the Finding.
Calderone, David-Anchorage, AK 1/18/08 (46NK)	

COMMENT	RESPONSE
It was obvious to all that when the "FIVE" applications were first announced that in reality there was only one real applicant, and that was TransCanada. So it was little surprise when TransCanada was selected by the Governors application review team.	In accordance with AGIA, all applications were reviewed for completeness under the 20 statutory requirements, referred to as the "must haves." After the initial review, letters were sent requesting clarifying information for each application; no new or supplemental information was requested. After receiving clarifying information from each applicant, the applications were re-evaluated for completeness with the statutory requirements. At the end of the completeness review, only TC Alaska's application was found to meet AGIA's 20 statutory requirements. The application was then reviewed by the AGIA team to determine whether it was in the best interest of the people of Alaska.
The problem is, that the CEO of TransCanada is on record that NO natural gas pipeline can be built without the invovlement of the producers!	There is general agreement that the producers must be involved in the development of this project. AGIA recognized the importance of commitments from the producers by providing the Resource Inducements in Article 3. Much of the North Slope gas being considered for commercialization is located on state lands which have been leased to the producers. Under their lease contracts with the state, the producers are required to produce the oil and gas resources in the lease in order to retain their leasehold**.** For more, please refer to Section A, Issue #9a.
In addition, the TransCanada application calls for the US Government to be a "Bridge" shipper. There is no way the US Congress is going to pay for anything, especially when Alaska is sitting on 40+ billion dollars in the bank.	The bridge shipper and loan guarantee concepts are not requirements. Instead, they are creative ideas which TC Alaska has offered for the state's consideration to help facilitate the development of the project. See Section A, Issue #7b.
There are those that say, if the pipeline is built, the producers will have no option but to ship the gas. This is not true. It will be easy for the producers to justify not shipping the gas, by using it to pressurize the oil wells to increase oil production. Which makes sense, since oil is far more valuable than gas. So do not make the assumption that the Government will be able to force the producers to ship gas. You will just end up in court with a lawsuit you cannot win. The government's other option is a reserves tax, well forget that, you will just	There is general agreement that the producers must be involved in the development of this project. AGIA recognized the importance of commitments from the producers by providing the Resource Inducements in Article 3. See Section A, Issue #9a.

COMMENT	RESPONSE
end up killing the goose that laid the golden egg. With Alaska's current history of coruption in government and it's ever changing tax structure, it will be extremely difficult for anyone other that the producers to get the funding to build a gas line.	
Without a stable and long term tax structure, the producers are not going to make the investment of 50 billion dollars to build anything, nor will any Wall Street investors.	The need for a clear, stable and predictable tax regime is addressed in AGIA. Producers who commit to ship gas during the first open season of an AGIA pipeline will pay taxes at the rate in existence at that time for the first 10 years of pipeline operations, even if the statutory rate changes during that same period.
In conclusion, the AGIA process was a total failure, as there were no true qualifing applications, and MidAmerican did not even apply. And even if you claim TransCanada, than one application is no success either, as there is no competition and no real chance for TransCanada will actually build anything without the support of the producers. So just throw everything out, and start to negotiate with the major North Slope Producers, and get this natural gas pipeline built.	
Campbell, Jim-Soldotna, AK 1/28/08 (72NK)	
Gov. Palin and AGIA staff, I hope you will reconsider your recent decision regarding the pipeline proposal submitted by Conoco Phillips. The fact that it was an alternative proposal should not automatically exclude it from consideration. With the limits imposed by AGIA, Conoco Phillips plan may actually be more viable and workable than TransCanada's. The fact that Conoco Phillips is a major oil and gas producer on the North Slope as well as the largest producer of natural gas in North America, makes them highly qualified to construct the pipeline. I strongly believe if Conoco and TransCanada were allowed to team up and construct the pipeline, Alaska would have the best of all worlds. The partnership, in my opinion, would represent a very good construction team for the pipeline, if not the best. Thank you. Jim	Because Conoco declined to submit an application and meet the requirements set forth by Governor Palin and the Alaska State Legislature under AGIA, it could not considered as part of the AGIA review process. See Section A, Issue #8a.

COMMENT	RESPONSE
Campbell	
Carlson, Gordon-Cantwell, AK 1/07/08 (15NK)	
Don't really care who builds the gas-line as long as it gets built, it would be nice to see on the news if there is going to a spur line in to the Railbelt area of the State, and what route would a spur line would take. AKneeds to be first on getting gas, It is our resource , it seems like all AKdoes is ship it resource out of State so that someone else benfits from us.................	As required by AGIA, TC Alaska has committed to provide a minimum of five off-take points along the Alaska section of the proposed pipeline. The location of these off-take points is as yet undetermined and each provides an opportunity for connection with spur lines. While TC Alaska does not propose building a spur line directly, the main line would allow for connection and off-take by a third-party project. Both ENSTAR and the Alaska Natural Gas Development Authority (ANGDA) are pursuing spur-line projects which would connect with the main pipeline in Delta Junction and bring gas south to feed in to ENSTAR's existing network. See the summaries in Section A, Issues # 4a,4b, and 4d.
Carpenter, Michael W., 2/28/08 (139NK)	
Your meeting in Kenai 25 Feb was excellent. Help me understand the whole picture. Keep up the good work! Of course Kenai wants gas down here.	See Section A of this portion of the commissioners' Finding for summary information of key points and commonly asked questions associated with the TC Alaska application. For a greater grasp of the whole picture, details are provided in the Finding's main body.
Carr, Derald J.-Wasilla, AK 2/28/08 (140NK)	
It is my belief that a line through Canada may very well not be in the best interest of the state. An in state line would be more beneficial to the state by providing jobs, a tax base and possibilities for local industries. A provision of LNG export should be, that it would not be exported to a foreign country of a west coast or in state market exists. The oil companies must commit to shipping product before a line can be built.	The commissioners have conducted an extensive analysis of possible LNG projects in parallel with the evaluation of TC Alaska's AGIA application. A range of price and demand scenarios were examined, along with the commercial realities of large-scale LNG projects. Ultimately, the commissioners found that, when compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater maximum benefits to Alaskans over the life of the project. For more, see Chapter 4 of the Finding, and Section A, Issues #10a, 10b.

COMMENT	RESPONSE
Carr, Mary-Wasilla, AK 2/28/08 (138NK)	
The best way is thru Alaska and not Canada. That way Alaska would employ in the making as well as the years to follow.	Please refer to the response above.
Keep our jobs in Alaska as well as USA. Am concerned going thru a foreign country.	TC Alaska commits to hire qualified Alaska residents, to contract with in-state businesses, to establish or use existing state hiring facilities, and to use the state's job centers and associated services. TC Alaska also pledges to establish a local headquarters in Alaska for the proposed project, and to negotiate a project labor agreement before construction. As an AGIA licensee, TC Alaska's failure to fulfill these commitments would be a violation of the license terms with remedies available to the state. For more on this, see Section A, Issues #3a,3b.
Casey, E.M.-Anchorage, AK 3/04/08 (203NK)	
Dear Governor Palin: Congratulations and applause for sticking to your guns about using a transparent public AGIA process to allow the public as well as the legislators and government agencies to hear and read the kind of information important to reaching the right decision. As you have said, but in your own words and several times, the important thing is not how fast a decision is made but using the time to make the right decision. One that continues to give priority to protecting the interests of Alaska and of Alaskans in how and for whom our natural resources area developed, or to use a newer word, are monetized. I am just one of the voters who tries to stay informed by listening to the in depth presentation by interested companies and experts with deep experience in the marketing of oil and gas resources. These speakers include staff experts inside your own administration, in DOR and LAW as well as DNR's Tom Irwin and his fine staff. There are several facts that rang the pertinence bells as they were heard. Explanation often rang the pertinence bell as they have been heard. Some of those explanations were supplied in answers to questions asked by legislators during both information gathering sessions held as Open Caucuses as well as during hearings held by	

COMMENT	RESPONSE
natural Resources and finance committees of both House and Senate. It is also a pleasure to see bipartisanship in action in the Senate where the Coalition Majority allows the President of the Senate to make the best use of members instead of being limited in appointments to conflicting political parties and closed causes. It appears that this change in procedure which facilitates transparency has become an important part of the use made of the first AGIA process of eliciting disclosure of a great deal of realistically important information.	
Now, it has become evident that the time has come to develop a second round of an AGIA-like process to encourage the kind of full and robust analysis by independent experts(as advocated by CEO Walker.) His excellent testimony about the planning permitting time that can be shortened dramatically because of permitting already in place.	The Request for Applications was designed to elicit enough information to enable complete analysis of the applications received. The commissioners ultimately determined that only one of the applications met all of the AGIA statute-mandated conditions and provided all of the required information. To begin the process anew would be unfair to the successful applicant and is not necessary. The commissioners' determination process and legislative review are adequate to ensure that benefits to the state are adequately maximized.
The priority given to in-state work and to first use of the gas, e.g., North Slope and Point Thompson gas as well as gas found by new potential producers were among bell ringing points. Does it seem to you as well and the Governor Hickel has it right just as he did about TAPS. After all we do not ship our oil to the lower forty-eight via a long, long pipeline across difficult geographic challenges nor do we give away valuable liquids to our Northern neighbor's business interests. With several applications for new LNG plants on the West Coast as well as an existing plant is our neighboring B.C., why should we refuse to join the worldwide market for sale of our natural gas—while retaining all rights to the valuable gas liquids for our in state to encourage our own economy. Why give that part of our resources to the Henry Hub facilities and probably have to buy part of them back instead of developing new petro-chemicals in	See Section A, Issues #3a for a summary discussion of Alaskan priority hire. When compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater benefits to Alaskans over the life of the project. For more, see Chapter 4 of the Finding; and Section A, Issues #10a, 10b.

COMMENT	RESPONSE
state where we could make good use of the business.	
And, TransCanada has indicated it could be interested in building an line to ice free tidewater for LNG shipment to any market interested in contracting to buy our natural gas in LNG form—if that company has an opportunity to be among bidders for such construction.	See Section A, Issues #10a; and Chapter 4 of the Finding.
I look forward to continuing to follow the progress of the exchange of information sparked by the AGIA process as it matures and leads to gas for an increasingly productive and well-heated economy. As ever, all best wishes for success, up with AGIA2 Ms. E.M. Casey	
Casey, E.M.-Anchorage, AK 3/06/08 (325NK)	
The AGIA process opening up extensive information to the concerned and voting public in addition to making the Legislators privy to proposals and the combination of expertise and knowledge from all applicants has been of great value to Alaska and Alaskans. AGIA has opened the information gateway in startling contrast to efforts of the earlier administration to force upon us acceptance of a non-contract with potential harm to Alaska and Alaskans. That does not mean the process is now ready for a final vote nor approval. I have written frequently to both Administration and Legislature during the AGIA process and will try to condense my gradually developed opinion about what the next step in the process of achieving a natural gas pipeline should be. A very important step has now been taken by the Governor by the appointment of a well qualified person experienced in the energy field and with negotiating skills. Steve Haagenson has already evidenced his ability by involvement with at least one of two significant changes concerning the three big oil and gas producers on the North Slope.	
It is of utmost importance that the Governor, her energy team and the Legislature continue	On March 5, 2008, the Governor appointed Steve Haagenson Energy Coordinator with the

COMMENT	RESPONSE
to hold firm to obtaining a means of securing access in-state and across the state to our natural gas and alleviate economic hardships to businesses and families by lack of supply and excessive transportation expenses.	express goal of tasking him and his organization, the Alaska Energy Authority, with examining, analyzing, assessing and proposing solutions to the energy availability and cost challenges facing many Alaskans.
Alternative sources of energy, even those with near term potential such as wind farms and experimental tidal power or return to pursuing more hydro power will take development time. In the mean time our revenue remains very dependent on fossil fuel and selecting the right decision to implement access should be a priority.	Ultimately, the cost of routing North Slope gas to Alaska communities will improve greatly with the construction and operation of a large-diameter pipeline that fully commercializes Alaska's North Slope natural gas reserves. The Governor and the Legislature recognized this during their cooperative efforts to craft and pass the AGIA law and the provisions of that law that deal with in-state use or gas for Alaskans.
We should not allow either the existing Point Thompson oil, nor its gas (which can first pressurize oil release and later supply a gas pipeline) continue to be sequestered by leaseholders long in violation of their lease agreement, taking advantage of the favorable tax definition of reserves as not proven until placed in a pipeline.	DNR Commissioner Tom Irwin on April 22, 2008, issued his Findings and Decision of the Point Thomson Unit POD. Commissioner Irwin's Findings and Decision can be obtained online at www.dog.dnr.state.ak.us/oil/ Oil and gas leases give companies the right to develop hydrocarbon resources in specific areas for a set period of time. If the lessee fails to timely develop the resources, the lease expires. DNR uses the legal system to enforce its rights under the leases if the lessee fails to fulfill their development obligation. A recent example of this type of enforcement action is the pending case about the lands in the Point Thomson Unit.
I can not support the present application of TransCanada because I believe a much more practical right decision can be built on the proposal offered by the All Alaska Gas Pipeline Port Authority for an LNG line with several take-out point on the way to an ice free tidewater port. Please review the archived presentations made by Mr. Walker and submitted with 14,000 pages of supporting detail, Largely created by Bechtel engineer and resources. Please consider the significant shortening of time by making use of their many years of planning, permitting and right-of-way work already done. Alaska could achieve a viable gas pipeline years earlier by making the right decision to go for the LNG plan.	The application submitted by the Port Authority under the AGIA process was incomplete. Still, the commissioners recognized that it was important to understand the comparative value of an LNG project. The commissioners directed an extensive analysis of different LNG project options in parallel with its analysis and evaluation of TC Alaska's AGIA application. The commissioners found that, when compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater benefits to Alaskans over the life of the project. For greater summary detail, see Section A, Issues #2e. In-depth discussions can be found in Chapter 4 of this Finding.

COMMENT	RESPONSE
Our natural gas can be delivered to new West Coast LNG ports and facilities by U.S. build ships, complying with the Jones Act. One LNG port is now being developed in Oregon and there are applications for others. Our gas could reach the lower 48 states without penetrating the Rockies or losing substantial energy, as well as valuable gas liquids, in a vast steel-demanding overland route still being touted as a grant expense by lease-holding big producers. The right decision can provide energy fostering a more vibrant economy for all Alaska now and in the future. Beyond commercially contracted sales to corporations in the lower 48, sales in the ever expending global market have the added United States benefit of adding to all other valuable Alaska exports such as mineral ores, fish and timber.	
Cissell, Wayne-Kenai, AK 2/27/08 (132NK)	
It is wrong the way the governer has shut off Conoco Phillips in the negotions to bring Conoco's idea of a sound project to the table. It should be looked at as part of a, "global project" for Alaska. The State of Alaska needs to show a little flexabilty and listen to what the Company bring to the table. They have the technolgoy and the current leases that contain the natural resourse, (which unless the state of alaska has decided that it will force the companies to produce the gas or get in the production business) then the State should open the door and listen. This may be a dog of a different color but it is business and will mean long term revenue for the State, the people and Nation.	Because Conoco declined to submit an application under the open AGIA process and meet the requirements set forth by Governor Palin and the Alaska State Legislature under AGIA, it could not be considered as part of the AGIA review process. Conoco’s alternative proposal was contingent upon the state’s negotiating a satisfactory “resource fiscal package” of tax and royalty concessions to support the pipeline with shipping commitments. Conoco has yet to define what a satisfactory package would be, or prove that such a package is necessary to make a project economic. In effect, Conoco’s proposal would have restarted the failed Stranded Gas Development Act negotiations between the state and the three North Slope producers.
It must be frustrating to be so bent on pushing a project through at any cost to the state.	The purpose of AGIA is to maximize the benefits of a gas pipeline to Alaskans by getting the right project for the state, not simply any project at any cost. Getting a pipeline at any cost does not address the state’s long-term interest in having a pipeline that will create an open, competitive environment where explorers know that when they find gas, they will be able to get it to market on commercially reasonable terms.

COMMENT	RESPONSE
	Continued gas exploration and development is key to maintaining long-term in-state jobs, meeting the state's energy needs, and ensuring financial stability as oil production declines.
I think we will be opening the state up to more than black mail with the Canadan government. I believe it wasn't but a few years ago that there were several disagreements over fishing in the continetial waters which should be a singal that it could be an issue to deal with once we have commited time, money & resourse to build a line through Canada.	Any Alaska pipeline which transports gas from the North Slope in to Canada will be governed by the Transit Pipeline Treaty. The treaty mandates nondiscriminatory treatment and would not allow Canada to simply shut off gas to the Lower 48 market.
I am for an all Alaskan gas line which follows the TransAlaskan oil line into Anchorage and on to Kenai. This would be used as a long term gas supply and would established a longer term gas source into the industrial area. If a separate line would not be feasible from Anchorage to Kenai, why then could we not negotiate with the existing pipeline operators, i.e. Enstar and bring gas down to the Peninsula via those existing pipes. After the Alaskan pipeline is started and moving forward, I am sure that negotiations could be ongoing to advance the Canadan spurr line and tie into the TransCanada infastructure. We need to start today moving forward on a project. I believe that the all Alaskan spurr line should be brought to fution first and the Canada line second. Just listen! Open it up again! and see if everyone may be easier to come to grips with the Concept of bringing North Slope gas to Market. I believe that there is still time for negotations which will broker the best deal for the People of the State of Alaska. Thanks, Wayne Cissell	As required by AGIA, TC Alaska has committed to provide a minimum of five off-take points along the Alaska section of the proposed pipeline. The location of these off-take points is as yet undetermined and each provides an opportunity for connection with spur lines. While TC Alaska does not propose building a spur line directly, the main line would allow for connection and off-take by a third-party project. Both ENSTAR and the Alaska Natural Gas Development Authority (ANGDA) are pursuing spur-line projects which would connect with the main pipeline in Delta Junction and bring gas south to feed in to ENSTAR's existing network. For more on this topic, see the summary provided at Section A, Issues #4b, 4a, and 4d.

Copper Valley Electric Association- James Manning, President & Board of Directors 3/05/08 (243NK)

Dear Commissioners: Thank you for conducting public meetings in Valdez and Glennallen on the process and status of AGIA. Copper Valley Electric Association (CVEA) provides electric service along 250 miles of the Richardson, Glenn, and Edgerton Highways. CVEA applauds the leadership shown by	

COMMENT	RESPONSE
Governor Palin and the hard work of the AGIA gas line team in their efforts to commercialize Alaska's gas.	
As the process moves forward it is our hope that the state will recognize and act to address the desperate situation we are facing today as a result of soaring oil prices.	See Section A, Issue #4a
At present it does not appear that AGIA, if successful, will result in significant, tangible economic benefits in the near term. Our communities desperately need cheaper BTUs now. We respectfully encourage you to strongly consider the immediate needs of Alaska as you continue your efforts toward gas commercialization. Sincerely, James Manning, President Board of Directors	On March 5, 2008, the Governor appointed Steve Haagenson State Energy Coordinator with the express goal of tasking him and his organization, the Alaska Energy Authority, with examining, analyzing, assessing and proposing solutions to the energy availability and cost challenges facing many Alaskans. The cost of routing North Slope gas to Alaska communities will improve greatly with the construction and operation of a large-diameter pipeline that fully commercializes Alaska's North Slope natural gas reserves.

Cordes, Gregory-Wasilla, AK 1/11/08 (26NK)

Gov. Palin: I do not like AGIA and our State commitment to TransCanada for a least 10 years. This is the WRONG direction for our state. Why aren't you listening to the true conservatives in the state.	
How can we committ to something that has no commitment of the leaseholders?? We thought you were a conservative, and not a sell-out!	There is general agreement that the producers must be involved in the development of this project. AGIA recognized the importance of commitments from the producers by providing the Resource Inducements in Article 3. Much of the North Slope gas being considered for commercialization is located on state lands which have been leased to the producers. Under their lease contracts with the state, the producers are required to produce the oil and gas resources in the lease in order to retain their leasehold. Commercially, it would be in the producers' best interests to make firm transportation commitments to ship gas on an economic pipeline project or to sell the gas to a counterpart willing to make those same transportation commitments. See Section A, Issues #9a, 9b, for more.

Corwith, Jeff-Anchorage, AK 3/04/08 (186NK)

COMMENT	RESPONSE
I believe the state should pursue a policy of engagement with the major producers, rather that what appears to be the current confrontational approach. Playing games with politics and public opinion will not get us any closer to starting.	The major North Slope producers have demanded that Alaskans provide fiscal concessions in the form of adjusted state tax and royalty provisions before they will consider building a pipeline. State officials maintain that it is economically irresponsible to provide a financial boost to the project before project cost, schedule, and range of risks are further defined. For a broader summary, see Section A, Issue #9b.
A second point, I do have serious concerns that awarding the AGIA contract to any company (not just Transcanada) binds the state, while getting no commitments to begin construction. Again, our best course of action is to engage the producers.	If awarded an AGIA license, TC Alaska commits to advance a project on an aggressive and enforceable timeline. In order for a project not to be sanctioned, TC Alaska must progress the project through certification by the FERC, and through arbitration with the state, have the project declared uneconomic. The Producers will be engaged on many levels throughout this process. Without an AGIA license, however, the state has no guaranty that a project will be advanced at all.
Thirdly, I would ask the state to determine the amount of the lost net present value to Alaska is associated with each year's delay in this project. This calculation should be calculated at discount rates comparable to those expected to be received by a pipeline company. Assumptions behind the calculation should be made public.	The cost of delay is different for producers and the state, and varies depending on the specifics of the project and discount rate applied. This is discussed in great detail in Chapter 3 of the Findings, including assumptions used in the Administration's calculations.

Cowling, Edgar-Anchorage, AK 2/12/08 (90NK)

1. TransCanada did not submit a complete application under the AGIA legislation. 2. The AGIA legislation has serious flaws that not only will not get a gas pipeline built but reduces any chance of ever getting a gas pipeline.	In accordance with AGIA, all five applications received were reviewed for completeness under the 20 AGIA statutory requirements referred to as the "must haves." After the initial review, letters were sent requesting clarifying information for each application. No new or supplemental information was requested. After receiving clarifying information from each applicant, the applications were re-evaluated for completeness with the statutory requirements. At the end of the completeness review, only TC Alaska's application was found to meet AGIA's 20 statutory requirements. The commissioners have thoroughly evaluated TC

COMMENT	RESPONSE
	Alaska's application to ensure it accomplished the goals in AGIA. See Section A, Issue #7a.

Custer, Karen-Anchorage, AK 1/22/08 (60NK)

Governor Sarah Palins plan for delivering a natural gas pipeline to Alaska is NOT working. TransCanada may have submitted a proposal that meets all of your requirements but it is not in the best interests of Alaska and Alaskans to approve it. We should not give TransCanada $500 million and a state license.	
Giving TransCanada a license now, before the tax issues are settled, risks wasting many years and huge sums of public money, while the state's main revenue stream, crude oil, rapidly dwindles.	The need for a clear, stable and predictable tax regime is addressed in AGIA. Producers who commit to ship gas during the first open season of an AGIA pipeline will pay taxes at the rate in existence at that time for the first 10 years of pipeline operations, even if the statutory rate changes during that same period.
TransCanada is a Calgary-based company and as such can not possibly have the best interests of Alaska or Alaskans in mind.	Alaska's and TC Alaska's best interests are aligned in that both parties will vigorously pursue the development and construction of a gas pipeline. AGIA requirements ensure that the state's interests, which are different from those of the producers and the pipeline company, are met. Any gas pipeline project must be commercially feasible, and any project sponsor should be expected to maximize their share of value. The best interest of Alaska, however, is protected by the terms under AGIA, and by the Federal Energy Regulatory Commission (FERC) and NEB and NPA in Canada. See Section A, Issue #6d.
ConocoPhillips has had a presence in Alaska for 50 years. They would train Alaskans to help build the pipeline. Their employees already work and live in the US, not in Canada, so their incomes stay here.	In its application, TC Alaska commits to hire qualified Alaska residents, to contract with in-state businesses, to establish or use existing state hiring facilities, and to use the state's job centers and associated services. TC Alaska also pledges to establish a local headquarters in Alaska for the proposed project, and to negotiate a project labor agreement before construction. As an AGIA licensee, TC Alaska's failure to fulfill these commitments would be a violation of the license terms with remedies available to the state. See Section A, Issues #3a, 3b, and 8c.

COMMENT	RESPONSE
TransCanada is suggesting a pipeline might need billions in new financial backing from the U.S. government. If they cause the State of Alaska to look to Congress for partial funding, Congress will turn around and tell the State of Alaska to dip into the Permanent Fund for the money. The State of Alaska should not use the Permanent Fund to build a gas pipeline.	At this time, the Administration does not believe state loan guarantees are necessary to move the project forward. Project sponsors are currently eligible for $18 billion (which escalates with inflation) of Federal Loan Guarantees. This will allow the project sponsor to borrow money at a favorable interest rate. While this does improve the project economics somewhat, it does not determine the project's feasibility. Use of the Permanent Fund for pipeline construction, or for providing direct energy assistance, is restricted by the principles under which it was created. For more, see Section A, Issue #6c.
TransCanada shows reluctance to build and run the essential, $6 billion gas treatment plant to strip liquids and carbon dioxide out of the gas before it goes into the pipeline. This suggests that the major oil companies will need to be enlisted to build and run the plant. Lets award the contract to them in the first place. This 1,715-mile, $26 billion Alaska Highway gas pipeline should be built by ConocoPhillips, not TransCanada.	The details of the gas treatment plant ("GTP") will be an important part of any discussions and negotiations between the ANS producers and TC Alaska. TC Alaska has stated (section 2.2.3.12) that it believes that the ANS producers are the most logical parties to construct and operate the GTP. TC Alaska has proposed an approach that provides the maximum opportunity for those parties to design and construct the GTP utilizing the existing Central Gas Facilities for Prudhoe Bay. TC Alaska has further agreed that if this approach does not work, it is prepared to construct the GTP itself.

Custer, Karen-Anchorage, AK 2/12/08 (88NK)

AGIA does not require that an applicant MUST be selected to build a pipeline just because an application was submitted. Congress does not require that an application that was submitted under AGIA must be given preference to an application submitted separately. It does require competition to build a gas pipeline, which we have. I urge you to award a contract to ConocoPhillips to build the gas pipeline.	Comment noted.

Danner, Lars-Girdwood, AK 3/06/08 (315NK)

I do not think the AGIA license (and associated $500 million) should be awarded to TransCanada--the money would be better spent on education.	Comments noted.

COMMENT	RESPONSE
Given the withdrawn partner liability, I don't see how TransCanada can build the line. The money, if awarded, will be wasted.	TC Alaska has addressed this issue in supplemental answers and filings provided to the state (on the AGIA Web site) and in recent testimony provided to the legislature. The commissioners' legal experts also addressed this issue. In short, we believe that this issue will be satisfactorily resolved by the appropriate parties through litigation, rulings by the appropriate regulatory agencies, and/or negotiated agreements and should not prevent the project from moving forward on the schedule developed by our engineering experts.
Davis, Greg-Anchorage, AK 1/20/08 (54NK)	
I am concerned that TransCanada is already seeking Federal Loan guarantees to cover cost overruns. Also they want our Federal Government to pay shipping fees if they cannot find enough buyers? Why is that our problem.	These assertions directly conflict with the language of TC Alaska's application, which provides TC Alaska's unconditional commitments to each of the AGIA requirements. The TC Alaska application does not place any conditions or contingencies on those commitments. The loan guarantee concept is not a requirement. Instead, it is a creative idea which TC Alaska has offered to help facilitate the development of the project.
Let the oil companies (ConocoPhillips a US company) build the gas line. It saves us 1/2 billion dollars up front. Thats a lot of money that doesn't need to be given away. We need to find common ground with the oil companies and get this done. Every day we are not building the gas line the state and our people are loosing money.	ConocoPhillips' latest joint effort with BP has not yet established what debt to equity ratio it would propose to use in its tariff, or other commercial tariff terms. If, rather than the 70/30 required by AGIA, their debt to equity ratio was instead 68/32, the financial difference to the state over the 25-year life of the project would be the equivalent of writing the $500 million AGIA check to BP/Conoco without any of AGIA's other protective provisions regarding access and expansion. No commitments to solicit interest from explorers through future open seasons, no commitment to ensure the level playing field provided by AGIA's access and rolled-in expansion rates provisions, but the $500 million up-front cost would be identical. That's one scenario. For more, see the summary at Section a, Issue #8b, and Chapter 5 of the Finding.
I think the governor is "grandstanding" against	See Section A, Issues #9a, 9b

COMMENT	RESPONSE
the oil companies. Its always easier to attack big oil than to work with them, we need to put this petty rivalry away and work together with our states biggest industry to make this gas line happen. Thanks for you time Greg Davis	
Dawson, Kit-Fairbanks, AK 2/05/08 (83NK)	
The applicatoin by TransCanada Corp. looks great. Please don't fold to the pressure put on by ConnocoPhillips.	Comment noted
Dengel, Dave-Valdez, AK 3/02/08 (163NK)	
I beleive that the best project ofr Alaska is the All-Alaska proejct proposed by the Alaska Gasline Port Authority. The longer the gas stays in alaska the greater the economic impact will be for the future.	The commissioners have found that, when compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater benefits to Alaskans over the life of the project. See Section A, Issue # 2e.
There are two many "ifs" with the Trans Canada project. There are to many unanswered questions; the status of the withdrawn partners, the issue of the First Nations, and the issue of a "bridge shipper."	TC Alaska has addressed this issue in supplemental answers and filings provided to the state (on the AGIA Web site) and in recent testimony provided to the legislature. The commissioners' legal experts also addressed this issue. We believe this issue will be satisfactorily resolved by the appropriate parties through litigation, rulings by the appropriate regulatory agencies or negotiated agreements and should not prevent the project from moving forward on the schedule developed by our engineering experts.
The All Alaska LNG project has everything ready to go. It is what is best for the entire State of Alaska. I also believe that the State needs to be more proactive with the pipeline. The State needs to hold the open season, not a producer, or a pipeline company. The State needs to use some or most of its surplus to kick start the project and not just the $500M already committed. We should not focus a lot on the well head value but moire on the long term	Please see Section A, Issues #10, 10b, and Chapter 4 of this Finding for discussions regarding all-Alaska and LNG options.

COMMENT	RESPONSE
economic impacts of an All Alaskan gasline.	
More industry and more jobs will create a larger economic impact than a higher well head price. Well head money goes to Juneau to be spent by the legislature. Jobs and industry create wealth for everyone. Let's get this thing done. We've waited long enough.	Your comments are noted and will be taken under advisement.
Denman, Todd-Anchorage, AK 1/10/08 (22NK)	
I am extremely disapointed in AGIA and see it as an abysmal failure which needs to be scrapped so we can move on to other options. The Palin administration seems to not have any sense of urgency while the clock is ticking away. This bubling with AGIA may have cost us any chance of a gas pipeline.	
4 weak bids does not constitute a success no matter how much media spin is put out.	The state received applications from five applicants, including TC Alaska. All five expended considerable effort to submit applications. The Request for Applications was designed to elicit enough information to enable complete analysis of the application. The commissioners ultimately determined that only TC Alaska's application met all of the conditions and provided all of the information required under AGIA. The commissioners' determination process and legislative review are adequate to ensure that benefits to the state are maximized.
Marty Rutheford needs to disclose her potential conflict of interest.	DNR Deputy Commissioner Marty Rutherford has no conflict of interest regarding the TC Alaska application and is not one of the commissioners tasked with making the Finding and Determination.
I was a strong supporter of Sara Palin when she ran for Governor, sign in my yard and all, but at this point I am extremely disapointed. Again, AGIA has failed and it needs to be scrapped so we can move on with a less business hostile approach so my children have a future in Alaska.	Comments noted.

COMMENT	RESPONSE
Denton, Dave-Anchorage, AK 2/18/08 (97NK)	
The following is a question. I work on the North slope and in many conversations regarding AGIA the consistent theme that is being bantied about is...	
According to federal law the shippers must promise to pay the pipeline owners a certain payment for the life of the pipeline. While the state is not willing to committ to a long term tax agreement. In other words the shippers do not want to committ to long term payment to the pipeline owner while not getting the state to agree to the same lentgh of time regarding taxes.	The need for a clear, stable and predictable tax regime is addressed in AGIA. Producers who commit to ship gas during the first open season of an AGIA pipeline will pay taxes at the rate in existence at that time for the first 10 years of pipeline operations, even if the statutory rate changes during that same period.
Dittrich, John-Anchorage, AK 1/29/08 (75NK)	
You cannot have a pipeline without gas and the gas is controlled by the producers.	Under their lease contracts with the state, the producers are required to produce the oil and gas resources in the lease in order to retain their leasehold**.** Commercially, it would be in the producers' best interests to make firm transportation commitments to ship gas on an economic pipeline project or to sell the gas to a counterpart willing to make those same transportation commitments. See the summary in Section A, Issue # 9a.
Fiscal certainty is a requirement for any business venture, let alone a $30 B pipeline.	Please see Section A, Issues #2c
Save the $500 million, give Conoco stability and let's get their proposal back on the table and get a pileline built ASAP!!! We cannot afford to wait any longer.	Comment noted.
Dixon, Dixie-Anchorage, AK 1/26/08 (68NK)	
AGIA has failed! One reasonable offer is not success. I am a small business woman, born Alaskan and I cannot see where Trans Canada offer is a significant player. The administrations response is face saving and Trans Cananda is a bit player. Get realistic with the entities that have the most resources to make this happen.	Because AGIA spells out the bedrock requirements identified by Alaskans through their elected representatives, even one application that agrees to satisfy the state's needs is major progress. Whether the State received five applications or 20, the State only needs one qualifying application that can accomplish the goals defined in AGIA. For more on this subject, see the summary at Section A, Issue #2b, 2a.
No Exxon, Conoco Phillips or BP are not	TC Alaska's application states that the

COMMENT	RESPONSE
perfect, but they make money and they make things happen. Trans Canada is a wantabe and will struggle through this deal. Palin needs to stop shoting from the hip and get some experienced people who really know how to make things happen. Trans Canada will be stumbling through the deal and this administration and others will keep coming to their rescue to save face.	company has a strong credit rating (a rating of "A3" from Moody's Investors Service), nearly $30 billion (Canadian) in assets, and a net annual income of more than $1 billion (Canadian). The Goldman Sachs report attached as Appendix H concludes that TC Alaska is financially capable of completing this project. See more at Section A, Issue #7c.
Dolbinski, John-Anchorage, AK 3/04/08 (172NK)	
Don't be so blind as to exclude the only viable builders of the gas pipeline. Gov. Palin is surrounded by anti-oil people and has become infected with this stance. If Trans-Canada gets the bid, they will be tied up in court longer than Exxon currently is, trying to figure out how to pay the $10 billion + to the old holders of the Alaska Gas Line Project.	Please refer to the responses above regarding TC Alaska's credentials and ability to build a gas pipeline from the North Slope to market.
Donahue, Dennis-Anchorage, AK 3/02/08 (165NK)	
dog.dnr.state.ak.us/agiacomments. Notice the first three letters of this web site. DOG! That is an accurate description of the AGIA process.	
Four of the five applicants couldn't even make it past the receptionist let alone qualify. The fifth, TransCanada, is loaded with contingencies. AGIA did not produce the intended results and is bogged down with questions and concerns about it's only remaining candidate,TransCanada.	AGIA spells out the bedrock requirements identified by Alaskans through their elected representatives. The State needs no more than one qualifying application that can accomplish the goals defined in AGIA. For more on this, please see Section A, Issue #2b.
They have no gas to ship and they are relying on the United States Government to finance the construction of the gas line.	TC Alaska's application presents various options, such as requests for Federal Loan Guarantees and participation as a bridge shipper, but it is not conditioned on them. Please see Section A, Issue #7b for more.
Let's stop this embarrassing exercise in futility and proceed directly to the inevitable conclusion of getting a pipeline by negotiating long term fiscal terms with the gas lease holders. They have the gas, financial wherewithal, and expertise to build and operate the pipeline. Alaskans will benefit greatly for the next 40 years!	The need for a clear, stable and predictable tax regime is addressed in AGIA. Producers who commit to ship gas during the first open season of an AGIA pipeline will pay taxes at the rate in effect at that time for the first 10 years of pipeline operations, even if the statutory rate changes during that same period. Further response to your comment can be found at Section A, Issues #9a, 9b.

COMMENT	RESPONSE
Downs, Cody-Anchorage, AK 2/04/08 (80NK)	
It is of firm belief for me AGIA has been a transparent and open process from the start. After reviewing all the applications throughly, I cannot as a good Alaskan endorse TransCanada.	Comment Noted
The proposal submitted by the Port Authority happens to be the most rational and fiscally endowed approach to get a sound a vibrant economy for Alaska as well as a full benefit for the state's natural resources. I urge the Palin Administration to focus its strength and valor on the Port Authority bid here on. Thank You.	Although the Port Authority application was incomplete under AGIA, the commissioners recognized that it was important to understand the comparative value of an LNG project. The commissioners directed an extensive analysis of LNG project options in parallel with its analysis and evaluation of TC Alaska's AGIA application. The commissioners found that, when compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater benefits to Alaskans over the life of the project. See Section A, Issues #2e.
England, Gerald-Fairbanks, AK 3/04/08 (183NK)	
Your presentation on 2-27-08 in Fairbanks was very informative. My wife and I are originally from Calgary Alberta. I appreciate Chip Bishops testimony on apprenticeship programs. I served an apprenticeship as a machinist and as a power plant operator. On my 1964 arrival in Alaska I found that power plant operators have no mandatory licensing laws even today it isn't mandatory up with permission for crossing First nation laws in Canada. Thank you again Gerald England	Comments noted. For more information regarding employment under AGIA, see Section A, Issue #3a.
England, Shirley Gail-Fairbanks, AK 3/04/08 (178NK)	
After attending last nights AGIA meeting in Fairbanks I wish to state that I feel comfortable that some of you involved are trying to do the best for the state of Alaska and for us citizens. Thank you for that. Please, keep up the good work. Having immigrated here in 1964 from Alberta Canada my husband received his technical education from Southern Alberta Institute of Technology which was the located in Calgary, we were many years ago familiar with technical needs of society as well as those of oil and natural gas producers.	Comment Noted
My questions last night pertained to pipeline	Canada First Nations groups have submitted

COMMENT	RESPONSE
permitting from Alaska's border to Alberta and the resolutions of First Nations claims.	comments to this Finding. A brief summary addressing their general concerns is found at Section A, Issue #5a.
We lived here in Fairbanks before during and after the construction of the Trans Alaska pipeline and want reassurance that thing will be handled better for the people of the state as well as for the state of Alaska. Thank you for the professional way you are handling things. Shirley Gail England	The purpose of AGIA is to maximize the benefits of a gas pipeline to Alaskans by getting the right project for the state, not simply any project at any cost. The commissioners have examined TC Alaska's application from all angles and believe it is the best proposal for Alaskans and Alaska's future.

Fairchild, Adam-Houston, AK 3/04/08 (191NK)

COMMENT	RESPONSE
Not sure how to politely say this but the Transcanada proposal doesn't qualify under strict reading of the AGIA process. Transcanada may try and sugar-coat their conditions but they are conditions none-the-less. Which isn't allowed according to AGIA.	For a detailed response to your comment, please refer to the summary at Section A, Issue #7b.
Transcanada has made it clear that they can not proceed without the State of Alaska sitting down with the producers and coming to fiscal terms. No one will build a 40 Billion dollar project without knowing what to expect as a payback over the life of the project, period. Anyone who expects differently is delusional. Do you buy or build a house without knowing the interest rate of the loan? To say that the producers make enough money they don't need fiscal certainty is not realizing the reality of the drivers of our economy. If the people of Alaska like their PFD they want the producers to continue making a profit as the PFD is heavily invested in each. So, please, just cut the garbage. Alaska needs the continued funding from the gas reserves. We don't need folks in Juneau playing games and living in a fiscal never-never land. Cut the nonsense of Alaskas "Fair Share". Our Fair Share of nothing is still nothing. Without the producers there is no share of anything. This AGIA process will not get us our share, it will only delay the sitting down and negotiating the terms under which the gas will flow. How low will the state budget have to go Gov. Palin, Ms. Rutherford and Mr. Erwin before you are willing to negotiate and broker some	The major North Slope producers have demanded that Alaskans provide fiscal concessions in the form of adjusted state tax and royalty provisions before they will consider building a pipeline. State officials maintain that it is economically irresponsible to provide a financial boost to the project before project cost, schedule, and range of risks are further defined. See Section A, Issues #9a, 9b, 2c.

COMMENT	RESPONSE
sort of deal? Do we have to start turning out the lights in Anchorage before that happens? You criticize the previous administration for spending two years of behind doors negotiation and not brokering a deal. Yet, here we are a year plus into your administration and we are further away from any deal than ever before. We are still several years away from knowing if the one "successful" AGIA bid will even get licensing. You call this progress? I call this a sad step backward. Gov. Palin, you were elected on the basis of "bringing ethics back to Juneau".	
Yet you have on your oil and gas team someone who just so happens to have worked for the "winning" AGIA bidder. This smacks of unethical behavior and brings the entire AGIA process into question. I had hopes Gov. Palin that you would help lead AK toward a gas line. Now I fear you are being led by poor advise from Ms. Rutherford, Mr. Erwin and your husbands union down a primrose path to financial ruin for the state of Alaska. I hope you can live with yourself as you watch Alaska grow dark.	Comment Noted
Fate, Hugh-Fairbanks, AK 3/06/08 (313NK)	
During the four years that I spent in the Alaska State Legislature, much of my time was spent on oil and gas issues. My positions during that time were as vice chair of the Special Committee on Oil and Gas, vice chair of the Legislative Budget and Audit Committee, the co-chair and then the single chair of the House Resources Committee, and a member of the House Finance Committee. I am therefore very familiar with all aspects of the oil and gas industry. Although I was the prime sponsor of the revamped Stranded Gas Act, I hold no pride of authorship. Any piece of legislation that will propel the construction and completion of a gas pipeline from the North Slope to markets, and will bring the highest revenue and the least difficulty to the State of Alaska, will merit my support. This does not mean that the State should pursue such a relentless effort toward maximizing our revenues in the short term, that we squeeze the life out of projects that	

COMMENT	RESPONSE
give us that revenue over the long term. In my view the following issues must be resolved to facilitate the process that will lead to a gas pipeline completed in a timely fashion.	
One issue revolves around the question of an all Alaskan pipeline to Valdez for the purpose of marketing LNG. Because there is no receiving terminal on the west coast of the United States, any market on the west coast of the North American continent exclusive of the United States would bump into the Jones Act. Markets that exist in Asia and the Pacific rim are highly competitive through long-term contracts forged with counties and companies with cheap and ample supplies of LNG for export. The federal government did not pass legislation which would help guarantee the costs of building a pipeline from Alaska just to see the gas from that pipeline go to a foreign market. Those guarantees are for facilitating the construction of that pipe to carry gas to a domestic market. There are other issues involved with the construction of a pipeline for the purposes of providing LNG to market, especially in the area of "returns on investment" and FERC consideration for two simultaneous lines.	All-Alaska LNG issues and conclusions are detailed in-depth in Chapter 4 of the Finding. For summary information, refer to Section A, Issues #2e and 10a.
Port Thompson litigation must be quickly dealt with. It would seem that a negotiated compromise which may halt the litigation process would be to the State's advantage and might form a model for other issues that appear to be headed for litigation. Contrary to what some believe, time now becomes one of the most important elements for two basic reasons. The first reason is that given enough time the domestic market that so desperately needs Alaska gas at the present time, could in the future be supplied by the ever increasing amounts of natural gas from other areas of the globe. The other reason is that time is money to the State of Alaska. For every year that we do not see gas coming through that pipe, we will lose billions of dollars. That loss is sure to come during a period when the flow of oil through the Alyeska pipeline will be diminished severely or even halted. It is important that we make sure that no further delays are a result of	The Commissioner of DNR recently issued a decision regarding Point Thompson matter. Our analysis of the TC Alaska application and the other alternatives consider different volume scenarios which include and exclude production from Point Thompson. Oil and gas leases give companies the right to develop hydrocarbon resources in specific areas for a set period of time. If the lessee fails to timely develop the resources, the lease expires. DNR uses the legal system to enforce its rights under the leases if the lessee fails to fulfill their development obligation. A recent example of this type of enforcement action is the pending case about the lands in the Point Thomson Unit. The state agrees that time is clearly of the essence and that an expedited resolution of the Point Thompson matter that meets the

COMMENT	RESPONSE
litigation that otherwise could be avoided.	requirements of the state would be desirable.
Although the Stranded Gas Act apparently was a failed attempt, it was how the act was administered, not necessarily how the act was written. Issues that were negotiated to a positive conclusion should at least be brushed off and looked at. One of those issues is the equity position in the pipeline that stakeholders including Alaska might occupy. An equity position held by Alaska would be exclusive of any petroleum taxes or excise taxes on gas. It would be a pure investment in the pipeline and would seat the State at the table which might in the future alleviate any potential for issues headed towards litigation. Numbers should be run to determine if there is a tipping point between the amount of lost revenue from property taxes etc., on the State's equity portion, and the amount of profit derived from the ROI. Without this type of close scrutiny, the State runs the risk of losing huge amounts of money for our future.	The AGIA process replaces the failed Stranded Gas Development Act (SGDA) effort. Unlike the agreement negotiated under the SGDA, AGIA does not require the state to give up its sovereign rights to regulate its oil and gas resources or to indefinitely freeze tax rates only for certain companies. Privately negotiated, the SGDA agreement required Alaska to give up its ability to regulate taxes on the companies for up to 45 years, would have cost Alaskans at least $10 billion in revenues over its term in exchange for no commitment to actually build the pipeline. Alaska's legislators have, through their actions on the negotiated Stranded Gas Development Act contract, made it clear that the State will not concede its sovereignty over State lands, will not lock in oil and gas taxes for decades, and will not give up the State's rights to switch between taking its royalty gas in-kind or in-value, among other things. These were just some of the concessions made in negotiations between the prior administration and the three major North Slope producers under the provisions of SGDA. To date, the State of Alaska has determined that the development and ownership of this project is best left to experts in the industry that do this every day. Through the passage of AGIA and the award of a license, the State believes that it is already playing a very significant role in this project and the development and monetization of the State's vast gas resources. If, however, at some point, greater participation by the State (e.g., ownership or otherwise) is in the project's and the State's best interests, it will seriously consider such participation.
Even at this juncture in the AGIA process, it may be prudent to encourage all stakeholders to participate. Without their participation, there are issues that will be difficult to resolve as well as running the risk of a failed open season. Even though this administration is loath to negotiate any element in the AGIA, it may be necessary to do so. That is not all bad, because most good contracts are a result	Your comments are noted and will be taken under advisement.

COMMENT	RESPONSE
of good negotiations.	
Fickes, Jamey-Valdez, AK 2/29/08 (150NK)	
I feel that we should keep this gas line coming through American soil only because we need to rely on the resources here available to us now. Allowing this line to go through Canada will no longer allow us to claim it as our own. We will have to share our profits and products with Canada a "foreign country" and we will just continue what has already happen with our oil, keep it in America!	TC Alaska's proposal is to build an open-access pipeline and enter contracts with gas producers for shipping the gas on the pipeline to market. TC Alaska will not own rights to any of the gas shipped through the line. The open season required by AGIA is the first step in this process.
With access to resources available to make the line work here in Alaska through Valdez just seems smarter and seems to be an easier route because those resources are available here and now, this allowing us to save some time and money. Thank you for your time and the ability to comment on this subject.	The State of Alaska recognized the need to evaluate "All-Alaska" LNG options in parallel with TC Alaska's AGIA application. Analysis has concluded that LNG options do not give Alaska the most economic and energy benefits. See Section A, Issue #10a for summary reference. Chapter 4 of the Finding considers this issue in depth.
Fouts, John-Anchorage, AK 3/07/08 (337NK)	
I went to two town meetings and asked the same questions at each. Question, how many more jobs would an all Alaska Pipeline to Tidewater would you get, opposed to a Canadian line? Granted, the first time I asked the question was somewhat abstract and was a big target. The second time I asked was closer to the point, but left still room for someone to give a less obvious answer. No one protested the somewhat deceptive answer in the AGIA group. I can't imagine my question was so ambiguous that the whole team didn't understand the intent of the question; seeing how loaded it was. Of course the question doesn't have anything	The purpose of AGIA is to maximize the benefits of a gas pipeline to Alaskans by getting the right project for the state, not simply any project at any cost. Getting a pipeline at any cost does not address the state's long-term interest in having a pipeline that will create an open, competitive environment where explorers know that when they find gas, they will be able to get it to market on commercially reasonable terms. Continued gas exploration and development is key to maintaining long-term in-state jobs, meeting the state's energy needs, and ensuring financial stability as oil production declines. For more information, see Section A, Issues #3b, 3a.

COMMENT	RESPONSE
to do with the AGIA town meeting, and the only company that met all requirements; but, it does not have to do with the best interest of Alaskans, which sometimes becomes clouded with this process. As simple as can be; 1000 miles of pipeline and 8 compressor stations in Canada; 750 miles and 6 compressor stations in Alaska. It is hard to convince me and any other Alaskan that that would compute into more jobs for a Canadian line. Any elaborated answer contrary to the simple obvious would suggest to me that there is still lingering sentiment on the negative side of Alaskans best interest.	
A Canadian line has got to be the option with the all Alaskan being the imperative. Alberta and the Tar Sands are considering nuclear energy plants, generating steam to in act oil from the Sands if they don't get our gas. The Oil Sands are so vast, and need so much energy to process and with Canada having their own supply problems, for anyone to believe that any of our gas would reach the lower 48, just don't have all the facts. Alberta needs our gas and if they want it they can build a pipeline to Alaska and get it at their expense. Taking our gas to Tidewater and getting a better price for foreign markets would give us a market option not to sell it in Canada at the lower market price that it is. This all computes into control of our own gas. After the Administration realizes and makes the decision to go all Alaska, the follow through will be obvious: petrochemical industries, cheaper gas, more jobs, and more money in state.	The Palin administration directed an extensive analysis of LNG project options in parallel with its analysis and evaluation of TC Alaska's AGIA application. The commissioners found that, when compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater benefits to Alaskans over the life of the project. For more details, see the summaries at Section A, Issues # 10a, 10b, and Chapter 4 of the Finding.
This brings me to who I would put my trust in looking out for us is none other than, Mr. Harold Heinze of ANGDA working with the Alaska Gas Line Port Authority to make it happen.	See Section A, Issue #2e, and Chapter 4 of the Finding for more on LNG option analyses.
Freese, Karl-Anchorage, AK 2/20/08 (102NK)	
Thank you for holding the public information meeting on AGIA at UAA last night. It was most informative. The State of Alaska is finally heading in the right direction on this issue critical to both us and the nation. Keep up the good work.	Comment noted

COMMENT	RESPONSE
Fuhs, Paul-Anchorage, AK 3/06/08 (320NK)	
I don't take the LNG option section of Trans Canada's application seriously. They will only look at it after a failed open season.	The TC Alaska application was a good-faith proposal that provides a point at which to begin negotiations. Chapter 4 of this Finding examines LNG options in depth and provides comparisons to an overland pipeline route.
Then I assume they will try to get the bridge shipping agreement before abandoning a Canadian highway project. How many years will that take? Then there is no plan for how they will proceed with an LNG project. A new open season or what? Without any plan, this just seems like a tack on to their application to assuage people, not a serious proposal. We can't put all our eggs in one basket for a project that has serious land claims and other legal problems. Alaskans can't wait that long to get access to our gas.	TC Alaska's application suggested the "bridge shipper" concept as a means of allowing the project to go forward even if the major North Slope producers refuse to participate in an open season, TC Alaska did not make its commitments to fulfill any of AGIA's requirements conditional on either the State's or U.S. Government's agreement to or participation in the bridge shipper concept. Rather, it suggests (but does not require) a bridge shipper alternative as a means of obtaining financing for the gas pipeline project, and allowing the project to go forward even if the major North Slope producers refuse to participate in an open season for the project's capacity. See Section A, Issue #7b for more on this subject.
Furbus, Harold-Palmer, AK 3/06/08 (310NK)	
The AGIA process should include a chance to correct and resubmit a proposal after it has been reviewed and determined there are deficiencies in the proposal. To throw out proposals without a chance to correct and resubmit a better proposal may cost the state many billions of dollars. We need what's best for Alaska not just AGIA.	In accordance with the AGIA statutes and AGIA Request for Applications, all applications were reviewed for completeness under the 20 AGIA statutory requirements. After the initial review, letters were sent requesting clarifying information for each application. No new or supplemental information was requested. After receiving clarifying information from each applicant, the applications were re-evaluated for completeness with the statutory requirements. See Section A, Issue #2b.
A gas line to central U.S. through Canada would be extremely risky at this time under the current conditions. And should Not be Considered at this time. With other countries getting ready to put vast quantities of gas on the market and new gas discoveries in the states, gas prices are very likely to fall below profitability. This type of risk is not in the best interest of Alaska, as mandated in the	In-state demand alone would not justify the construction of a North Slope gas pipeline. However, a spur pipeline connection built in conjunction with or subsequent to the effort proposed in TC Alaska's application could provide a significant quantity of gas supply for in-state usage. As required by AGIA, TC Alaska has committed to provide a minimum of five off-take points along the Alaska section of

COMMENT	RESPONSE
constitution.	the proposed pipeline. Both ENSTAR and the Alaska Natural Gas Development Authority (ANGDA) are pursuing spur-line projects which would connect with the main pipeline in Delta Junction and bring gas south to feed in to ENSTAR's existing network. See Section A, Issue #4a, 4b, and 4d for more summary information.
We need to seriously consider the alternatives, mainly the Bullet Line to South Central.	The TC Alaska project will not preclude construction of a smaller pipeline from the North Slope to southcentral Alaska. Issuing a license to TC Alaska may increase the likelihood that plans for a "bullet line" or "spur line" will become reality. See more discussion on bullet line scenarios in the Executive Summary portion of this Finding.
The state should take back the PT. Thompson lease. It has been in violation for too long. It's time for the state to take control of the gas now.	DNR Commissioner Tom Irwin on April 22, 2008, issued his Findings and Decision of the Point Thomson Unit POD. Commissioner Irwin's Findings and Decision can be obtained online at www.dog.dnr.state.ak.us/oil/
We need a Gas Line directly to South Central, Valdez not necessary. There is sufficient ports in South Central. The state could and should finance and own a gas line to South Central. If the state owns the Pipe Line and the Pt. Thompson gas the risks and tariffs could be reduced substantially. Even if the price of gas falls to the point where it is not profitable to export LNG there would sill be gas for Alaska's needs. The state profits would be less, for the time, but losses would be minimal compared to not owning the gas and gas line and minuscule compared what the losses would be on a gas line to Central U.S. The NGLs should be extracted in Alaska for use in Alaska. Please reconsider the "All Alaska" proposals.	Please refer to response above regarding in-state demand. Also, see Section A, Issue #4c for information about long-term gas for Alaska. Section A, Issue #11a summarizes issues relating to a state-owned pipeline.
The TransCanada proposal should be moved forward alone.	Comment Noted

Furbush, Clarence E.-Palmer, AK 3/04/08 (193NK)

COMMENT	RESPONSE
Alaska first gas energy for economic creations from carbon chemistry heat for homes and lights and industry. As living standards improve demands will increase for energy. We need to analyze our assets of all kinds, including minerals and refining, hydro, steam and dams & etc. We need the all Alaska pipeline system and be able to sell some of the gas for cash.	On March 5, 2008, the Governor appointed Steve Haagenson to the position of State-wide Energy Coordinator with the express goal of tasking him and his organization, the Alaska Energy Authority, with examining, analyzing, assessing and proposing solutions to the energy availability and cost challenges facing many Alaskans.
The state should own the gas line and do our own maintenance.	Constructing and maintaining a pipeline is an enormous commitment of resources that is better left to experienced pipeline companies. To design, construct and operate a pipeline would require a different kind of expertise than is now present within state government. In order to be able to build the pipeline, the state would have to hire new employees and form a corporate entity to manage the project. For more, see Section A, Issue #11a.
Caution- Security of the storage oil tanks in Valdez hold millions of gallons of oil. If the wrong people got in the area they could make a mess.	Pipeline and oil storage security are serious matters and will continue to be handled as the highest priorities.

Furbush, Phillip-Palmer, AK 3/04/08 (206NK)

Dear Governor, Commissioners and those concerned, The TransCanada gas line proposal through Canada to the lower 48 and to Valdez, involves too many complicated and unresolved issues, would be far too costly, involves far too much risk and should not be built at this time under the current circumstances.	Through an extensive evaluation process, the commissioners have found that the independently owned, overland natural gas pipeline project from the North Slope to Canada proposed by TC Alaska will sufficiently maximize benefits to Alaskans.
There are too many complicated and unresolved issues to getting permits through Canada and Canadian Native Lands.	The commissioners engaged Canadian legal counsel to review TC Alaska's application and the comments relating to the Canadian portion of the project. The commissioners believe that these requirements and TC Alaska's history of working with the Aboriginal communities in Canada will provide the basis for resolving any issues suggested in your comment.
TransCanada debt liability could be a major problem.	TC Alaska has addressed this issue in supplemental answers and filings (on the AGIA Web site) and in recent testimony provided to the legislature. The commissioners

COMMENT	RESPONSE
	have asked their legal experts to also address this issue (see Chapter 3 of the Finding for a comprehensive discussion.) In short, we believe that this issue will be satisfactorily resolved by the appropriate parties through litigation, rulings by the appropriate regulatory agencies or negotiated agreements and should not prevent the project from moving forward on the schedule developed by our engineering experts.
There are several countries gearing up now to put huge amounts of natural gas on the market. The price of gas is likely to fall to the point that there will be little or no profit for the state of Alaska. With a debt service on the gas line of $40 to $50 billion or more we would be obligated to sell our gas even if we have to sell at a loss. This would be a huge unnecessary risk under the current circumstances.	New supplies of liquefied natural gas (LNG) are being developed throughout the world. To ensure this development and many others were considered, the State used three different independent gas price forecasts from the U.S. Energy Information Administration, Wood Mackenzie, and Black & Veatch, the latter two which are world-renown energy consulting firms. The economics of the project were determined to be very favorable using the price ranges and forecasts from each of these sources.
Valdez would have a land area and safety problem for a gas liquefaction plant and industry of this scale. A "Bullet Line" directly to South Central (not Valdez) would be far more beneficial to the state without near the risks. A "Bullet Line" directly to South Central would provide all the options and diversification we need to provide for: 1) all our local needs 2) export of liquefied gas 3) industrial uses 4) petrochemical industry for added value products 5) South Central already has infrastructure to export liquefied gas and has the land area for expansion. 6) Gas could be shipped out of several different ports in South Central. 7) South Central has the land area necessary for liquefaction plants and petrochemical industries, 8) The State of Alaska could afford to pay for and own a bullet gas line to South Central and we should own the gas line.	The TC Alaska project will not preclude construction of a smaller pipeline from the North Slope to Southcentral Alaska. Issuing a license to TC Alaska may increase the likelihood that plans for a “bullet line” or “spur line” will become reality. Indeed, moving both projects forward simultaneously will produce unique synergies. There are adequate supplies of natural gas to fill both pipelines. Because of its smaller scale, the bullet line project can be designed and constructed more quickly than the TC Alaska project. The two projects will provide benefits to each other. The construction work force will gain experience working on the bullet line. The TC Alaska project will attract experts to the state that would not otherwise be available to work on the bullet line project. For more discussion of bullet line scenarios, please refer to the Executive Summary of this Finding.
There is no need for a gas line to the lower 48 states or Valdez at this time. If it does become necessary we can always build it at that time.	Comments noted. Your opinions and suggestions will be taken under advisement.

COMMENT	RESPONSE
For now we should focus on using the gas to build our economy, not just selling mass amounts of gas for a quick spending fix that would do nothing to build a sustainable economy. Sincerely, Phillip Furbush	

Gallagher, Michael-Anchorage, AK 3/06/08 (339NK)

COMMENT	RESPONSE
To Whom It May Concern, While I believe that AGIA is important legislation in principal, and I applaud the Palin administration for its efforts, the law has failed to bring about the results that Alaskans anticipated. Only a handful of companies submitted proposals under the law, and only one company qualified under AGIA. These results are disappointing at best.	Because AGIA spells out the bedrock requirements identified by Alaskans through their elected representatives, even one application that agrees to satisfy the state's needs is major progress. Whether the State received five applications or 20, the State only needs one qualifying application that can accomplish the goals defined in AGIA. For more on this subject, see the summary at Section A, Issue #2b, 2a.
I have significant concerns about the gas line proposal submitted by TransCanada. More importantly, I cannot support TransCanada's proposal unless and until the state of Alaska thoroughly reviews and compares differences between TransCanada's Canadian route and an All-Alaska route. Until such a comparison is completed, Alaskans will not be satisfied that this State has done everything in its power to ensure that we have the best possible proposal and route for the maximum benefit for all Alaskans.	Recognizing the importance of LNG as a potential alternative for Alaska, the Administration conducted an extensive analysis of different LNG projects in parallel with its evaluation of TC Alaska's AGIA application. The commissioners found that, when compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater benefits to Alaskans over the life of the project. For an in-depth discussion of this subject, please refer to Chapter 4 of this Finding. For summary information, see Section A, Issues #10a, and 2e.
When the state compares a Canadian versus an All-Alaskan route, I think it is important for the State to consider the numerous "value-added resources" jobs in this State with the construction of an All-Alaskan route.	Potential employment opportunities have been addressed thoroughly in the AGIA statute and throughout the process. A TC Alaska gas pipeline has the potential to offer significant benefits to Alaska. Alaska's economy will benefit from short-term construction jobs, but more significantly from long-term careers as new natural gas fields are developed because the path to market has been built. Please see Section A, Issues #3a, 3b and the Executive

COMMENT	RESPONSE
I also have deep concerns about potential native land claims in Canada creating an insurmountable barrier to the actual construction of TransCanada's proposed Canadian route. As the State is well aware, our control over that process is limited at best. The process will surely be contentious, leaving Alaskans waiting for years, if not decades, for the red tape to clear and for construction on the gas line to begin. Such international issues are not a concern with an All-Alaska route.	Summary of this Finding for summaries. The commissioners engaged Canadian legal counsel to review TC Alaska's application and the comments relating to the Canadian portion of the project. The commissioners believe that these requirements and TC Alaska's history of working with the Aboriginal communities in Canada will provide the basis for resolving any issues suggested in your comment.
Gilbert, Matthew-Arctic Village, AK 2/26/08 (126NK)	
Hello, I am writing in regards to AGIA and the TransCanada application. Throughout the whole passing of AGIA, and it's process since, there's been absolutely no mention of any benefits Alaska Natives would get out of this pipeline. We are suffering from High Fuel costs in the village and would like royality of gas or spur lines to 'Bleed' the Pipeline as Rep. Young put it. Gov. Palin's own grandma and husband is Native, she should be more responsive to Alaska native needs. Matthew Gilbert	On March 5, 2008, the Governor appointed Steve Haagenson to the position of State-wide Energy Coordinator with the express goal of tasking him and his organization, the Alaska Energy Authority, with examining, analyzing, assessing and proposing solutions to the energy availability and cost challenges facing many Alaskans. Ultimately, the cost of routing North Slope gas to Alaska communities will improve greatly with the construction and operation of a large-diameter pipeline that fully commercializes Alaska's North Slope natural gas reserves. The Governor and the Legislature recognized this during their cooperative efforts to craft and pass the AGIA law and the provisions of that law that deal with in-state use or gas for Alaskans.
Gordon, Melissa-North Pole, AK 1/20/08 (55NK)	
This is just to encourage Governor Palin and the legislature to stick to the AGIA process as they have been. Although I don't always agree with politics in Juneau, I am very appreciative of the governor's responses to Conoco-Phillips and others who seek to derail the current process.	Comment noted
Gorrell, Rolland-Lakeland, FL 1/22/08 (58NK)	
I can do the following. Welding carpentry drive heavy equipment drywall 35 yrs experience	Please refer to Section A, Issue #3a
Gottstein, David-Anchorage, AK 2/27/08 (133NK)	

COMMENT	RESPONSE
I welcome the AGIA process, and its goals, however I have some serious concerns about where we are and how we move forward.	
1. The biggest concern is that for any gasline project to move forward, including any route through Canada, unless the Feds take control, the only way a gasline will be built through Canada is if a majority of Alaskans can clearly and convincingly see how a Canadian route being built first is in the best interests of the residents of Alaska. The evaluation must be transparent and understandable to most Alaskans. Otherwise we will be stuck. And it will get tossed back to the Legislature.	Through an extensive evaluation process, the Commissioners have found that the independently owned, overland natural gas pipeline project from the North Slope to Canada proposed by TC Alaska will sufficiently maximize benefits to Alaskans. See Section A, Issues #4b,4a,6d
2. The measure in AGIA to define maximum value includes net present value and liklihood of completion. This represents a huge task in defining all the associated values via a discounted set of cashflows. It means the numerator and denominator are individually a composite of a complex set of components. The numerator should include not only the different kind of direct pipeline related receipts collected by the State, but the mulitplier affects of an in-state vs. out of state configuration, and the potential for value added processing. A negative value potential is the import substitution cost of importing or being supplied with higher cost energy between the time an in-state pipeline could deliver gas versus a Canadian route. Not to the State, but to its residents.	Comment Noted
A huge challenge will be to convince Alaskans that a Trans-Canada route is superior if the evaluation is not transparent, and if it is transparent, it omits values that Alaskans think exist, like permanent jobs. How much in net present value is a permanent job worth?	A TC Alaska gas pipeline has the potential to offer significant benefits to Alaska. Alaska's economy will benefit from short-term construction jobs, but more significantly from long-term careers as new natural gas fields are developed because the path to market has been built. See more at Section A, Issues #3a, 3b.
The denominator, or the discount rate, is also of imense and critical importance. In my mind, different revenue streams may have different risks associated with them. For example the first two bcf of gas per day has a lower risk of supply than the third through fifth bcf per day.	AS 43.90.170 of AGIA requires that the net present value be calculated at the specific discount rates in that section of the statute. Our analysis addressed the uncertainty and risks (including those that you mentioned) associated with various assumptions and

COMMENT	RESPONSE
And higher volumes could justify a higher discount rate associated with the marginal revenues. Also, a 40 billion dollar project has, in a real sense, twice the risk of a 20 billion dollar project. More to lose. Also, having to build through new territory versus alongside the existing TAPS line has higher potential for cost over-runs. And therefore a higher discount rate might again be used. All these various components should be itemized, and discount basis points ascribed, explained and justified. My guess is that the revenue stream of a Canadian route could have between 200-500 basis points higher a discount rate to adjust for risk versus an LNG route. Made up of ten to twenty components that should be identified and impact divuldged down to the basis point adjustment in the discount rate. I understand that the Administation plans on developing probability profiles. That is another way to skin the cat, but I believe it is more problematic. Both in determining how much less cashflow is forecasted because of a higher risk, and most importantly, convincing people you measured it properly. If it isn't clear and convincing, it is a path to stalemate. And the feeling by the Legislature they will have to take back the ball.	variables in the analyses by using different scenarios as well as by estimating fairly broad ranges for certain key data elements and then utilizing Monte Carlo simulations to develop probability distributions. Our experts have tried to assess all of the risks that you mentioned in developing their assumptions, estimates and scenarios.
3. In talking with Deputy Commissioner Rutherford at one of the meetings, I believe I heard that the Canadian route is expected to be completed within months, not years later than an Alaskan route. Just a warning here. People won't believe it. I want to say it again, people won't believe it and it will have to be really really explained carefully and accurately, without the sense of prejudice, for that to be accepted. It doesn't seem logical that a route twice as long, at twice the money, or thereabouts, over new territory, will take approximately the same amount of time to pass all the political multi-country hurdles, design, engineering, and construction challenges. It if is true, then how that is explained will come under extreme questioning.	The “All Alaskan” application submitted to the State by the Alaskan Gas Port Authority in mid December 2007 projected a completion date (prepared by Bechtel) that was only 4 months earlier than the estimated completion date provided by TC Alaska. In performing our analysis, these proposed project schedules were modified and ranged to reflect the various risks and issues identified by our teams of experts.
4. We are missing a step in the AGIA review process. Both in substance and in form. In	See Section A, Issues #1a, regarding the process for public involvement.

COMMENT	RESPONSE
order to get to the point where a majority of Alaskans come together on a route, there should be a comment and public testimony period after your initial evalution is made, but before a determination is made. It will be a big mistake to announce a decision without the external scrutiny beforehand. The meetings to date were not intended to be fully disclosing of what the options mean for Alaska in detail, such as the elements of the numerators and denominators, but were presentations of the process. Not the substance. People will need a buy-in on the substance in order to be accepting of a controversial determination. Thank you for the opportunity to comment. I may send more later. David Gottstein	The AGIA statute was written to include public comment opportunities prior to the commissioners' decision to issue an AGIA license to the prospective pipeline builder. The commissioners' final determination would thus be based, in part, upon comments, concerns and issues provided by the public. Although the statute does not specifically set aside another public comment period prior to the commissioners' final finding, the public would ostensibly have further opportunity to weigh in with testimony before the Alaska State Legislature during the 2008 summer special session as that legislative body considers the commissioners' decision.
Goudreau, Sara Irwin-Valdez, AK 3/05/08 (340NK)	
I support an All Alaska gas line. I am opposed to a Trans Canada line. I applaud the work done by the natural gas commission but I suspect elements are at play beyond the control of Alaska commissions. Please seriously consider an all Alaska Gasline. Thank you	For summary information on this subject, please see Section A, Issues #10a, 10b, and 2e. All-Alaska LNG issues are discussed in-depth in Chapter 4 of this Finding.
Goudreau, Steve-Valdez, AK 3/05/08 (244NK)	
I want to stress the need to help the communities away from the rail belt area with the high cost of fuel and electricity. The road system needs to be tied into an electric grid. Has there been any thoughts put into power plants in the North Slope, feed by natural gas, tieing the power to a line the runs to Fairbanks? We appreciate the study you are doing on the LNG possibilities.	On March 5, 2008, the Governor appointed Steve Haagenson to the position of State-wide Energy Coordinator with the express goal of tasking him and his organization, the Alaska Energy Authority, with examining, analyzing, assessing and proposing solutions to the energy availability and cost challenges facing many Alaskans. Ultimately, the cost of routing North Slope gas to Alaska communities will improve greatly with the construction and operation of a large-diameter pipeline that fully commercializes Alaska's North Slope natural gas reserves. The Governor and the Legislature recognized this during their cooperative efforts to craft and pass the AGIA law and the provisions of that law that deal with in-state use or gas for Alaskans. For more, see Section A, Issues #4a, 4c, 4d.
Haack, Brian-Anchorage, AK 1/24/08 (65NK)	

COMMENT	RESPONSE
Governor Sarah Palins plan for delivering a natural gas pipeline to Alaska is NOT working. TransCanada may have submitted a proposal that meets all of your requirements but it is not in the best interests of Alaska and Alaskans to approve it.	Through an extensive evaluation process, the commissioners have found that the independently owned, overland natural gas pipeline project from the North Slope to Canada proposed by TC Alaska will sufficiently maximize benefits to Alaskans. See Section A, Issue #6d.
We should not give TransCanada $500 million and a state license. Giving TransCanada a license now, before the tax issues are settled, risks wasting many years and huge sums of public money, while the state's main revenue stream, crude oil, rapidly dwindles.	The major North Slope producers have demanded that Alaskans provide fiscal concessions in the form of adjusted state tax and royalty provisions before they will consider building a pipeline. State officials maintain that it is economically irresponsible to provide a financial boost to the project before project cost, schedule, and range of risks are further defined. Further, the need for a clear, stable and predictable tax regime is addressed in AGIA. Producers who commit to ship gas during the first open season of an AGIA pipeline will pay taxes at the rate in effect at that time for the first 10 years of pipeline operations, even if the statutory rate changes during that same period. See Section A, Issue #9b for summary information.
TransCanada is a Calgary-based company and as such can not possibly have the best interests of Alaska or Alaskans in mind.	Alaska and TC Alaska's best interests are aligned in that both parties will vigorously pursue the development and construction of a gas pipeline. The balance between these interests is struck in a complex process that began when AGIA was passed. The AGIA requirements ensure that the state's interests, which are different from those of the producers and the pipeline company, are met. Any gas pipeline project must be commercially feasible, and any project sponsor should be expected to maximize their share of value. The best interest of Alaska, however, is protected by the terms under AGIA, and by the Federal Energy Regulatory Commission (FERC) and NEB and NPA in Canada. Please refer to Section A, Issue #6d for more on this concern.
ConocoPhillips has had a presence in Alaska for 50 years. They would train Alaskans to help build the pipeline. Their employees already work and live in the US, not in Canada, so their incomes stay here.	ConocoPhillips ("Conoco") did not file an AGIA application. Because Conoco declined to submit an application and meet the requirements set forth by Governor Palin and the Alaska State Legislature under AGIA, it could not be considered as part of the AGIA

COMMENT	RESPONSE
	review process. See Section A, Issues #8a, 8c.
TransCanada is suggesting a pipeline might need billions in new financial backing from the U.S. government. If they cause the State of Alaska to look to Congress for partial funding, Congress will turn around and tell the State of Alaska to dip into the Permanent Fund for the money. The State of Alaska should not use the Permanent Fund to build a gas pipeline.	Use of the Permanent Fund is restricted by the principles under which it was created. See Section A, Issue #6c for more about the Permanent Fund in relation to a natural gas pipeline.
TransCanada shows reluctance to build and run the essential, $6 billion gas treatment plant to strip liquids and carbon dioxide out of the gas before it goes into the pipeline. This suggests that the major oil companies will need to be enlisted to build and run the plant. Lets award the contract to them in the first place. This 1,715-mile, $26 billion Alaska Highway gas pipeline should be built by ConocoPhillips, not TransCanada.	The details of the GTP will be an important part of any discussions and negotiations between the ANS producers and TC Alaska. TC Alaska has stated (section 2.2.3.12) that it believes that the ANS producers are the most logical parties to construct and operate the GTP. TC Alaska has proposed an approach that provides the maximum opportunity for those parties to design and construct the GTP utilizing the existing Central Gas Facilities for Prudhoe Bay. TC Alaska has further agreed that if this approach does not work, it is prepared to construct the GTP itself.

Harrington, John & Karla-Anchorage, AK 2/24/08 (113NK)

COMMENT	RESPONSE
My wife and I have a combined ak. resident of 70 plus years and we wish to submit our comments on the Trans-Canada bid for a nat. gas pipeline.	
We 100% do not support this application for two main reasons, it will take to long before pipe is in the ground, and the lower 48 really does not need our nat. gas. The lower 48 already has many development plans secured for nat. gas supply.	Energy demands in the United States continue to raise the value of Alaska's enormous North Slope natural gas reserves. The dynamics related to commercializing the 35 trillion cubic feet (Tcf) of known North Slope gas reserves are wide-ranging and historically unique. Energy prices in North America have escalated rapidly over the past five years, particularly as they relate to heating and cooling of homes and businesses. The introduction of substantial incremental supply by developing the North Slope basin will have an immediate and sustained effect on consumer energy costs. Further, development of natural gas resources for domestic consumption will directly reduce America's dependence upon foreign energy sources.

COMMENT	RESPONSE
	Reducing the nation's need to import energy will reduce the U.S. deficit in the balance of trades.
We only support a in state gas pipeline to supply alaskan communities,we need to keep that nat. gas in Ak. to keep Alaskans warm and safe for the next 100+ years. Think of our kids,grandkids,greatgrandkids ect.	AGIA requires any AGIA-licensed project to provide a minimum of five off-take points within the state, as well as distance-sensitive tariffs. Thus, Alaskans will have access to North Slope gas throughout the life of the project. See Section A, Issues #4a,4b,4c,4d.
We should also build a LNG plant in Valdez to ship out surplus when its ready.	See Section A, Issue #10a.
Keep most of this energy supply in AK. to keep our state running and to keep Ak.citizens alive with cheap heat.Build a bullet line now,southcentral AK. is running out of nat. gas fast so we need to build a pipeline right now!Listen to Tony Izzo this man knows the way and he understands the dire need. Build a in state pipeline by Alaskans &for Alaskans soon. Thank you for hearing our comments and do whats best for Alaska, forget about Canada and the lower 48 all they do anyways is talk bad about us and protest us. Thank you, John &Karla Harrington	The TC Alaska project will not preclude construction of a smaller pipeline from the North Slope to Southcentral Alaska. Issuing a license to TC Alaska may increase the likelihood that plans for a "bullet line" or "spur line" will become reality. Indeed, moving both projects forward simultaneously will produce unique synergies. There are adequate supplies of natural gas to fill both pipelines. Because of its smaller scale, the bullet line project can be designed and constructed more quickly than the TC Alaska project. The two projects will provide benefits to each other. Please see the Executive Summary of this Finding for more on this subject.

Harrison, Robert-North Pole, AK 2/14/08 (92NK)

I am glad that you and the AGIA committee are standing up to the big oil companies. It is a disgrace that now they are filling our nightly airwaves with commercials. thanks for looking out for Alaskan's	Comment noted

Harvey-Kindred, Jennifer-Soldotna, AK 1/24/08 (64NK)

I believe the state should work with Conoco Phillips on building the Natural Gas Pipeline. I think it is in the best interest of the state and it's citizens to award this huge project to a company that has already proven they believe in sustaining their investment and development of the state's natural resources. They already provide so much finincial support to local families and organizations and I believe this should not be overlooked. Conoco has a good track record. It's hard to have faith	ConocoPhillips ("Conoco") did not file an AGIA application. Because Conoco declined to submit an application and meet the requirements set forth by Governor Palin and the Alaska State Legislature under AGIA, it could not be considered as part of the AGIA review process. See Section A, Issues #8c, 8a

COMMENT	RESPONSE
that the right decision will be made for Alaska by our legislature who have such a poor track record. We shouldn't swing so far the other way to try and make up for the old administrations way of doing things. Conoco deserves to be the first company the state works on to build the natural gas pipeline. If the face and issues of our state politics interfere with this process it will be hard to have any trust in even our new government officials.	
Hawkins, Cynthia-Wasilla, AK 1/13/08 (32NK)	
Please reconsider sitting down and talking terms with Conoco Philips instead of just dismissing thier application.	Please refer to the response above. Also, see Section A, Issues # 8a, 8b, 8c.
Hawkins, Patrick A.-Soldotna, AK 3/04/08 (196NK)	
The most important item is natural gas for Alaskans. We would never run out if we keep it for Alaskans (our share) build the bullet line to Fairbanks, Matsu, Anchorage, Kenai Peninsula and hear our homes, build factories, (reopen Agrium) get good paying jobs to Alaska not boom or bust- but build the line for Alaskans, so we can have our children and their children will have good jobs, not low pay Wal-mart jobs. Alaskans 1st	The TC Alaska project will not preclude construction of a smaller pipeline from the North Slope to Southcentral Alaska. Issuing a license to TC Alaska may increase the likelihood that plans for a "bullet line" or "spur line" will become reality. See more discussion on bullet line scenarios in the Executive Summary portion of this Finding. For an expanded summary of this topic, see Section A, Issue #4a.
Hawkins, Patrick-Anchorage, AK 3/04/08 (204NK)	
The main thing for AGIA "Does the proposed project sufficiently maximize the benefits for (to) Alaskans" It will if we think Alaska first- let us keep our share for jobs and development- think out of the box instead of shipping our gas out – keep it, build factories (reopen Agruim) have in expensive gas to build industry here. So our children, our grand children will have jobs and opportunity here, and not ship our resources outside- would it not be nice to have good paying jobs in Alaska, instead of low minimum Wal-Mart jobs? Think of Alaska 1st! Would it be great if your children could work and stay in Alaska?	The purpose of AGIA is to maximize the benefits of a gas pipeline to Alaskans by getting the right project for the state. The commissioners have determined that TC Alaska's proposal addresses the state's long-term interest in having a pipeline that will create an open, competitive environment where explorers know that when they find gas, they will be able to get it to market on commercially reasonable terms. Continued gas exploration and development is key to maintaining long-term in-state jobs, meeting the state's energy needs, and ensuring financial stability as oil production declines; for more, see Section A, Issues #3a, 3b. As required by AGIA, TC Alaska has committed to provide a minimum of five off-take points along the Alaska section of the proposed pipeline. Both ENSTAR and the Alaska Natural Gas Development Authority

COMMENT	RESPONSE
	(ANGDA) are pursuing spur-line projects which would connect with the main pipeline in Delta Junction and bring gas south to feed in to ENSTAR's existing network. See the summaries at Section #4a, 4b, 4c, 4d.

Hawley, Chris-Anchorage, AK 2/25/08 (118NK)

COMMENT	RESPONSE
I believe that Agia is not working Please do not issue a license to TransCanada, they do not provide the assurance to deliver a pipeline.	Through an extensive evaluation process, the commissioners determined that the independently owned, overland natural gas pipeline project from the North Slope to Canada proposed by TC Alaska is the project that will sufficiently maximize benefits to Alaskans. The basis for this determination is explained in detail in the Finding and supporting documentation.
As TransCanada pointed out you need the producers. Please negotiate with them now so we can get a project moving! The Producers have the gas, the money and the expertise. They are all bigger pipeline owners and operators than TransCanada! Please find a compromise with the Producers and quit thinking about giving away our $500MM to them.	There is general agreement that the producers must be involved in the development of this project. AGIA recognized the importance of commitments from the producers by providing the Resource Inducements in Article 3. See Section A, Issues #9a, 9b for more.

Hawley, Robert-Anchorage, AK 1/21/08 (106NK)

COMMENT	RESPONSE
Stop the madness! Do not award license to TCPL.	Through an extensive evaluation process, the commissioners determined that the independently owned, overland natural gas pipeline project from the North Slope to Canada proposed by TC Alaska is the project that will sufficiently maximize benefits to Alaskans. The basis for this determination is explained in detail in the Finding and supporting documentation.
Negotiate with the producers, since they have to pay for the line! It is time to be statesmen/women and reach a compromise with the producers. See if you can balance Alaska's "Must Haves" with the producers Must Haves and advance the project.	There is general agreement that the producers must be involved in the development of this project. AGIA recognized the importance of commitments from the producers by providing the Resource Inducements in Article 3. See Section A, Issues #9a, 9b.
Do not give TCPL $500 MM, invest it in State infrastructure or a spur line.	See Section A, Issues #4a, 4d

COMMENT	RESPONSE
Hawley, Robert-Anchorage, AK 2/16/08 (95NK)	
I stongly urge the State of Alaska Administration and Legislators to reject the TransCanada AGIA application and not to award an AGIA license. It is time to work with the producers and get a pipeline moving.	Please refer to the response above.
Please consider their request for fiscal certainity so they can know the tax structure and can start the project.	The need for a clear, stable and predictable tax regime is addressed in AGIA. Producers who commit to ship gas during the first open season of an AGIA pipeline will pay taxes at the rate in effect at that time for the first 10 years of pipeline operations, even if the statutory rate changes during that same period.
We do not need to give away $500 million of our money to TransCanada to study the line and spend more time delaying the project. The governor critized the producers for not commiting to build the line but AGIA doesn't get a commitment to build the line either, it just spends our money.	AGIA requires a pipeline builder to meet certain requirements to advance the project along a specified timeline in exchange for a license that provides up to $500 million in State matching funds. By requiring AGIA applicants to commit to certain milestones within a specific timeframe, Alaska is taking steps that will get a gas pipeline built and in operation as soon as possible. See Section A, Issue 2a for more.
Work with the producers so they will build the line!!!!!	See Section A, Issues #9a, 9b
Hebert, Terry P-Eagle River, AK 2/26/08 (121NK)	
Don’t trust Canada. Keep the pipeline in Alaska. With a spur line to South Central.	The State of Alaska recognized the need to evaluate “All-Alaska” LNG options in parallel with TC Alaska’s AGIA application. Analysis has concluded that LNG options do not offer Alaska the most economic and energy benefits. See Section A, Issues #10a, 4a, 4b, and 4d.
Higgins, Thomas-Anchorage, AK 3/05/08 (239NK)	
Attached 4 page comment I am submitting this letter to address my concerns about AGIA and gas-line development, some were formed before attending the AGIA public forum in Anchorage others came out of that forum, some changed because of the forum.	

COMMENT	RESPONSE
First I want to make sure that the AGIA panel understands that just because only one applicant was judged to be with-in the AGIA guidelines does not mean the state should not look into other options when it is judging what is best for Alaska. Taking the first offer is seldom the best. Alaska has been suffering deeply with buyer's remorse that we have been saddled with from the early days of the oil pipeline.	Because AGIA spells out the bedrock requirements identified by Alaskans through their elected representatives, even one application that agrees to satisfy the state's needs is major progress. Whether the State received five applications or 20, the State only needs one qualifying application that can accomplish the goals defined in AGIA. Please refer to Section A, Issues #2b for more.
Taking the first offer seems to be a very real possibility because during the meeting it seemed some panel members were predisposed to some type of trans Canada route for our gas line.	TC Alaska's application was one of five received through the AGIA process. In accordance with AGIA, all applications were reviewed for completeness under the 20 statutory requirements. After the initial review, letters were sent requesting clarifying information for each application. No new or supplemental information was requested. After receiving clarifying information from each applicant, the applications were re-evaluated for completeness with the statutory requirements. At the end of the completeness review, only TC Alaska's application was found to meet AGIA's 20 statutory requirements. The application was then reviewed by the AGIA team to determine whether it was in the best interest of the people of Alaska. See Section A, Issue #7a
I feel that they are pigeonholing Alaska because they did not consider any Alaskan LNG possibilities. If this panel does not truly considered all options they will have failed to do what is best for Alaska. Because of this focus on the Canada route I will now call the non Alaskan Pipeline route, "the Canada First Route." Canada gets the pipeline and Alaska gets the shaft.	The commissioners directed an extensive analysis of different LNG project options in parallel with their analysis and evaluation of TC Alaska's AGIA application. The commissioners found that, when compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater benefits to Alaskans over the life of the project. See Section A, Issues #10a, 10b for more.
It was very disappointing to hear that in a Canada First Route spur lines for Alaskans do not happen until the Canada end is tied into the system and our gas is creating jobs in Canada, heating Canadian and lower 48 homes. How can that possibility be "best" for Alaska?	The purpose of AGIA is to maximize the benefits of a gas pipeline to Alaskans by getting the right project for the state, not simply any project at any cost. Getting a pipeline at any cost does not address the state's long-term interest in having a pipeline that will create an open, competitive environment where explorers know that when they find gas, they will be able to get it to

COMMENT	RESPONSE
	market on commercially reasonable terms. Continued gas exploration and development is key to maintaining long-term in-state jobs, meeting the state's energy needs, and ensuring financial stability as oil production declines. See Section A, Issue #3b.
To call BP, Conoco-Phillips and the like "producers" is misleading, the Earth is producing these companies are only profiting from the extraction from the Alaskan land and coastal waters.	
At the Cuddy Center forum whenever someone spoke outside policy process and stated personal affects of gas line development, or rather development of a Canada First gas-line route and what they believed was best for themselves and all Alaskans; such as Alaskans high gas cost, got the least bit emotional about their statements, or expressed Alaska's need of long term jobs there would be one member of the panel who would standup and ask that it be put in writing and sent to the office for the records. At the time I thought it was his way of blowing off the comments and moving on, but as I thought about it I think perhaps it was because it was not a process question and it was something that they could not give an answer too or could not create a formula for and he wanted it for the record so others could read it if not hear it.	The commissioners held 20 public "town hall" informational meetings in communities around the state to explain the ongoing efforts to facilitate construction of a natural gas pipeline to transport Alaska's North Slope natural gas to market. The town hall meetings were intended to serve as informational presentations by members of the state's AGIA gas pipeline team to update the public on efforts to advance a gas pipeline project under AGIA. The meetings were not formatted to serve as public hearings. For more about the public comment process, see Section A, Issue 1a.
When it comes to mineral, timber, oil, gas, and other government land use for profit, government has to be a business partner not a minor player if the goal is to do what is best for the state.	Comment noted.
It was disappointing to be reconfirmed of the fact that LNG was being shipped over-seas out of Kenai while we in the Cook Inlet area keep getting higher and higher gas prices. It is disingenuous that so many Alaskan politicians and oil and gas extractors to keep presenting the idea that a tidewater pipeline for LNG is not realistic while it is being processed and shipped today. Especially since West Coast states are starving for gas and countries around the Pacific Rim are building ports for	Please see Section A, Issues #4a, 4b, 4c, 4d.

COMMENT	RESPONSE
importing foreign LNG as stated in this article from the Oil and Gas Journal? http://www.ogj.com/Articles/Article_Display.cfm?Article_ID=306832 Alaska can still do the American thing of supplying the lower 48 but we would also be helping ourselves first and in the best way by creating Alaskan jobs and taking in more port and export fees and taxes. And these jobs and the support jobs would be spread throughout the state.	
AGIA is law and Conoco-Phillips submitted outside the law. Is that not conspiracy to break the law? If the law broken was a criminal code it could be taken to criminal court but when it comes to constitutional law and development it seems to be just business as usual.	ConocoPhillips chose to propose its own pipeline plan outside the AGIA process. The company broke no laws in doing so.
Conoco-Phillips' Canada First proposal says it needs the inclusion of the other two of big three oil extractors but it seems to me that the only reason they don't want to do it alone is so they have some else to blame when it never happens. The Conoco-Phillips proposal is non-commitment and more of the same thing and puts big oil back in the drivers seat of holding on to Alaska's future and livelihood and handing it out at their leisure. Conoco Phillips claims that they don't want the 500 million up-front so that saves Alaska money. But they failed to acknowledge that the concessions they ask from the state would cost the state far more then 500 million year after year.	Conoco's "alternative plan" is no longer valid. Conoco has rescinded that offer and is now involved in a new approach in with BP. Based upon the limited information provided in either Conoco's original alternative plan or the more recent announcement by Conoco and BP, it is impossible to determine exactly how much of the state's money is being requested. While it is true that the AGIA matching funds are not being sought, both of these proposals seek an undefined amount of other state funds in the form of tax law changes. The AGIA matching funds are available only to a project proponent willing to commit to certain provisions that protect the state's long-range economic interest, which BP/Conoco are unwilling to do. Failure to protect those interests would likely result in costs to the state far in excess of the $500 million AGIA matching funds. See Section A, Issue 8b for an expanded summary of this subject.
I talked to Dan after the forum and it made me think deeply about the panel and the nature of the Republican belief. Having Republicans on the panel puts the State of Alaska at an automatic disadvantage before the panel even starts to examine the AGIA proposal(s). Dan's mind set seemed to be that government is not suppose to be in business so Alaska is already at a disadvantage because that mind set will	Comment Noted

COMMENT	RESPONSE
not put Alaska first because they believe that government should not be in business. It sent a chill through me like the shadow of Pete “Got” Kott passed over the Cuddy Center, when Dan said that “we ‘ill get ‘er done”.	
It is Alaskan gas and we appear to be waiting for the gas and oil companies to keep their legal obligation to bring it to market. We can’t wait for companies that think billions in profits in single quarter is not enough profit to tell us what is a marketable price. Their concept of marketable price for the gas is way out of wacky from the general public and is not in sync with what is best for Alaska. Why are the gas sitters the ones to set what is a viable market price. Alaska the business partner should also have a say of what is marketable price. Waiting for the oil companies to say it is the right time to sell us our own gas at a high price is like the Green Party waiting around until the Democrats say it is alright to run for office, since their decision is based solely on what is best for them not what is best for Alaska. The oil companies have been looking out for themselves first and foremost and many politicians have been doing the same, and that is not what they were elected to do. Now we are supposed to believe the oil/gas companies and these corrupt politicians will all of sudden make Alaska first. You cannot shame away this level of greed anymore then you can “legistrate ethics”.	DNR Commissioner Tom Irwin on April 22, 2008, issued his Findings and Decision of the Point Thomson Unit POD. Commissioner Irwin’s Findings and Decision can be obtained online at www.dog.dnr.state.ak.us/oil/ Oil and gas leases give companies the right to develop hydrocarbon resources in specific areas for a set period of time. If the lessee fails to timely develop the resources, the lease expires. DNR uses the legal system to enforce its rights under the leases if the lessee fails to fulfill their development obligation. A recent example of this type of enforcement action is the pending case about the lands in the Point Thomson Unit.
“Coin in thy purse*” is not what’s “best” for Alaska. What is best is the security of long-term jobs. These two are hard to compare. But I believe getting people to work is the best? Based on core policy values how can either Republicans or Democrats not be for long-term jobs for Alaskans over long-term jobs for Canadians? Democrats because they are suppose to be the blue–collar party. Republicans because jobs put money into the hands of the citizens instead into the hands of government through royalty and taxes, and thus smaller government! A Canada first gas-line better create very, very large PFDs for eternity because Alaskans will need it without long-term jobs.	See Section A, Issues #3a, and 3b.

COMMENT	RESPONSE
(* This is a quote from the villain Iago in Shakespeare's Othello. He convinces Rodrigo to gather money buy selling everything he owns to win the prize "in the end", but it is in truth so that Iago can con him out of this money to finance his immoral acts.)	Comment Noted
Was the port authority shafted in a constructed and manipulate "partnership"? This should be a concern if the panel is truly trying to get what is best for Alaska.	In their January 4, 2008, Completeness Determination, the commissioners found that the AGIA application submitted by the Alaska Gasline Port Authority ("Port Authority") on November 30, 2007, was incomplete. On January 10, 2008, the Port Authority submitted a Request for Reconsideration, claiming that it had been placed in a difficult position by the actions of associates and former business partners and requested the commissioners to accept additional information after the application deadline. After carefully considering the Port Authority's request, the commissioners denied the Request for Reconsideration. Their reasoning is explained in the decision dated January 30, 2008, that is available at www.dog.dnr.state.ak.us/agia/index.htm See Section A, Issues #2e.
When the possibility of a bullet gas-line to supply gas for consumers in the Cook Inlet was brought up, a panel member asked the question in what seemed a divisive tone that seemed to answer the question he was asking "Would that be what's best for all Alaska?" The answer I got from the divisive tone of his question was, "No! Prior to this question he had just mentioned that 75% of the population live in the area. To "best" I say that is debatable, but I do believe that gas to the Cook Inlet is more then about the 75% of the state population in the Cook Inlet because the Cook Inlet is a hub for all Alaska and lower prices here means lower prices throughout the state.	
Why Not Canada First! Serving Canada and the lower 48 states before Alaska is not best for all Alaska. Canada getting the long-term jobs like stripping solids off the gas is not best for all	The purpose of AGIA is to maximize the benefits of a gas pipeline to Alaskans by getting the right project for the state, not simply any project at any cost. Getting a pipeline at any cost does not address the

COMMENT	RESPONSE
Alaska. Canada and the lower 48 states getting cheaper fuel for homes, business, government, and industry while Alaska starve for gas is not best for all Alaska. The more governments involved (US, Alaska, AK Native, Canadian Federal and Canadian Natives) the more set back possibilities, more cost, and more time to complete. Pacific rim countries and west coast states are hungry for gas, and Alaska can supply that need with LNG.	state's long-term interest in having a pipeline that will create an open, competitive environment where explorers know that when they find gas, they will be able to get it to market on commercially reasonable terms. Continued gas exploration and development is key to maintaining long-term in-state jobs, meeting the state's energy needs, and ensuring financial stability as oil production declines. See Section A, Issue #10b.
I believe that an All Alaskan Gas-line to tidewater for LNG and more is best for Alaska. When calculating the best route the panel needs to factor the direct and indirect savings and benefits to All Alaska. Some factors that need to be considered are: • To tidewater for consumers and LNG creates long-term jobs for Alaska not Canada. • Gas in Anchorage has went up over 30% in two years and is estimated to continue to increase for years; so when calculating the best benefit we need to figure in saving from the stopping of this rise that will fail to materialize due to the new gas supply as well as actual savings by drops in cost. • To tidewater gets the gas flowing in the shortest amount of time, thus faster savings and sooner long-term jobs are created. • To tidewater puts the spur locations closer to more Alaskan towns, villages and the major population and manufacturing centers of Fairbanks, the Mat-Su Valley & Anchorage. • Gas-line to Cook Inlet turns Point Mackenzie into Port Mackenzie for LNG shipping and more. • To tidewater could bring back jobs lost from the fertilizer plant shutdown. • LNG is cheaper, cleaner fuel for Alaskan villages; this can be processed in Fairbanks and sent up and down the Yukon as well as processed at tidewater multiple locations like Valdez, Wasilla, and Anchorage for many other areas in SE and SW Alaska. • Cheaper natural gas for the hub cities will lower cost of doing business through lower heating bills and cheaper fuel to create cheaper electricity, thus increases the buying power of the dollar at local businesses and not	This and the following comments are speculations of benefits from an LNG pipeline to tidewater. Please see Section A, Issues #10a

COMMENT	RESPONSE
just for the citizens of the gas fed communities but also rural community citizens that feed, cloth and supply themselves through these hub cities. • Lower cost of doing business enables Alaska to ship out raw material at a larger profit. • Lower cost of doing business will make Alaska more attractive to manufactures; thus less importing of products and more long-term jobs. • Lower cost of manufacturing enables Alaska to produce more finished goods instead of shipping out raw material thus Alaska becomes more then a resource state; creates more manufacturing jobs! • Cheaper gas for all Alaskans will lower every citizen's cost of living. • Cheaper gas for Alaskan towns will lower cost of doing city business and thus lower property taxes.	
Alaska needs to start building the line and let the extractors see the profits going away. Call their bluff. If we build it they cannot say it is not profitable sell the gas.	Comment Noted
I believe that long-term jobs are far better for the average Alaskan then a few extra dollars in their PFD check and possible or probable mismanagement of the state coffers by Juneau. Thomas Higgins	See Section A, Issues #3a, 3b.

Hill, Jimmy D. -Anchorage, AK 2/27/08 (127NK)

COMMENT	RESPONSE
I would like our oil and gas developments to benefit Alaskans as much as possible.	The purpose of AGIA is to maximize the benefits of a gas pipeline to Alaskans by addressing the state's long-term interest in having a pipeline that will create an open, competitive environment where explorers know that when they find gas, they will be able to get it to market on commercially reasonable terms. Continued gas exploration and development is key to maintaining long-term in-state jobs, meeting the state's energy needs, and ensuring financial stability as oil production declines.
I would prefer All-Alaskan pipeline to serve both the U. S. and also South Central Alaska.	See Section A, Issue #10a

COMMENT	RESPONSE
If the oil companies are abusing their lease options then I would like to see the state have a "slow down" of all paperwork and permits even if that means shutting down all oil fields, gas fields, and pipelines. I would rather have Hugo Chavez run our oil industry than have the oil industries band of international criminals stealing us blind.	DNR Commissioner Tom Irwin on April 22, 2008, issued his Findings and Decision of the Point Thomson Unit POD. Commissioner Irwin's Findings and Decision can be obtained online at www.dog.dnr.state.ak.us/oil/. Oil and gas leases give companies the right to develop hydrocarbon resources in specific areas for a set period of time. If the lessee fails to timely develop the resources, the lease expires. DNR uses the legal system to enforce its rights under the leases if the lessee fails to fulfill their development obligation. A recent example of this type of enforcement action is the pending case about the lands in the Point Thomson Unit.

Hirchert, David-Ketchikan, AK 3/05/08 (232NK)

Greetings I attended the very informative Ketchikan Town Hall meeting on February 21. The meeting gave me a new look at what the AGIA is, and its goal. One thing I would like to see the AGIA do. I would like to see a small percentage of the revenue the state receives from the gas sale to go to the Permanent Dividend Fund. I see this, as a help to ALL Alaskans after the construction of the pipeline. David L Hirchert	Comment Noted

Hirsch, Herb-Valdez, AK 3/05/08 (235NK)

I just don't understand why you- The State Don't take the people's advice and build and all Alaskan Gasline???? The people voted for an all Alaska pipeline at least 1 time maybe more - "Please take the people's advice"	The commissioners directed an extensive analysis of different LNG project options in parallel with its analysis and evaluation of TC Alaska's AGIA application. The commissioners found that, when compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater benefits to Alaskans over the life of the project. See Section A, Issue #10a.
Also we the State of Alaska have no business going into a foreign country, just look @ the mess on "Iraq". Things could change in "20 yrs".	Comment Noted
We the State could save millions of dollars in Energy costs which would benefit every body that lives here. I have lived here 21 yrs & retired and sure	The Administration understands your concerns. On March 5, 2008, the Governor appointed a state-wide Energy Coordinator with the express goal of tasking him and his

COMMENT	RESPONSE
hope I can live here the rest of my life- if I can afford the high cost of Energy. Please Listen to the people of Alaska. Thank you Herb Hirsch	organization, the Alaska Energy Authority, with examining, analyzing, assessing and proposing solutions to the energy availability and cost challenges facing many Alaskans.

Hogan, Randall-Wasilla, AK 1/08/08 (16NK)

I read through the "complete application", and couldn't find anything that mentioned keeping the gas flowing, even when (if) Canada wants to shut AK off. If gas rates drop significantly in the future, and Canada wants to limit supply, what keeps them from cutting off AKgas to the lower 48? Did I miss something?	Any Alaska pipeline which transports gas from the North Slope in to Canada will be governed by the Transit Pipeline Treaty. The treaty mandates nondiscriminatory treatment and would not allow Canada to simply shut off gas to the Lower 48 market. See the summary at Section A, Issue #10c.

Holland, William-Eagle River, AK 2/05/08 (82NK)

Governor Palin, I respectfully offer the suggestion that a single qualifying AGIA applicant is an excessive risk to our state. If at ANY point in the process the sole source candidate, TransCandada, fails to the point of withdrawal, Alaska will be left assuming the risk. With this suggested, I recommend a legislative review to amend AGIA in effort to hold more than a single application. Thank you for your consideration. Respectfully submitted, William Holland	Whether the State received five applications or 20, the State only needs one qualifying application that can accomplish the goals defined in AGIA. Under AGIA, the commissioners' determination process and review by the Alaska State Legislature ensure that benefits to the state are adequately maximized. See Section A, Issue 2b.

Holt, Ryan-Wasilla, AK 1/29/08 (73NK)

Governor, I hope you will come to your senses and sit down with the producers before the Feds take over.	Please refer to Section A, Issue #9b for a summary response to this issue.
You think CP will give us the shaft? Wait until the Fed gets involved. Remember that you were voted into office to deliver a natural gas pipeline and most people could care less if it is delivered under AGIA. At this point it seems like we are very close to getting what we all want.	Comment noted.
TransCanada has said in thier AGIA bid that the state must work with the producers. So what are you waiting for? Quit running down	There is general agreement that the producers must be involved in the development of this project. AGIA recognized the importance of

COMMENT	RESPONSE
Lyda on Bob and Mark and get to work! Sincerly, Ryan Holt PS: Don't you dare bailout those dairy farmers with my tax money! They made their bed and should be made to sleep in it.	commitments from the producers by providing the Resource Inducements in Article 3. See Section A, Issues #9a, 9b for more.

Homan, Chriss-Anchorage, AK 2/05/08 (84NK)

Trans-Canada's application was not a valid application under AGIA as the LB&A Council pointed out. None of the applications were.	Please refer to the expanded summary discussion of this issue in Section A, Issue #7b.
Please negotiate with the producers. That's your job and the only way we're ever going to get the gas to market. Even Trans-Canada has stated that fact.	The major North Slope producers have demanded that Alaskans provide fiscal concessions in the form of adjusted state tax and royalty provisions before they will consider building a pipeline. State officials maintain that it is economically irresponsible to provide a financial boost to the project before project cost, schedule, and range of risks are further defined. See Section A, Issues #9b
Finally Marty Rutherford should recuse herself from the entire gas application process because of her obvious conflict of interest!	DNR Deputy Commissioner Marty Rutherford has no conflict of interest regarding the TC Alaska application and is not one of the commissioners tasked with making the Finding and Determination.

Hopkins, Luke-Fairbanks, AK 3/06/08 (260NK)

The TC project application does not bring the highest return to SOA or the its citizens in terms of revenues and earliest available delivery to global markets that offer the highest return to Alaska. Alaska must accurately compare the revenue streams from global market contracts verses the financial benefits the Alberta hub revenue offers the SOA.	Comment noted.
It is clear an all Alaskan project has provided engineering and financial analysis that has the higher, actually the highest, financial returns for all Alaskans. The Trans Canada proposal should not be forwarded to the Legislature.	The commissioners directed an extensive analysis of different LNG project options in parallel with their analysis and evaluation of TC Alaska's AGIA application. They found that, when compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater benefits to Alaskans over the life of the project. For more information, see Section A, Issue #10a.

Hopkins, Luke-Fairbanks, AK 3/06/08 (261NK)

COMMENT	RESPONSE
Missing from the AGIA application evaluations are the near term carbon tax impacts for North American energy sales. The financial figures for the Trans Canada revenue streams to SOA and producers should be measured with the Canadian and US carbon tax proposals that have been in legislative discussions. A carbon tax is expected to provide national governments with a revenue streams and should be part of the economic analysis. Not having a "firm" tax proposal before either government is NOT a sound analytical method to look at the TC financial information in their 10 to 20 year projections. The gas team must have consultants that are able to project the range of possibilities for this added fiscal term.	Appendix S of the TC Alaska application sets forth their position on "Climate Change and Air Issues." They are also obligated and committed to comply with all air quality regulations that apply to any of the facilities required for the proposed Alaska Pipeline Project (APP). No regulations currently exist in the United States that limit the emissions of CO2. Although there is ongoing review of this area by the US Environmental Protection Agency (EPA), because no regulations exist, TC Alaska cannot provide details of how they would comply with unknown future requirements. "Carbon tax" and "cap and trade" issues cannot be addressed at this time for the same reason stated above. The treatment of future carbon taxes or credits will in all likelihood be covered in the agreements between the APP shippers and TC Alaska.

Hopkins, Luke-Fairbanks, AK 3/06/08 (263NK)

The TC economic analysis does not provide a revenue stream to Alaskan communities. Recent Alaskan Legislative actions will only provided some relief to our communities. TC project application does not provide a maximum benefit to Alaska; their application could have been improved by including this direct financial stream to our communities while still providing SOA with a higher return. The TC application does not afford Alaskans with the best return on our resources.	AGIA requirements ensure that the state's interests, which are different from those of the producers and the pipeline company, are met. Any gas pipeline project must be commercially feasible, and any project sponsor should be expected to maximize their share of value. The best interest of Alaska, however, is protected by the terms under AGIA, and by the Federal Energy Regulatory Commission (FERC) and NEB and NPA in Canada. See Section A, Issue #6.

Hopkins, Luke-Fairbanks, AK 3/06/08 (264NK)

The TC proposal does not provide accurate financial and project analysis of their Alaskan line to tide water. It is not apparent the AGIA gas team requested clarification to the TC application. The TC analysis for their Alaskan tidewater while proposed as a possible route, it is not analyzed in their submitted application. The 2008 AGIA town hall meetings listed in the economic basis slides that the TC application would "sufficiently maximize" benefits to Alaska. This is not the analysis that should be applied to either the financial model or development timeline for the criticial issue of revenue from the sale of our non-renewable resources. Alaska's constitution is clear on the maximum benefit, not a reduced figure - a	TC Alaska's AGIA application only gave a preliminary assessment of what an LNG line would require. Please see the state's discussion on LNG feasibility in Chapter 4 of the Finding.

COMMENT	RESPONSE
fractional multiplier, esp. when other gasline proposals have much higher benefits to Alaskans.	

Horn, James-Fairbanks, AK 3/04/08 (177NK)

Tom and your Team. I like what I heard when you came to FBKs on the 27th. I also really like the part your looking for the most value for all Alaskans. Alaska needs the gas soon, and I like the part we can also send gas to Valdez and maybe even have Petro Chemical Plants. Jobs for Alaskan and cheap energy or cheaper energy for FBKs anyway. Keep up the good work I like most Alaskans are very proud of you. James Horn	Comment Noted

Hutchison, Garry-Fairbanks, AK 1/13/08 (34NK)

Good morning! Congratulations on a successful AGIA process. I think it is now time to move forward toward ensuring a successful open season. Trans-Canada's efforts to do that should have the support of the State and the State should engage in its own efforts, outside of AGIA to accomplish that as well.	
Trans-Canada has stated having the Federal government insulate the shippers against cost over-runs is an idea worth exploring. I think thought should be given to a State role in a mechanism that establishes the tariff rate prior to completion, which would accomplish the same relief from cost over-runs. Government's role is to provide incentives to industry, and though AGIA subsidizes the successful AGIA applicant, it does little for the shippers who bear the risk of the project. Perhaps overruns can be funded with State bonds, to be paid back by a state royality or tax when well-head prices reach a certain level. On the subject of maintaining the integrity of the AGIA process and dealing with	Thank you for your comments. Your suggestions will be taken under advisement.

COMMENT	RESPONSE
disappointed applicants, it is important the State resist pressure to give special treatment to projects that are politically popular. Doing so will subsidize the rejected project's perception in the public's mind, and give traction to their efforts to obstruct viable gasline opportunities.	
Jackson, Janis-Tok, AK 3/06/08 (309NK)	
I believe the AGIA framework is solid and that the TransCanada application seems viable. Since the applicant has met AGIA's must-haves and has provided answers to the gasline teams follow-up questions, I am comfortable with the gasline team's approval of the application. I am pleased that we would have a minimum of 5 off-take points with the possibility of more and that TransCanada will coordinate with the Alaska Dept of Labor to ensure hire of and skill training for Alaskans. TransCanada's existing and planned pipeline infrastructure looks like it will maximize the ability to distribute Alaska's gas beautifully. And the contribution of Alaska gas will maximize the productivity of TransCanada's existing structures. It seems like a win-win for all. I do worry about the open season but am comforted that there is allowance for additional open seasons, if necessary. Nice work, Gasline Team!! Best of luck going forward with this application.	Comment noted. Please see Section A, Issues #3a, 3b, and 4a, 4b, and 4d for more information.
Jenkins, Michael-Gokona, AK 3/05/08 (212NK)	
My comment is that no matter what we do we should remember that Canada is a forgien country.	Comment noted. See Section A, Issue #10b for a brief summary of the Transit Pipeline Treaty.
Also the gas should be used to improve the lives of Alaskans first and the state fund second.	See Section A, Issue #4a
I feel that more time should be spent on keeping the gas line totally with in the state	The commissioners directed an extensive analysis of different LNG project options in

COMMENT	RESPONSE
where we as Alaskans can recieve the maximim benefit both in use and revenue.	parallel with its analysis and evaluation of TC Alaska's AGIA application. They found that, when compared to an all-Alaska LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater benefits to Alaskans over the life of the project. See Section A, Issues #4a, 4c, 10a, 11a.
Jensen, Ronald-Anchorage, AK 1/22/08 (57NK)	
I am entirely against the proposal submitted by Conoco Phillips. The route through Canada is completely unacceptable.	
This gas line should be built following the existing pipeline. Now that the LNG plant is closed in Nikiski, why not put that facility to use for the gas line?	Please refer to the response above. Also, see Section A, Issue #10a.
Joehnk, Jessa-Fairbanks, AK 1/04/08 (7NK)	
I understand that this is something that needs to move forward and I am not disagreeing with the pipeline itself in any way. However, I do not understand why we are building it to Canada. Does that not give them the benefits in the long run? If we kept the gas local and - even if it's a Canadian company running it for now - when that Canadian group moves away from it, who will move in? If it's a purely Alaskan pipeline - giving Alaskans jobs at both ends and bringing AKall the revenue - isn't that more financially and economically sound?	The AGIA requirements ensure that the state's interests are met. Any gas pipeline project must be commercially feasible, and any project sponsor should be expected to maximize their share of value. The best interest of Alaska is protected by the terms under AGIA, and by the Federal Energy Regulatory Commission (FERC) and NEB and NPA in Canada. See Section A, Issues #3a, 3b, and 11a for more.
Jones, Stephen-Anchorage, AK 3/04/08 (173NK)	
Reviewing TransCanada's bid it becomes obvious that their plan is a very high risk proposition. In their application they rely on outside support from the federal government, expartners, and the north slope producers to patch holes in their plan. There is no indication that these entities will help, in fact, both the feds and the producers have stated just the opposite. The thought of giving these people $500 million and tieing up progress on getting our gas to market for years is just plain nuts. I urge you to reject their proposal, rethink the way forward and move on. Better to have wasted a year than to waste 4 or 5 and $500 million to boot.	AGIA requires a pipeline builder to meet certain requirements to advance the project along a specified timeline in exchange for a license that provides up to $500 million in State matching funds. By requiring AGIA applicants to commit to certain milestones within a specific timeframe, Alaska is taking steps that will get a gas pipeline built and in operation as soon as possible. TC Alaska committed to perform all of the AGIA requirements in its application. See Section A, Issues #2a, 7a and 7b.
Judy, Brandon-Cooper Landing, AK 1/20/08 (53NK)	

COMMENT	RESPONSE
Why was ConocoPhillips turned down in such an unprofessional manner?	Because ConocoPhillips declined to submit an application under AGIA and meet the requirements set forth by Governor Palin and the Alaska State Legislature under AGIA, it could not be considered as part of the AGIA review process. See Section A, Issue #9a
TransCanada has submitted a proposal that asks for fiscal certainty to be agreed upon for the benefit of the major players, (BP,CP,Exxon). For this reason you denied ConocoPhillips. Why don't you deny TransCanada? TransCanada is asking for backing not only from us but the federal governament. If you really break down TransCanada's deal it sounds like the more expensive the pipeline is to build the more money they will make, all the while assuming nearly none of the risk. TransCanada's application covers every angle of risk they could assume on this project and looks for ways to put it on someone else's shoulders. I don't think right now you can pull those kind of strings with the Fed but I'm sure it will make a good article in Forbe's.	Some comments suggested that TC Alaska's application was not complete because it asks for fiscal certainty and other conditions, such as Federal Loan Guarantees and participation as a bridge shipper. But, while TC Alaska's application presents different options, it is not conditioned on them. See Section A, Issues #2c, 7b.
ConocoPhillip's was able to submit a proposal that did state they would seek out some federal help, but it did not make or break the deal. They blatantly said they had the capitol to take the project to the finish line and were able to assume the responsibility of making a buisness deal, not hiding behind everyone's skirts.TransCanada is probably asking for the check from our state with the $500 million on it as I type. ConocoPhillips doesn't even want it.	Conoco's "alternative plan" is no longer valid. Conoco has rescinded that offer and is now involved in a new approach in with BP. Based upon the limited information provided in either Conoco's original alternative plan or the more recent announcement by Conoco and BP, it is impossible to determine exactly how much of the state's money is being requested. While it is true that the AGIA matching funds are not being sought, both of these proposals seek an undefined amount of other state funds in the form of tax law changes. See Section A, Issues #8a, 8b.
ConocoPhillips submitted a contract that pledges to hire Alaskans, TransCanada pledges to hire Canadians than Alaskans. TransCanada's contract only qualified for AGIA to save AGIA, not to actually get a pipeline built.	See Section A, Issues #3a, 3b, 8c.

Just-Jeff, -Salcha, AK 2/01/08 (79NK)

COMMENT	RESPONSE
Governer and State Representatives , I have read the January 15th response letter from Trans Canada Pipelines Limited . I believe that the State is getting set up for a scam by some "Kniks " and anyone who approves that proposal should be removed from State office ASAP. Maybe hold off before you give away the farm just building the gas pipeline itself .If you sell the Alaskans childrens future , may God find mercy on your souls .This deal is a bidders dream come true . As I stated In my original comment to the Governer I believe the State should bid out the entire pipeline in smaller sections say possibly even five miles per section , for an optimisticly wider bidder applicant base than what TC or Conoco would come up with .	Comments Noted
What would be so wrong to have the State handle the whole project ourselves ?,with Our Own Corporation set up just for its building and perpetual continued maintenance . This elected State Representative regulated Corporation Would be called ,Alaska Gas And Resources Corporation A G A R C { AGAR } for short and would give some people in the State capital ,or other city ,a little more annual paperwork load {more JOBS} also .	Constructing and maintaining a pipeline is an enormous commitment of resources, both financial and human, that is better left to experienced pipeline companies. See Section A, Issues #11a
Then I would set the entire pipeline on straight gravel pads and rairoad ties { which are completely environmentally legal } with annual leveling inspectors {JOBS again} to level areas that shift from the permafrost sections of pipeline and bury the rest under Standard of American Engineers pipeline practices . I know for a fact that this proposal would be so cheap , no present pipeline builder proposal could come close to this proposal cost . I would also mention other pipeline ideas but those I will refrain from at present .	Comments Noted
Please maybe go back to the drawing board or maybe even Start over with AGIA because something is bad in the middle of that deal but it is an excellant start ."Coodos" to those involved with AGIA for the fine work , but it is just a foot wetter . I must state again though, Alaska should refrain from the TC deal or even a C/P owning the line ,deal at present .	The commissioners determined that TC Alaska's application met all of the required conditions of AGIA and provided all of the required information. To begin the process anew would be unfair to TC Alaska as the successful applicant and is not necessary. The commissioners' determination process and legislative review are adequate to ensure that

COMMENT	RESPONSE
Our own line.	benefits to the state are adequately maximized. See Section A, Issues #2b
If any heat is felt from Canada in this matter then I also believe maybe we should petition to Congress for military protection of our resources and ask for Canadian sanctions at once and also for the Yukon Territories people to be asked if they would like to be added to the UNITED STATES OF NORTH AMERICA as our 51st STATE!, and British Columbia as the 52nd STATE !, and so on . Sincerely , an alive ALaskan citizen	See Section A, Issue #10c.

Kakel, Bruce-Anchorage, AK 2/15/08 (94NK)

I do not think TransCanada's proposal is in compliance with AGIA. I most definitely feel Alaska should go with ConocoPhillips.	See Section A, Issues #7b, 8a.

Kari, Louise-Anchorage, AK 3/06/08 (251NK)

AGIA has been a personal disappointment.	
What kind of competition has it brought if there is only one complete application who may not be qualified?	Because AGIA spells out the bedrock requirements identified by Alaskans through their elected representatives, even one application that agrees to satisfy the state's needs is major progress. Whether the State received five applications or 20, the State only needs one qualifying application that can accomplish the goals defined in AGIA. See Section A, Issue #2b.
Transcanada has made it clear that they will rush to open season without an adequate design so as to get 90% state funding thereafter.It is clear to everyone, including Transcanada, that without the backing of the producers, or the US Government, this plan is not going to work. The producers will not move if it is not fiscally attractive to them and Senator Stevens, whose opinion carries a lot of weight with me, has said the US Government will not increase its support for a Canadian company. BEFORE WASTING ANY MORE TIME AND $500,000,000 OF THE STATE'S MONEY, GO BACK TO THE DRAWING BOARDS AND THIS TIME WITHOUT MALICE TOWARDS THE	There is general agreement that the producers must be involved in the development of this project. AGIA recognized the importance of commitments from the producers by providing the Resource Inducements in Article 3. See Section A, Issue #9a

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PRODUCERS. PS I question whether this administration is unbiased toward Transcanada given the past relationship between that company and Ms. Rutherford.	 DNR Deputy Commissioner Marty Rutherford has no conflict of interest regarding the TC Alaska application and is not one of the commissioners tasked with making the Finding and Determination.

Kendall, Paul Dean-Anchorage, AK 1/10/08 (20NK)

*first-- i am traveling and changing my current address to a new one....PDK TO: Our Govenor and all of those who in their hearts have worked and continue to work so hard in an open manner for an honorable formula which addresses the true value, management, development and distribution of Alaskas Resources. Congratulations to all of you for your well intended stewardship, guardianship, leadership, communications, and unwavering dedication to honorably serve "in the publics best interests"! Paul D. Kendall 907-222-7882 ps- i will now review the winning application and comment later; After i see if there is any mention of HYDROGEN PRODUCTION in the application. ha ha Good work you all....	Comments Noted

Kennedy, Katherine-Valdez, AK 3/04/08 (201NK)

I do not believe our gas line should be shipped down through Canada. We need the money and jobs right here in Alaska. I voted for Governor Palin because she came to our Senior Center and told us that if she became our governor she would bring the gas line to Valdez where as our former governor was in favor of it going down through Canada. I will be very disappointed if the gas line does go down through Canada. If you love our state then keep the gas line and jobs in our state! Thank you. Sincerely Katherine Kennedy P.S. I am longtime, voter, resident, and plan to	The purpose of AGIA is to maximize the benefits to Alaskans by addressing the state's long-term interest in having a pipeline that will create an open, competitive environment where explorers know that when they find gas, they will be able to get it to market on commercially reasonable terms. Continued gas exploration and development is key to maintaining long-term in-state jobs, meeting the state's energy needs, and ensuring financial stability as oil production declines. See Section A, Issue #3b,10a, 10b.

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remain in the state so I would like to see it prosper. K.K.	

Kenny, Michael-Anchorage, AK 3/06/08 (265NK)

COMMENT	RESPONSE
AGIA Comments: TRANS CANADA Application In this step of the AGIA process as I understand it, the Administration either grants or rejects a license to build the project to a successful applicant. Since only Trans Canada was judged to have successfully completed their application, theirs is the only application to be considered for licensing. I urge the Administration to decline making a recommendation to license Trans Canada to the Alaska Legislature.	Because AGIA spells out the bedrock requirements identified by Alaskans through their elected representatives, even one application that agrees to satisfy the state's needs is major progress. Whether the State received five applications or 20, the State only needs one qualifying application that can accomplish the goals defined in AGIA. See Section A, Issue #2b.
1). Our Constitution mandates that when the natural resources of Alaska are developed it is done to the maximum benefit of its citizens. This requires us to act wisely; with our focus not on monetizing our development of non renewable resources for a short term windfall in our lifetime but on making certain maximum benefit extends to future Alaskans. Our Constitution was not written to cover only those of us here in the present. Alaska is an Owner State; a great blessing carrying with it great responsibilities to future generations. Without a proper comparison of competing routes and projects, the mandate expressed in our Constitution will not be met.	The Alaska Gasline Inducement Act is Alaska's law designed to advance construction of a natural gas pipeline from the North Slope to market. AGIA spells out the bedrock requirements identified by Alaskans through their elected representatives, so even one application that agrees to satisfy the state's needs is major progress. Whether the State received five applications or 20, the State only needs one qualifying application that can accomplish the goals defined in AGIA. See Section A, Issues #2b.
2). In consideration of the observations listed below, the Trans Canada project must be rejected at this time. It may be appropriate after a LNG project becomes operational and more ANS natural gas is discovered and available. It is my opinion that the process followed to date under AGIA is vastly superior to the process the previous Administration utilized in 2005 under the auspices of the Stranded Gas Act. But no process is without flaws and AGIA is no exception. Only one application is judged acceptable by the Administration and it is for a project to deliver Alaska gas to Canada.	
There are some words in the approved Trans Canada application vaguely referring to an	The commissioners have conducted an extensive analysis of possible LNG projects in

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LNG alternative but two precise and distinct applications proposing an All Alaskan LNG route were disapproved for different reasons. The Administration also indicated that they were not completely dismissing a LNG project. We shall see. I trust that a license will be awarded only after a thorough and transparent analysis of the competing routes and projects. It is difficult to look forward to a license being awarded to an applicant because it was judged most successful at navigating the application process. We deserve a thorough examination of the competing visions. A decision of this magnitude will reverberate far into the future and must be the result of today's Alaskans understanding the pros and cons of the various alternatives and coming to a reasoned decision.	parallel with the evaluation of TC Alaska's AGIA application. The state gasline team examined a range of price and demand scenarios, along with the commercial realities of large-scale LNG projects. Ultimately, the commissioners found that, when compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater maximum benefits to Alaskans over the life of the project. For more, see Chapter 4 of the Finding, and Section A, Issue #10a.
The following observations are offered for your consideration. First: Exxon/Mobil, BP, and Conoco Phillips will go to great lengths to preclude Alaska LNG from competing in the Pacific Rim market place, the world's most lucrative market. Relying upon industry funded studies undertaken during the Knowles administration; they claim Alaskan LNG is not competitive. That may be an accurate point of view from their internal corporate strategies in terms of maximizing their stockholders return on investment. Furthermore, most sovereigns, unlike Alaska, grant development and production leases on a "use it or lose it" basis. The AGIA has highlighted the fact that Alaska LNG does make economic sense to a number of global energy giants. It is ironic that the TAPS oil pipeline routing to Valdez was aggressively demanded by the Alaskan ANS leaseholders precisely because Alaska is located at the crown of the very lucrative Pacific Rim/ Asian markets. Second: LNG is the wave of the future. The largest investment that Exxon has ever made is in an LNG project with Qatar natural gas. There is continued speculation that a consortium modeled on OPEC will be formed. LNG is becoming a global commodity and offers dynamic flexibility in reaching lucrative markets. LNG is so very 21st Century. Third: The Mackenzie Valley Pipeline project is floundering. Imperial/Exxon	Your comments have been noted and will be taken under advisement.

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stated that the $7-billion estimate in 2004 made the MVP a very marginal project. The producers headed for the exits when the estimate in 2007 came in at $16.2-billion (in 2006 dollars) and the Canadian government showed no interest in using taxpayers dollars for subsidies and guarantees in the face of the record breaking profits for the producers. Reportedly there is a proposal to have Trans Canada build and own the $8-billion pipeline while the producers withdraw from the Aboriginal Pipeline Group and invest $8- billion in the necessary infrastructure at the Mackenzie River Delta gas fields. The past CEO of Exxon, Lee Raymonds, and his successor, Rex Tillerson, have stated in no uncertain terms that the MVP must precede the Alaska Highway Pipeline Project (AHPP). Of course their preferred project is to bring the ANS natural gas “over the top” and thus make the MVP more lucrative. Many Alaskans considered their manner and tone to be disrespectful. Rising above this now familiar arrogance and the huge conflict of interest inherent in the possibility of both the MVP and AHPP in Trans Canada’s portfolio, why is it so important to transport the Mackenzie project natural gas South…… Fourth: The answer can be found in two words: Tar Sands. In order to extract and produce synthetic oil from the Tar Sands, huge amounts of natural gas and water are necessary. Since it seems likely that Alberta has already passed peak production of its natural gas, the energy firms will be reliant on tapping into new energy sources. Eventually, full development of the Tar Sands will yield an amount of oil only exceeded by Saudi Arabia. It is gigantic and it has attracted gigantic investments from all over the world. Since natural gas is the key to the profitability of these investments, pressure is being applied to assure a source or sources are available. Alaska is certainly a location that has attracted great attention of late. The corruption scandal is but one symptom. The case for building the AHPP is shrouded with talk of transporting our natural gas to the mid western United States. It would be extremely surprising if that talk corresponded with realities. Our Alaskan gas is needed for the	

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Canadian Tar Sands and the Alberta Petro Chemical industry. Fifth: The Tar Sands projects have attracted growing opposition. Many environmentally inclined Canadians view the use of natural gas energy to produce synthetic oil energy as extremely wasteful. The Canadian emissions ceiling under the Kyoto Treaty will be exceeded by over 25% and the greenhouse warming effect will be increased. First Nations organizations are upset over the degradation of the water tables, the Athabasca River Drainage and Slave Lake. Labor organizations are concerned by the importation of workers from Indonesia and other Asian countries who are afforded little protection and can be deported on the whim of employers. This "movement" may never reach critical mass sufficient to stop the Tar Sands development but it can be expected to be effective in depriving the development of its energy source by blocking both the MVP and AHPP indefinitely and thus gaining leverage for Tar Sand development restrictions. Sixth: Future developments in the Arctic Ocean and the Beaufort Sea are no longer deep in the future. Political maneuvers by Russia, Norway, and Canada indicate that they are aware of the huge potentials and are staking out their claims. Alaska's oil transportation corridor connecting the Arctic Ocean with the Pacific Ocean will be enhanced by the addition of a gas transportation system in the same corridor. Seventh: The fear card is back in play. Like the ghost of Christmas past, former Governor Murkowski recently reappeared to promote the producers as owning the gas and whose interests are paramount. Almost simultaneously voices from Washington D.C. were warning of a federal takeover. The oil industry has enjoyed unparalleled influence over American policy for the past 8 years. The deck will be reshuffled in November of this year. We may rediscover the States Rights issue. Our decisions must not rushed by threats. I remain confident that when the Administration and the Legislature examine and analyze the competitive routes and projects (including the Chinese) in a transparent and informative deliberation, Alaskan's will be overwhelmingly supportive of	

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the result. The result does not have to be a zero sum game where there is one winner. While I do not claim to be fully informed, it does seem that the All Alaska LNG route can be accomplished in a shorter time frame and more importantly has the advantage of being within Alaskan and American sovereignty. The producers have powerfully, robustly, sharply and fiercely demanded fiscal certainty. Alaska must demand certainty of another sort and that is the certainty that agendas in a foreign sovereignty not impede the development and transportation of our resources. That certainty will never be attained and can only be realized if we avoid foreign entanglements in our routing. This is not meant to imply that, after we have completed the LNG project and with the expected discovery of much more ANS natural gas, a spur line to Alberta would be inappropriate. Great comedy is reliant upon great timing and of course the tragic face of comedy may reflect poor timing. If we were to transport our gas via a static delivery system, 1700 miles inland we would be building last century's project. Turning our backs on the historic opportunity available to Alaska via a dynamic, global LNG project would certainly be a tragedy. Thank you for the opportunity to share my observations with you. Michael Kenny 17016 Aries Ct. Anchorage, Ak. 99516 907.345.7508 mkenny@attalascom.net	

Kopplin, William-Ester, AK 3/03/08 (166NK)

I feel the AGIA procedure is a great idea. I like the openness. I feel the Port Authority should be given a second look.	Although the Port Authority application was incomplete under AGIA, the commissioners recognized that it was important to understand the comparative value of an LNG project. They directed an extensive analysis of LNG project options in parallel with its analysis and evaluation of TC Alaska's AGIA application. The commissioners found that, when compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater benefits to Alaskans over the life of the project. See Section A, Issues #2e
I do not feel that Trans Canada is the best for the State and its people. Here are my reasons: -Conoco owns a large portion of Trans Canada. They will essentially be building it through Trans Canada. -It will be expensive to	In exchange for the various inducements offered under AGIA, TC Alaska committed to certain terms which protect the state's interest. These terms encourage gas exploration by ensuring new shippers have access to the

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build. It will take longer to find funding and delay the project. - The tariffs that will be deducted from the value of the gas will be much higher as the cost of shipping and the costs of building will be higher. This means less revenues to the State. The Port Authority plan is better: The In-State LNG pipeline is shorter, hence less expensive, easier to find funding and quicker to build. -The tariffs will be less so more revenues to the State. -Fairbanks Natural Gas has signed an agreement for gas with Exxon. They are building a LNG compression plant in Prudhoe Bay. That part of the infrastructure will be in place. It fits nicely. Thank you for your time, William Kopplin	pipeline, and that tariff increases from expansion are shared by all shippers. For more, see Section A, Issues #6d, 10a. Also, see Chapter 4 of the Finding for in-depth LNG discussions.

Krebs, Harry-Homer, AK 1/13/08 (31NK)

I am thankful that our state government is taking action to insure that the natural resources of this state will be developed in a sane and fair manner. Thanks for being a good steward of our resources. Keep up the good work. I believe that we on the best course possible. HJKrebs	Comment noted

Laffey, Thomas-Eagle River, AK 1/23/08 (104NK)

To whom it may concern. I agree with Halcro and we need to be very careful with Transcanada. Thanks Tom	Comment noted

Langlie, Michael E.-Bethel, AK 3/05/08 (245NK)

Dear Gov. Palin and the Gasline Team, I personally feel that an all Alaska gasline is in the best interests of all Alaskans. I don't think Alaska needs to subcontract the work to a Canadian company to make it work. I think the direct route to Valdez and the spur to Palmer should be the number one priority, with the route through Canada a strong possibility for future expansion.	An extensive analysis of LNG project options in parallel with its analysis and evaluation of TC Alaska's AGIA application revealed that, when compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater benefits to Alaskans over the life of the project. See Section A, Issue #10a for a summary, and Chapter 4 of the Finding for in-depth LNG discussions.
I also feel strongly, that we Alaskans should be the majority owner of the pipeline, to insure Alaska's fair share of revenue for generations to come, and to keep access to the pipeline	Constructing and maintaining a pipeline is an enormous commitment of resources, both financial and human, that is better left to experienced pipeline companies. See Section

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fair and open to all producers who wish to use it. Please reconsider not sending just the one proposal to the legislature. We need at least one all Alaska proposal for the legislature consider, as well as Transcanada's proposal. Thank you for reviewing my comments. Sincerely, Michael E. Langlie	A, Issues #11a

Lares, Michael-Valdez, AK 3/03/08 (169NK)

I'd like to start off with, I'm proud of our Governor. I've never said that before !!!	
I don't have a problem with a Trans Canada plan as long as Alaska people have access to the gas. We all need it badly. The money from the gas will go into the state's coffers to be counted with the other millions of dollars. The every day quality of life is changing quickly with the lack of affordable power and fuel. That's why need more than the money in the State's accounts. We need cheaper power and fuel!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!! Here in Valdez, the pipeline goes right by and we pay as much or more for Diesel than anyone. (yes, I'm talking about heating oil too.) If we get gas here, I hope we don't get screwed like we do with the heating oil. Thank you, Michael Lares	On March 5, 2008, the Governor appointed a state-wide Energy Coordinator with the express goal of tasking him and his organization, the Alaska Energy Authority, with examining, analyzing, assessing and proposing solutions to the energy availability and cost challenges facing many Alaskans. As required by AGIA, TC Alaska has committed to provide a minimum of five off-take points along the Alaska section of the proposed pipeline. The location of these off-take points is as yet undetermined and each provides an opportunity for connection with spur lines. While TC Alaska does not propose building a spur line directly, the main line would allow for connection and off-take by a third-party project. Both ENSTAR and the Alaska Natural Gas Development Authority (ANGDA) are pursuing spur-line projects which would connect with the main pipeline in Delta Junction and bring gas south to feed in to ENSTAR's existing network. See Section A, Issues #4a, 4b, 4d.

Lawson, John-Anchorage, AK 1/13/08 (33NK)

The entire AGIA process has been a deliberate scam by Sara Palin, Pat Galvin, Marty Rutherford, and Tom Irwin to specifically exclude the oil producers from building a pipeline. Why don't you just have the guts to come out and say the truth ???	The Alaska Gasline Inducement Act is Alaska's law designed to advance construction of a natural gas pipeline from the North Slope to market. The goals of AGIA are to ensure exploration and development of the State's natural gas resources on the North Slope, take steps to construct a natural gas pipeline as quickly as possible, and make natural gas available to Alaskans through a public and open process.
You are handing over the future of the State of	See Section A, Issue #7b.

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Alaska to a Canadian company that submitted a proposal that doesn't even meet your opwn AGIA terms and then calling their deviations "creative thinking" ?????.	
Furthermore, this company doesn't give a tinkers damm about us.	Alaska and TC Alaska's best interests are aligned in that both parties will vigorously pursue the development and construction of a gas pipeline. See Section A, Issue #6d.
The U.S. government is not in our lifetimes going to guarantee the profitability of a Canadian company. By targeting AGAI to specifically exclude one group of companies (the producers), you have violated U.S. antitrust laws with the AGIA process.	TC Alaska's application provides the company's unconditional commitments to each of the AGIA requirements. The TC Alaska application does not place any conditions or contingencies on those commitments. The loan guarantee concept is not a requirement. Instead, it is a suggestion which TC Alaska has offered to help facilitate the development of the project.
If I were building a house and went for a 30 year mortgage, I would need to know up front what the interest rate and payments were going to be before I could sign the papers. That's all that ConocoPhillips is asking for. This is not an unreasonable request. Their proposal is the only one submitted so far that makes any sense. After the way that Sara Palin has treated the oil producers in Alaska I wouldn't vote for her to be the dog catcher in Bethel. John Lawson Anchorage, AK	The need for a clear, stable and predictable tax regime is addressed in AGIA. Producers who commit to ship gas during the first open season of an AGIA pipeline will pay taxes at the rate in effect at that time for the first 10 years of pipeline operations, even if the statutory rate changes during that same period. The major North Slope producers have demanded that Alaskans provide fiscal concessions in the form of adjusted state tax and royalty provisions before they will consider building a pipeline. State officials maintain that it is economically irresponsible to provide a financial boost to the project before project cost, schedule, and range of risks are further defined. See Section A, Issues #2c, 9b.

Lester, Kenneth-Kodiak, AK 2/29/08 (154NK)

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Please do not let the Legislature try to take over the process of the Gas Pipline. they have already proven that they will end up in bed with the Oil Companies.	
It is important that this last huge project in the State be for and have the best benifit for the people, NOT THE OIL COMPANIES. The fact that they are asking for a set tax just shows that they are ALL FOR ONE - ALL FOR ME. In this day and age they are making fantastic porfits and still maintain that they must have	Ultimately, Alaskans own the the state's natural gas resources; through leases, the state allows companies the right to produce and profit from Alaska's oil and gas. The commissioners are bound by the Alaska State Constitution to, in Governor Palin's words, "ensure that an open-access gas pipeline (is)

COMMENT	RESPONSE
lower or no taxes ar they will go broke, ha ha. stick to your guns and do the right thing, AFTER ALL THAT IS THE REASON THAT IVOTED FOR GOV. PALIN IN THE FIRST PLACE. Please advise Her that the average person distruts the Legislature and hope that she can keep the dealings of State government for the people, not the special interest groups. Thanks for the time and place to give my opinion.	built on competitive terms, provide(s) the maximum benefit to the people of Alaska, and fully promote(s) the development of Alaska's vast natural gas resources." The AGIA statute was crafted to ensure that the parallel natural gas development missions of Alaska and the producers is fair, open, and transparent. For more, see Section A, Issue #9b.

Lindow, Jeffrey J.-Anchorage, AK 2/26/08 (123NK)

The line needs to meet the present and future needs of Fairbanks, the Matanuska Valley, Anchorage and the Kenai Peninsula. Please keep this in mind with any plan.	See Section A, Issue #4a

Lund, Chuck-Anchorage, AK 1/25/08 (67NK)

I find it difficult to believe that Conoco Phillips President, Jim Mulva is stupid or just plain dumb although I guess that is a possibility! Governor Palin has very nicely and politically correctly sent a very nice letter of reply to Jim Mulva. The bottom line to Jim Mulva should be HELL NO either you play by OUR rules (The State of Alaska's rules) or you can't play. All of Conoco Phillips cheap assed advertisements are all emotional BS. Jim Mulva needs to understand it's our ballpark, our ballgame, and the gas is ours and it's proceeds belongs to the people of this great state. So Jim Mulva either sign your team up to play in our league or you can go try to screw the people of some other state but we're running this game! The bottom line should be either get on board or we'll take our gas and sell it without you and pay you a fair market value for your efforts to this point!	Statesmanship and the maintenance of positive relationships between the State of Alaska and the major oil producers are important to the development and commercialization of our natural gas resources. Ultimately, however, Alaskans own the resource; through leases, the state allows companies the right to produce and profit from Alaska's oil and gas. The commissioners are bound by the Alaska State Constitution to, in Governor Palin's words, "ensure that an open-access gas pipeline (is) built on competitive terms, provide(s) the maximum benefit to the people of Alaska, and fully promote(s) the development of Alaska's vast natural gas resources." The AGIA statute was crafted to ensure that the parallel natural gas development missions of Alaska and the producers is fair, open, and transparent. For more, see Section A, Issue #9b.

Machida, Richard-Fairbanks, AK 2/27/08 (130NK)

The construction of a terrestrial route for the gas pipeline is a great opportunity to install fiber optic capacity along the pipeline. A percentage of the total fiber capacity (minimum 2 strands) should be granted to the University of Alaska to support research and education needs. In the very competitive environment for research dollars, the University is at an incredible disadvantage to	Comment noted

COMMENT	RESPONSE
other research universities do to lack of dark fiber capacity to the high performance research and engineering networks such as NLR or I2. The existing carriers are unable to provide dark fiber and can only offer bandwidth. Fiber will be installed along the pipeline to support the command and control requirements for the pipeline and adding additional capacity to support the long term needs of the University and the State of Alaska would be a very small incremental cost.	

Malcolm, Mary-Delta Junction, AK 1/08/08 (18NK)

Concerning TransCanada's proposal: I have heard that they would not want us to extract any of the solids, nitrates, etc. from the gas before it goes into the line, they plan on taking that for themselves.	
Also, it concerns me that there are so few takeouts points in their proposal. In contrast the Port Authority's proposal has many more points for the people of the state to benefit from the gas. We actually need the gas here in the Interior or I fear that the populace is going to thin out because of the simple fact that they can't heat their homes. Thank you for your time and consideration of my concerns. I realize that you have put a lot of time and energy into this, your staff, also.	AGIA was passed by the Alaska State Legislature with a specific charge: Bring Alaska's North Slope gas to market, recognizing that quick movement on that main line has many important benefits. First, to ensure that Alaskans have access to the gas, off the main line for instate use, at the lowest possible transportation costs. Second, to ensure that new gas is developed; third, to help sustain Alaska's economy through development of natural gas resources. So AGIA is specifically designed to ensure that Alaska's gas reaches Alaskans. For more, see Section A, Issues #4b and 4d.

McCabe, David T.-Anchorage, AK 2/25/08 (117NK)

Thanks for good session @ Lucy Cuddy. Alaska would be making a huge mistake not to examine the possibility of shipping LNG in tankers from the ARCTIC coast. Look at what the Russians have done with ice-breakers & cargo ships shipping along the Northeast Passage along the Northern Coast of SIBERIA. An LNG plant and a fleet of ships would be far less expensive & far more flexible to move gas to South-central Alaska and elsewhere in the world, depending on the markets. Pipeline might never be completed and could	Comments Noted

COMMENT	RESPONSE
become the world's largest WHITE Elephant.	

McClenahan, Patricia-Eagle River, AK 3/05/08 (210NK)

I attended your presentation in Palmer, and would like to compliment you on an excellent effort. I am writing to tell you that I support the Governor's stance on AGIA. I am a contractor here in Alaska, and I have been following AGIA. The process you followed so far in selecting a contractor for the pipeline is exactly the process we contractors are all expected to follow, and it has been public, open, and transparent. Additionally, it follows the law, which is what we, the public, expect. I do not wish to see the law changed to accommodate the oil companies. I feel that, for too many years, the oil companies have taken the State's resources without due compensation, and Alaska has had hard economic times because of it. Some good ideas surfaced at the Palmer meeting, and I believe that it would be wise to explore parallel options, outside of AGIA, while allowing AGIA to remain in place, as it is. Thank you for providing a public forum, and for this opportunity to comment. Dr. Patricia McClenahan	Comment Noted

McGee, Shanon - Fairbanks, AK 1/11/08 (25NK)

I would implore you to consider the local Port Authority plan. As a third generation Alaskan who is father to yet a fourth generation, I am watching family friends and relatives being crushed by Fairbanks high energy prices. For the first time, I have had to consider the likelihood of my families future in our home state. My daughter is six months old; any plan that denies as many Alaskans as possible access to affordable energy may prevent her having her tenth birthday in AK as generations preceding her have done. Thank you for your consideration, --Shanon McGee	In their January 4, 2008, Completeness Determination, the commissioners found that the AGIA application submitted by the Alaska Gasline Port Authority was incomplete. After careful consideration, the Port Authority's Request for Reconsideration was also later denied. The commissioners' reasoning is explained in the decision dated January 30, 2008, andis available at www.dog.dnr.state.ak.us/agia/index.htm Although the Port Authority application was incomplete under AGIA, the commissioners recognized that it was important to understand the comparative value of an LNG project. The Palin administration directed an extensive analysis of different LNG project options in

COMMENT	RESPONSE
	parallel with its analysis and evaluation of TC Alaska's AGIA application. The commissioners found that, when compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater benefits to Alaskans over the life of the project. See more at Section A, Issues #2e.

McKay, Peter-Kenai, AK 1/13/08 (35K)

Please ask TransCanada to provide additional information about: 1) Executive Summary Elaborate upon the pledge to Establish an Alaska Office. 2) Section 2.03 Alaska Hire: Elaborate upon the pledge to Pursue Alaska Hire and hire Alaska Businesses to the maximum extent allowed by law. Will US workers be able to work Canadian portions of the pipeline in construction? Can US workers work Canadian assets in operations and maintenance? Can Canadian workers work US sections? 3) Section 2.03 Project Labor Agreement: Is this agreement for the construction only - or the operation and maintenance of the pipeline as well? Will company workers be free to seek representation/organization? 4) Section 2.04 #5 Emergency Response: Will there be dedicated TransCanada workers/responders and equipment? Will these be company workers? 5) Section 2.04 #9b Integrity Management: Addressed in this section is a statement about the continuous review, feedback and performance measure monitoring influencing the eventual retirement of these facilities (and pipeline). Will this end-of-pipeline-life removal be ensured by the posting of a bond? 6) Section 2.04 #15 - Operations Control Center: Will this center be located in Alaska? 7) Section 2.04 #16 Staffing Approach: Will pipeline and facility operations and maintenance workers be company employees? Will this be for the life of the pipeline? What will be the strategy for utilizing contractors after construction?	Under Section 2.2.5, TC Alaska commits to establishing a local headquarters after a successful Open Season with key project management and commercial functions in Alaska for the project pursuant to the requirements of AGIA. It states that "details regarding the final physical location, size and specific staffing levels will be determined once the AGIA license has been issued, and will be commensurate with the level of work being performed through each sub-phase. Functions within the PMT would be managed in the location where the majority of the work is being executed." See Section A, Issues # 3a, 3b. In its application, TC Alaska commits to hire qualified Alaska residents, to contract with in-state businesses, to establish or use existing state hiring facilities, and to use the state's job centers and associated services. TC Alaska also pledges to establish a local headquarters in Alaska for the proposed project, and to negotiate a project labor agreement before construction. As an AGIA licensee, TC Alaska's failure to fulfill these commitments would be a violation of the license terms with remedies available to the state. (AS 43.90.230) TransCanada Corporation has established itself as a world class operator of natural gas pipelines in North America. The commissioners believe that it will continue its record of outstanding performance in addressing these types of issues and expect TC Alaska to comply with all regulatory requirements as well as its own staffing policies for facilities along the pipeline route.
The application indicates that the North Slope Gas Treatment Plant will be developed, owned and operated by a third party. This is a	The details of the GTP will be an important part of any discussions and negotiations between the ANS producers and TC Alaska.

COMMENT	RESPONSE
significant detail that needs resolution prior to approving the TransCanada bid. This GTP issue would benefit from the assistance of the North Slope Producers. This facility will be a significant cost of the project, and will likely present significant additional tariff charges. I think the in-state gas needs are adequately addressed. TransCanada appears to have the resources and experience to execute the project. Thank you for considering my questions and opinions.	TC Alaska has stated (section 2.2.3.12) that it believes that the ANS producers are the most logical parties to construct and operate the GTP. TC Alaska has proposed an approach that provides the maximum opportunity for those parties to design and construct the GTP utilizing the existing Central Gas Facilities for Prudhoe Bay. TC Alaska has further agreed that if this approach does not work, it is prepared to construct the GTP itself.

McKay, Peter-Kenai, AK 1/17/08 (42K)

Two issues: 1. The gas to be shipped is Alaskan (though Canadian Gas will also be transported to US markets). This project must maximize the benefit to Alaskans, Americans and Canadians. While it may be difficult to source pipeline (steel) from US/Canadian plants efforts must be made to ensure that other materials, workers and equipment are sourced to bring maximum benefit to Alaskans, Americans and Canadians. There should only be US & Canadian made equipment for example CAT instead of Kuboda, John Deere instead of Hitachi. Ships transporting steel should be US flagged vessels etc... The US economy needs this work. 2. The TransCanada proposal does indicate that in-state gas use will be available on a per-mile basis. If I understand this correctly it means that Alaskan gas users will only pay a pro-rated amount based on the number of miles to the off-take location. We will not pay the Chicago Hub price. This is a welcome change from the way our oil resource is priced. Our in-state gasoline, heating oil, diesel etc are priced higher than Lower 48 prices. This is wrong. The gas line affords us an opportunity to change that. We are the owners of the resource. We should get the gas at a discounted price. This may be negotiated with the producers who ship the gas thru the pipeline rather than TransCanada but it is an important consideration. Thanks for considering these thoughts. Pete	Comment noted.

COMMENT	RESPONSE
Merkes, Peter-Kenai, AK 1/21/08 (56NK)	
Hi, thanks for the chance to be heard. I think the State should offer to the people, a chance to invest into building the whole pipeline, one way would be to offer an option, by investing all future PDF dividens into stock options, with forty BILLION dollars, if this is such a assured investment, why should these big oil firms make these huge profits ?	Comments Noted, Please also see Section A, Issue #7b
why cant we build the line, say here is the gas this is the fair market price, why does our oil continue to go overseas and not here in Alaska ??	See Section A, Issue #2f
why dont you change this PORT suituation,where GAS sells for 26 cents a gallon more in Kenai, than in Anchorage, when Weaver bros haul gasoline from Nikitski to Anchorage ?? lets get some of these issues solved. thanks	See Section A, Issue #4a
Michaelson, Cindy-Big Lake, AK 2/27/08 (134NK)	
After attending the Public Comment meeting held in Palmer on Feb 18th and listening to the information provided by the Commissioners as well as questions and comments from the public, I would like to submit the following comments, Pipeline vs. LNG During the meeting which was obviously well attended by parties for the All Alaska project there was a lot of discussion about going LNG rather than a pipeline. I favor the Pipeline option for the following reasons.	
• Pipeline option provides gas for Americans. Just as Alaskan's should have access to the benefits of the Alaska Gas, so should other Americans. Alaska receives benefits for being part of the USA with federal funding of project, welfare, and the military just for starters. The rest of the US shouldn't have to compete with China or Asia in order to have gas to generate power and to heat their homes. Alaska will benefit in the long run with a better and stronger US economy afforded by reliable • The USA is a HUGE consumer of energy. A gas pipeline to the USA would give Alaska a competitive advantage over other more expensive sources of imported LNG. Per	Comments Noted

COMMENT	RESPONSE
FERC the same governing body that would regulate the pipeline, LNG access to the US market is currently limited with only 5 LNG terminals in the entire country, one of which is the Kenai Export facility. The others (import facilities) were built in the early 70's, shut down in the 80's when LNG was too expensive and then started back up in the 2000's. There are a bunch of proposed LNG receiving facilities, but FERC estimates that most of those won't be built due to the "Not In My Backyard" issues. • Gas lost to power the conversion to and transport (via ships) of the LNG won't be available for tax revenue for the state, or use by Alaskans or anybody else, but it will still contribute to CO2 emissions • Expenses of processing and shipping LNG will result in a higher priced product which will end up making it more sensitive to drops in the price. • Less economic project means less likelihood it will be built. ConocoPhillips built and has operated the Kenai LNG facility since 1969. ConocoPhillips has patents on LNG processing and their technology is being used in Australia, Egypt, Nigeria, Qatar, Trinidad, and Venezuela. Don't you think they would recommend another LNG project if it made economic sense? Just as they have done with the entire life of the Kenai facility, they could sell it on the international market – which likely won't be in the US since LNG Terminals are so few. Instead all of it will go overseas, just like 100% of the LNG produced in the Kenai facility going to Japan for the past 39 years. Adversarial Commissioners – I was surprised at the obvious Anti-Producer sentiment by the commission. One of the deputy commissioners was bordering on Rabidly adversarial. • At the end of the day, nobody wins if the Gas stays in the Ground. I have no delusion that the Producers care about Alaska or Alaskans. However, getting the gas to market will be good for both Alaska and the Producers.	
By addressing the needs of both the state and the producers it might actually happen.	See Section A, Issue #10b
• The Comment on ConocoPhillips's proposal was basically a rant against Exxon with little to no substantive comment on the actual	

COMMENT	RESPONSE
proposal other than it was from one of the producers. Lumping all of the producers into one basket based on the comments of just one of them may be human nature, but just as in racial prejudice it is wrong and results in narrow minded decisions. • The State of Alaska should be working together with all parties involved towards the common goal of getting the Gas stranded on the North slope into position for use by and for the benefit of Alaskans. Although some on the commission appear to relish the idea of Legal battles with the producers, all that will server is to make a bunch of lawyers rich and delay the gas production by years if not decades.	
TransCanada Plan I see three main issues with the TransCanada Plan. If I told you I was going to build a really nice house, and that you could rent it for x% more than it cost me to build it, but before I built it you had to sign a contract that said you had to pay whatever that price ended up being for 25 years whether you ever stayed in that house or not would you do it? That would depend on how confident you are in the estimate I give you for the building price, How much you expect to be paid while living in that house, and what other locations you might have for living arrangements. That is essentially what the Open Season is. • Just coming up with a number for the estimated price is not enough. If there is no confidence in that number, then it won't be usable. By trying to rush the cost estimate by paying less before the Open Season than after the Open Season, the only function AGIA may serve is to provide education to the state representatives on the Gas Business at the expense of several more years of delay. • During the meeting One of the commissioners indicated that they were going to wait until the Open Season failed before discussing what the Producers felt they needed in terms of Fiscal stability. If you don't know how much your going to get paid, how do you know how much you can afford? • The state will most likely save some of its AGIA $500 million because there won't be any need to proceed beyond the Open Season when the project can't get funding because the Open Season Contracts don't exist to guarantee the	See Section A, Issue #2c

COMMENT	RESPONSE
Loan and TransCanada does not have enough net worth to fund the project on its own.	

Michal, J. Harold-Valdez, AK 3/05/08 (226NK)

Not enough information broadcast to keep the general public up to date on the progress AGIA.	See Section A, Summary of Issues #1a
Definitely it should TransCanada and negotiations being discussed for such plans to go into effect without delay. The market is here now.	Comment Noted

Miller, Gerald-Valdez, AK 3/06/08 (268NK)

The Port Authority's LNG proposal makes sense. We can do this now, with Alaska's gas alone. The All AK Line proposal is "right sized" for AK. It can come on line sooner than Trans Canada, develops an amount of gas to supply Alaskan needs (with lots of take off points) and still allows for sale of excess. The netback is better. We don't rush to sell off gas faster than we need to.	Because of the commitments to expansion and real open access that will open the North Slope basin to competition, the TC Alaska project will generate more long-term jobs sooner than the Port Authority's LNG option. See Section A, Issues #2e for summary information, or review Chapter 4 of the Finding for an in-depth discussion.
LNG would allow export to find the best market value for our commodity.	See Section A, Issue
Develop our gas resource and jobs will follow, and an improvement in the AK economy. We don't need to emphasize the boom of construction jobs on a huge Trans Canada line, when the Port Authority's proposal is ready now.	See Section A, Issue #4a, 4b and 10a

Miller, Judith-Valdez, AK 3/06/08 (267NK)

COMMENT	RESPONSE
After listening at a Town Hall meeting and reading several stories in the newspapers, it appears to my husband and me that the LNG option is the way to go - NOW.	See Section A, Issue #10a
The delays inherent in building a monster line through Canada convince us that the All AK Line proposed by the Port Authority makes the most sense. We want to see the gas developed NOW. Too many uncertainties surround the Trans Canada route and big line. The window of opportunity may well close on that project, whereas the LNG option is ready to come on line much sooner and the netback is better anyway!	The analysis conducted under AGIA showed many significant differences between overland pipelines and LNG projects. These differences present significant obstacles to an Alaska LNG Project, including project lead time, capitol costs and pricing concerns. For more information please see Chapters 3, 4 and Section A, Issue #10a. .
All the takeoff points proposed offer a far better deal for getting gas to Alaskans.	See Section A, Issue #4b
Opportunities to export and seek the best markets are offered by the LNG project. Currently, the price of selling our gas in the Asian market is 3x what we could get through Canada to US markets.	See Section A, Issue #10a
Do not allow restrictions on the export of the gas. We should be able to sell to the highest bidder regardless of location or nationality.	Comment Noted
Consider liquifiying right on the slope and loading on an LNG tanker there for export.	Comment Noted
But whatever happens, please get gas to Alaskans. Energy costs are killing our economy. If you just focus on developing the gas, our economy will prosper, jobs will come, and Alaska can flourish. I don't want to see AK pushed us into building a huge 50 tcf line, when the smaller LNG proposed line is actually better! We just need to focus on developing the resource.	Comments Noted

Moore, Clyde-St.George, UT 1/11/08 (24NK)

I am trying to find a job. I would like to relocate to alaska.	See Section A, Issue #3a

Moore, Lillian April-Trapper Creek, AK 2/23/08 (112NK)

COMMENT	RESPONSE
We are charged by the Alaskan State Constitution to develop Alaska's Natural Resources in a way that Maximises return to the people of the State. I do not feel the TransCanada pipeline will give Alaskans the highest possible return for our gas. Therefore I urge the State to reject the application.	See Section A, Issues #4a, Comments Noted The administration is committed to ensure that the AGIA process base its decisions on what is in the best interest of all Alaskans.
I support an All Alaskan Gas Line, and would be in favor of the Port Authority's plan,	See Section A, Issue #2e, 10a
IF APIC, Alaska Pipeline Investment Corporation, was formed to finance the line, owning the line would mean that Alaskans would be paid the tariffs on gas going through the line. Only when we Maximise the return for our Natural Resources will Alaska be following our Constitution. This is not the case with the current application by TransCanada. APIC would allow US to set a tariff that would be favorable to Alaskans, but also fair enough to the Oil Companies that they would be more inclined to commit to shipping on our line. One less area of uncertainty if this is taken out of TransCanada's hands. The Federal oil/gas leases in the Chuckchi Sea will not bring any revenue to Alaska if we don't own the pipeline. APIC is the only plan to date which would allow Alaskans to collect revenue on fields developed on lands Not owned by the state. It is time Alaskans stop holding our hand out begging from the Federal Government for funding infrastructure. APIC would guarantee adequate revenue for generations to come. Sincerely, April Moore	Comments Noted, also see Section A, Issue #6d

Morgan, Leon-Valdez, AK 1/07/08 (14NK)

Gov. Palin,	
I have several points I would like to address on your recent decision to remove the competitive process from AGIA and grant exclusivity to one entity to develop a gas line in Alaska. By choosing TransCanada, you may have followed the letter of the law in terms of AGIA, but you have positioned (at least publicly) yourself into a corner.	The AGIA process has not granted TC Alaska any exclusive rights. TC was the only application that made all required AGIA commitment and was therefore that only application that could be analyzed in accordance with the AGIA statues. See Section A, Issue 7a for more information.
Firstly, TransCanada has serious debt issues regarding their 1978 application for Canadaian authorization for the line. I believe this is why	See Section A, Issue #7c

COMMENT	RESPONSE
the producers were focusing on Enbridge for the Canadian portion of the line rather than TransCanada under Gov. Murkowski's gasline package.	
In concert with these concerns is the real example of the Mackenzie line and the delays suffered by that line. While it is true that Conoco wants to build a highway route soon, they don't have the proven reserves to float a 4 BCF a day line. To do the highway route, they will need Exxon and BP. However, Exxon has made it very clear in several published reports that the Mackenzie line will be built before the Alaska line. So where does that leave us as a State? The Mackenzie line is 5 years delayed and has doubled in cost. And that is for only a 1.6 bcf a day line. What are our real expectations for TransCanada's ability to overcome these obstacles? For you to publish that the highway route will be pumping gas by 2017 is misleading and wrong; because you know that is not true.	Comments Noted
Secondly, by once again limiting the State's option to one route you have taken away your ability to negotiate a fiscal package. While the PR on AGIA has sounded much different then Gov. Murkowski's PR on his plan, the end result could be argued as worse. AGIA touts 10-year tax certainty, but a 10-year freeze is just as unconstitutional as a 35-year freeze it. So to negotiate legally, you will have to back some form of Reps. Ramras and Samuels' bill to amend the constitution to allow current legislative bodies the ability to fiscally bind future bodies. Once you amend the constitution, then the real negotiations begin. Since you have limited yourself to TransCanada and their one route, you have removed any leverage that you had. Because Alaskans will demand a gasline, you will be pressured to give fiscal certainty closer to 35 years than your proposed 10.	
Thirdly, to cut the legs out of underneath the AGPA is no less undermining than Gov. Murkowski's complete dismissal of the group. Your administration is absolutely aware of BG's, Shell's, Tesoro's, and other major	See Section A, Issue #2e

COMMENT	RESPONSE
companies interest in the all-Alaska route. However, they were waiting to see if your administration was actually going to back the AGPA. Your complete and un-noticed dismissal of the group eviscerated AGPA's ability to deal with these majors. APGA only interest is bringing gas to Alaskans. The group has spent 40-50 million dollars bringing the gasline issue to the attention of Alaskan's and are soley responsible for making this an issue. Finally, they made you (Gov. Palin) the face of an 8-9 million dollar all-Alaska route campaign that identified you as the anti-Murkowski candidate to all of Alaska. For you to turn your back on them is converse to your claims of openess and transparency. Finally, the highway route alone will make it harder to bring inexpensive NG to Alaskans. Because there is only about .5 bcf a day consumption - STATEWIDE - the cost of bringing a spur line from Delta to the Belgua fields, without a major industrial consumer (like a 1-2 bcf/day LNG plant in Valdez) will make that line difficult to finance and, if financed, the exepense of the line will be passed directly to the consumer. Every study finds that for in-state gas to be cost effective, you have to have a major industrial consumer. That is why everyone from Tom Izzo to Ken Lowenfels understands that you have to subsidize in state line construction with a LNG spur to Valdez. I am saddened by your decision. Please do not just discount me as a resident of Valdez. I am a 4th generation Alaskan with family in Juneau, Fairanks, and Anchorage. I am concerned about the State and I firmly believe you were elected to offer a difference to what Gov. Murkowski was doing; not just change the cover page. With respect,	Comments Noted
Morigeau, Bob-Palmer, AK 2/22/08 (109NK)	

COMMENT	RESPONSE
My labor background requires my priority to be jobs for AK residents. A sole line thru Canada to Alberta is approx. 2/3 in Canada 1/3 in AK. Local 302 members work over 500,000 hours a year on the taps line performing maintenance and have done this for over 30 yrs. All the trades including Alyeska employees represent millions of hours worked each year for our residents. The jobs affiliated with a liquifaction plant and processing the valuable liquids into usable products has not only great monetary value but would give thousands of lucrative jobs to AK residents. The gas team has stated a good look will be given to an in-state line. I believe personally we need both, build a line to Valdez with Harold Heinze project to South Central with the Canadian line to follow.	Alaska jobs are an extremely important issue in the AGIA process and will receive careful consideration. It is planned that in-state off-take points may facilitate the construction of a natural gas spur line to Valdez or the railbelt. See Section A, Issues 3a, 3b and 4a.
Our priority shoud be to take care of us "Ak residents FIRST" and foremost. I realize this is a huge task and I do want the GAS team to know many of us have huge respect for what is being done. I have nothing but love & respect for Sarah and her administration. God Bless You All Sincerely Bob Morigeau	See Section A, Issue #4a

Morris, Mike-Eagle River, AK 1/15/08 (40NK)

COMMENT	RESPONSE
AGIA is a hopeless flop. The TransCanada proposal will not be ratified because: A. It requires loan guarantees from the U.S. Government.	The administration is committed to the AGIA process and will see that the TC Alaska application is evaluated and reviewed in accordance with the AGIA statutes. It is recognized that the North Slope producers are an extremely important element in the process. It is expected that all parties will eventually work towards the common goal of getting the North Slope gas to market.
B. It will require negotiating with the oil companies to get the gas. Transcanada has openly stated that this is essential to make this a viable project.	See Section A, Issue #9a
Not only has our Governor just as openly stated she will not negotiate with the oil companies, she has offended the president of	See Section A, Issue #9b

COMMENT	RESPONSE
the largest producer on the slope by proposing to educate him on the economics of the oil and gas business. Just Great. The oil companies are not the enemy. We are.	

Morris, Mike-Eagle River, AK 1/30/08 (76NK)

AGIA is so flawed only TransCanada's contingency-laced proposal is worse. Please stop trying to beat the oil companies into submission. This misguided approach will do more to damage the prospects of a gas line and economic progress in general.	Please see response to your above comment and see Section A, Issues #2a, 9b for more information.

Moyer, Paul-Wasilla, AK 1/06/08 (9NK)

For God's sake abandoned this AGIA nonsense! Talk to the producers, anyone who's willing to look at it objectively can see that this AGIA/TransCanada horse is a loser! Talk to the Producers! Talk to the Producers! Talk to the Producers! Alaska's economic future depends on it.	The North Slope gas producers are very important to the ultimate success of the gas pipeline. See section A Issues 7a, 9a and 9b for more information. See Section A, Issue # 10b

Moyer, Paul-Wasilla, AK 1/27/08 (70NK)

It's obvious Transcanada's application states that either the State has to negotiate with the producers or the Fed Government needs to act as a backstop for the Open Season to even have a chance at success.	TC Alaska's application did not dictate conditions on which TC Alaska would participate in the AGIA process. It was determined that TC Alaska met the AGIA commitments as required by AGIA statutes. See Section A, Issues 7b,9a and 9b.
Therefore the AGIA process produced NO BIDDERS! It's time to move on to something that will work. JUST FREAKING SIT DOWN WITH CONOCO! GOOD GRIEF!!	See Section A, Issue #2b

Muench, Eric-Ketchikan, AK 3/05/08 (213NK)

I attended your town meeting in Ketchikan and have reviewed your AGIA website as well as the Conoco-Phillips' gasline proposal website. While I am not an oil and gas or financial expert, these are my ideas. Every big resource industry in Alaska's history has done all it could, with a great deal of success, to control and develop the resources on its own timetable and for its own best profit, even if at cost to the general public good. I am concerned that too much control and	The administration is committed to work the trough the AGIA process. The all Alaska route has been evaluated. For more information, Please see Section A, Issues 2b and 10a. Comments Noted

COMMENT	RESPONSE
ownership by one or more producers will lead to monopolistic practices and endless legal battles with the State as to just what a negotiated contract requires or permits. Therefor it is proper for the State to create a pipeline structure that maintains control to ensure the best long term public benefits. Hopefully the present AGIA process and applicant achieves that. As long as the Conoco Phillips proposal requires unrealistically long tax and rate commitments it is not viable. Also by committing to a negotiation with one company, other perhaps better offers cannot be realized.	
I have one concern however. Especially if an all-Alaska route should prove more beneficial to the State as a result of your on-going comparison study, it would seem premature to have dismissed all other applicants besides Trans-Canada at this time. The State must carry out its solicitations with consistency and fairness for everyone, but it would be foolish to sacrifice long-term benefits because a technicality. Perhaps there should be a mechanism to reopen the application process to all in order to ensure time for completeness and an unhindered consideration by the commission of all responses. Thank you for the comment opportunity.	See Section A, Issue #2b
Murphy, Blair-Anchorage, AK 3/06/08 (321NK)	
I am against the AGIA process. I do not think this process is the correct way to develop a gas pipeline from the ANS to market.	TC Alaska's AGIA application has been determine to be complete and without conditions. TC Alaska application is being reviewed in accordance with the AGIA statutes See Section A, Issues #2a
Therefore, I am also against the TCPL application. Even though I do not agree with all the requirements of AGIA, the TCPL application does not appear to me to meet all the AGIA requirements and therefore I do not think the TCPL application is in compliance. The TCPL application should not have been accepted by the government to this point in the process. Thank you for the opportunity to provide comments.	See Section A, Issue #7b
Murphy, Bob-Kodiak, AK 3/04/08 (180NK)	

COMMENT	RESPONSE
Continue to make this process open and transparent. Continue to remember that the gas belongs to the people of Alaska and make the best deal for them. Since many "remote" communities will not directly benefit from the use of the gas as a healthy source try to encourage these communities financially to find alternative forms of energy such as wind, tidal, or solar power. Thanks for the Town Hall meeting in Kodiak.	AGIA was developed to be an open, fair, transparent and competitive process. All AGIA decisions have been made, and will continue to be made, with the best interest of all Alaskans in mind. Although many of the remote communities may not directly benefit from the Natural Gas pipeline, the revenues gained from this project could provide revenues for critical programs to assist resident in remote locations. Comment Noted
Murphy, Connor-Kodiak, AK 3/04/08 (179NK)	
Make the best deal for the state and not the gas companies.	A primary goal of AGIA is to make decisions that are in the best interest of all Alaskans. It is expected that all stakeholders in the process will work toward the common goal of getting the Alaska North Slope gas to market.
Murry, John-Anchorage, AK 1/20/08 (47NK)	
Governor Palin,	
I do not see how the TransCanada proposal will advance a gas line without participation by the North Slope producers. TransCanada's proposal suggests that the State work with the producers to define future applicable taxes (as the producers have repeatedly requested).	The state recognizes that the North Slope gas producers feel very strongly about negotiating stable fiscal terms. Producers that agree to ship gas during the initial open season will be taxed at the same rate for 10 year. Please see Section A, # 9a and b for more information.
I believe the AGIA process is flawed and will not result in a gas line.	
I encourage your administration to negotiate with the North Slope producers to develop a fair future tax base.	See Section A, Issue #9a
I support the ConocoPhillips proposal to build a pipeline. John Murry	Comment Noted
Myers, Erlene-North Pole, AK 1/17/08 (44NK)	
We support the Alaska Gasline Port Authority- their plan makes a lot of sense for getting OUR gas to ALASKANS first!	See Section A, Issues # 2e, 10a
Newhall, Alexander-Anchorage, AK 2/26/08 (122NK)	

COMMENT	RESPONSE
The natural gas pipeline should be built on the same path (as provided) as the existing all Alaskan gas pipeline but with a major spur to provide natural gas to Anchorage and the Matanuska-Susitna Borough.	No all-Alaska gas pipeline currently exists. The project proposed by TC Alaska would follow the route of the existing Trans Alaska Pipeline System to Delta Junction before heading east in to Canada. It is likely that a spur line will be constructed from the main line in Delta Junction to Southcentral. Also see Section A, Issues #4c, 11a
Funding for this project should guarantee that the State holds at least 51% of ownership and doesn't "play second fiddle" to the oil or gas companies that are involved in this project.	See Section A, Issue 11a.
Niemi, Chris & Martin-Juneau, AK 3/06/08 (344NK)	
Governor Palin, We support efforts to benefit all of Alaska's people and not just a few in powerful political positions as our state works out plans to build a natural gas pipeline. The AGIA is a positive step forward as a conceptual framework. The oil companies have bullied Alaska long enough. Don't allow them to bully our state officials anymore. Notice that they are not running away from Alaska. They are not happy with their record profits; they want it all.	Comment Noted
The all Alaska pipeline concept also deserves another look if it can meet the general AGIA. It appears that the oil companies didn't want to share in the project with Alaskans and didn't cooperate with the writing of the all Alaska project.	See Section A, Issue #10a
We have lost all trust in the oil companies who care only about their profits and could care less about making Alaska a better place to live for its citizens. Alaska citizens are watching their legislator's actions and voting records more closely. Public trust has been eroded & the corrupt politicians that serve themselves before the people are on their way out. Remember that Alaskan not living on the road system whether in the bush or in southeast are proud Alaskans too. Our Marine Highway is our road system. It deserves your support. The ferry system needs proper maintenance, updated equipment and there is no reason for the schedule not to come our time. Please be a governor for all of Alaska not just the people on the road system.	Comments Noted

COMMENT	RESPONSE
Congratulations on your expected child due in May. Respectfully, Chris & Martin Niemi	

Nolan, K.T.-Anchorage, AK 3/05/08 (247NK)

Dear Governor Palin and Legislature: It is time to admit that AGIA is a disappointment incapable of performance, and that the one "successful" application is not a true contender.	See Section A, Issues #2a, 2b, 7a
Please consider the plan submitted by Conoco and attempt to make up for the year we have lost in the failed AGIA process. Working together, both the oil companies and the State can create a future for Alaskans. Thank you.	See Section A, Issue #9a

Northrim Bank- Marc Langland, Chairman and President 3/06/08 (258K)

You are now personally tasked with determining whether TransCanada's bid will sufficiently maximize the benefits to Alaskans and merit issuance of the exclusive AGIA license. As the Chairman and President of one of Alaska's largest banks, with 42 years of business experience in this state, I am making a public comment today to express that I do not believe TransCanada's application meets this criteria. I strongly recommend that you do not forward it to the Legislature for approval. Rather, I suggest you move aggressively to modify AGIA to be more inclusive of the producers. They play a key role in the success of this project and they should not be ignored. Here are ten significant reasons why TransCanada's bid does not maximize the benefits to Alaskans:	As indicated by the comments, the commissioners are obligated under AGIA to analyze and evaluate the TC Alaska application to determine if the application proposes a project that will sufficiently maximize the benefits to the people of Alaska to merit issuance of a license under AGIA.
1) They do not have the financial capacity to make this project successful. They require a $500 million subsidy from the State, they request additional Federal support on top of the billions already offered in the current assistance package, and they need the firm transportation commitments of the producers to obtain their project financing.	Goldman Sachs has confirmed that TransCanda can finance the project as can the Producers. The State's contribution actually reduces rates thus benefiting all stakeholders.
2) They have no gas and have stated	There is general agreement that the producers

COMMENT	RESPONSE
themselves the producers must be involved to make the open season successful, however this is not addressed in AGIA.	must be involved in the development of this project. AGIA recognized the importance of commitments from the producers by providing the Resource Inducements in Article 3.
3) TransCanada is only offering to pay less than 20% of the total costs during the entire AGIA process and expects the State to pay the rest. They plan to rush to an open season to lower their risk and maximize their own benefits, not Alaska's.	TC Alaska's spending commitments in its application are consistent with the requirements of AGIA.
4) To maximize value, the State should receive an equity ownership for our $500 million investment in the project. This could be worth billions more for Alaska, and satisfy the intent of both AGIA and the State of Alaska Constitution.	Comment noted. However, AGIA does not require the State to be an equity owner to sufficiently maximize the benefits to the people of Alaska to merit issuance of a license under AGIA.
5) Alaska's best interest, to control pipeline costs, is not aligned with TransCanada's. They benefit from a more expensive pipeline because they are guaranteed a rate of return through government regulation. This lowers the net back value to the State for our taxable share.	The commissioners do not necessarily believe that TC Alaska will benefit from a more expensive pipeline. The ultimate success of this project depends upon TC Alaska's ability to provide cost-effective transportation services to the prospective shippers. Furthermore, TC Alaska's efforts to control pipeline costs will be subject to (i) review and approval by the FERC and NEB and (ii) the requirements resulting from intense negotiations by very experienced and sophisticated prospective shippers. The combination of this regulatory oversight and these negotiations will in the commissioners' opinion satisfactorily resolve these types of issues.
6) Granting an exclusive license paints the State into a corner where we face triple damages costing up to $1.5 billion. This is an unnecessary liability for Alaska if the need arises to adjust our pipeline strategy in the future.	The commissioners believe the magnitude of the state's liability exposure is overstated by the commenter. The licensed project assurances, or "damages", that the State could be liable for under AS 43.90.440 are limited and provide a reasonable means to assure an AGIA licensee that the State is committed to the licensed project. The State's total obligation is limited to an amount equal to three times the total amount of the qualified expenditures incurred and paid by the licensee less the amount of the State matching contribution paid to the licensee. If the state were to take an action that would invoke this

COMMENT	RESPONSE
	provision, its maximum obligation, including the original matching contribution, would be unlikely to exceed $900 million. Also, the total obligation would be considerably less if it occurred in the earlier years of the project. Only by providing this assurance does the state receive the benefits associated with TC Alaska's commitments. The commissioners find that it is in the state's interests to make this exchange.
7) TransCanada's proposal comes with a $9 billion contingent liability that could also cause delays from litigation. An adverse ruling on this issue is just one example of why we don't want an exclusive license with triple damages.	See Section A, Issue #7c. The commissioners have been advised on and considered this issue. It is addressed in Chapter 3 of the Finding. TC Alaska has also addressed it in supplemental answers and filings provided to the commissioners (on the AGIA Web site) and in recent testimony provided to the legislature. To the extent that it is an issue, it is reasonable to assume that it will be resolved by the appropriate parties through litigation, rulings by the proper regulatory agencies, and/or negotiated agreements. Resolution of these issues should not prevent the project from moving forward.
8) The net present value ("NPV") of delays to the state government are $1.3 billion in lost revenue in the first year alone, or $5.8 billion if we take five years longer to start the project. The NPV impact to the private sector economy and the producers would make this loss even larger.	The NPV analysis has taken into consideration potential delays from multiple issues and were based on a range of potential outcomes in the projected schedule for this project. The importance of a timely completed project was a major consideration in these analyses.
9) TransCanada's project timeline appears unrealistic, increasing the likelihood these costly delays could occur. Among other things, they assume being granted the AGIA license in less than a month from now. They plan a rush to open season in only 18 months, which would be a serious set-back to the project if it fails. They also suggest significant changes to the federal assistance package and having the State address tax certainty for shippers. All these major issues would require considerable time to occur.	See response to 8) above.
10) Conoco Phillips' plan is superior in many ways. Based on the issues I have raised there	The Governor provided a definitive response to ConocoPhillips' plan (see letter dated

COMMENT	RESPONSE
could be a multi-billion dollar opportunity cost to granting an exclusive license to TransCanada. The construction of a natural gas pipeline is a commercial business deal that has become highly politicized. However, fundamental economic principles still apply. The government's role is to focus on tax and regulatory issues. The AGIA effort to give away a $500 million subsidy, which is not required by the producers, has added massive complexity to an already complicated project and has unnecessarily resulted in costly delays. It is clear we need to take a different tack. TransCanada does not have the financial strength to complete this project on their own, even with the existing multi-billion dollar Federal assistance package. They seem to understand better than the administration that they have NO gas. They have stated publicly that the producers must be involved for the process to be successful. How can we negotiate from a position of power when we aren't even talking to the producers? They have the expertise and technology to produce the gas. They also have the financial capacity to advance the project. They must be involved now if we want to see real progress. The current AGIA process has both excluded them and at times insulted them. Conoco is trying desperately to participate. They are the largest natural gas producer in North America. Alaska can only benefit from their involvement. The producers have said they are willing to work with others, such as allowing co-ownership with the State and Native corporations. They would even entertain building the line themselves to control costs and then sell it to an independent operator like TransCanada. This flexibility is superior to granting TransCanada an exclusive license. AGIA has correctly focused on getting the project to open season, but it has not put enough emphasis on making sure it is successful. To have a successful open season the producers need to bid and make firm transportation commitments. This will not happen unless they are comfortable with the tax structure under which they will operate and they have confidence with the pre-feasibility work accomplished prior to open season. They have	January 9, 2008, to Jim Mulva on the AGIA Web site at www.dog.dnr.state.ak.us/agia/index.htm). While the State does not discourage ConocoPhillips' plans for constructing an alternative pipeline project, it cannot consider this proposal in the context of AGIA because it does not meet the "must have requirements" of AGIA. See Chapter 5 of the Finding for additional discussion of the ConocoPhillips plan. The remaining comments in this section are addressed in the responses provided above except as noted below.

COMMENT	RESPONSE
billions at stake in controlling the costs of construction and the quality of the pre-feasibility work. Ignoring this fact is a recipe for delay and failure. Believing that this can be put off for years or solved in court will be costly and only the lawyers will win. TransCanada is not pledging enough financial support to provide a high probability of success at open season. I have personally analyzed thousands of business proposals and it is clear their application has a goal of spending as much State money as possible and as little of their own. Based on their proposal they would be contributing only $41.6 million prior to open season while the State match is 50%. Then, when the match increases to 90%, they propose to spend $83.1 million and expect $458.5 million in subsidies from the State.	
In their plan the State would be providing over 80% of the total costs! ($500/$624.7 million) This is by far the riskiest part of the entire project and we are going to foot over 80% of the bill? We should be purchasing an equity position with this money.	One of the key objectives of AGIA was to encourage applications and the advancement of this project by having the State provide a significant portion of the higher risk front-end costs. For its commitment of matching funds the State gets the value of a project that moves through the FERC Certification process. In addition, the State's contribution will actually reduce tariff rates and increases netbacks.
It should be viewed as an investment, not a give away; especially, when Conoco is not asking for a dime in their proposal. Our $500 million investment would likely return billions to the State if the gas line is built. We can still help share the upfront risk to get the project moving, but why give away billions in long run payoff for nothing? This is definitely not maximizing the benefits to Alaskans, as the law requires. I understand that if the outcome is successful the State could stand to earn $2.5 billion a year from pipeline taxes, but if we received some compensation for our huge financial risk the number could be substantially more. This is a giveaway of public money without adequate compensation for the risks we are taking. The most important step we can take to increase the likelihood of a successful open season is to immediately address the issue which the producers have been asking for all along; to provide stability on future gas	

COMMENT	RESPONSE
tax rates. Unfortunately, this was removed from the final version of AGIA. In a letter to Conoco's CEO, the Governor argued that production tax issues are "entirely separate" from pipeline development. She felt that because a number of companies had applied under AGIA that this validated her decision to separate the two issues. It does not seem to matter that most, if not all, of the applications were non-conforming, none committed to building a gas line, and none of them were from companies who own any gas in Alaska. You are mistaken if you think AGIA has solved the problem. All you have really done is hit the snooze button on your alarm clock. The problem has not gone away; you have only delayed when it will have to be dealt with. The energy producers, the financial experts, and many other knowledgeable people have testified this decision will only lead to a failed open season. That is when the financial connection of production tax issues and pipeline development comes to the forefront again.	
The State demanded 20 "must haves" for the pipeline project, but the producers require just one critical "must have" and we chose to ignore it?	AGIA provides for a 10 year gas production tax exemption as defined in Sec. 43.90.320. There is no indication of the level of potential producer demands for tax and royalty concessions. No such concessions appear to be required as discussed in Chapter 3.
Instead, you must take on this difficult topic now if you want the gas line to advance. I agree with you that the producers need to be more specific on their requirements for fiscal certainty. Their previous requests for a 35 to 45 year tax freeze were too long. The 10 years you seemed willing to offer, before that provision was removed from the final version of AGIA, may be a bit too short. In my opinion, a compromise of 20 years is acceptable. This would offer the producers enough financial stability during the cost recovery portion of the pipeline's life. This is the period where they have committed billions of dollars in upfront construction costs, but have not yet recovered their expenses or broken even on their investment. Research may show this time period could be shorter or longer, but I feel it is	

COMMENT	RESPONSE
a fair basis for determining the length of fiscal certainty. Pipeline costs also point to another shortcoming of TransCanada's proposal. Alaska's best interests are not aligned with TransCanada's. They benefit from a more expensive pipeline because they are guaranteed a rate of return through government regulation. However, the producer's interests are aligned with the State to control costs and maximize the value of the resource, which increases Alaska's taxable share. This is consistent with AGIA and the intent of Alaska's Constitution.	
It is also troubling that TransCanada carries so much potential liability from their past partners. They may have a response to this $9 billion problem; however it will still create delays in the permitting and financing stages of the project until the issue is fully resolved.	The commissioners have been advised on and considered this issue. It is addressed in Chapter 3 of the Finding. TC Alaska has also addressed it in supplemental answers and filings provided to the commissioners (on the AGIA Web site) and in recent testimony provided to the legislature. To the extent that it is an issue, it is reasonable to assume that it will be resolved by the appropriate parties through litigation, rulings by the proper regulatory agencies, and/or negotiated agreements. Resolution of these issues should not prevent the project from moving forward on the schedule developed by the state's engineering experts.
If their past permitting and routing work cannot be used or is blocked by legal action, it draws into question one of the major values that TransCanada brings to the table. Will an inferior route need to be used instead? This contingent liability risk diminishes the value of their proposal and must be accounted for in your analysis. The offer to pay triple damages to a licensee is a huge, unnecessary risk for the state to concede and it should not be part of AGIA. By offering an exclusive license we are painting ourselves into a corner unless we want to pay dearly to ever change our gas line strategy in the future. For example, if we award this license and next year their past partners sue, we would be faced with the dilemma of paying triple damages to cancel their license or wait out a protracted court battle. Since there are no other qualified applicants we would be back to square one at	

COMMENT	RESPONSE
the cost of hundreds of millions of dollars and a multi-year delay. This is definitely not in Alaska's best interest. Time is money. Delay on the gas line is costly for a number of reasons; escalating costs, market risk (competition from LNG, other North American gas fields and alternative energy sources), and an eroding NPV because of the time value of money. Taking too much time to "get it right" is seriously jeopardizing the economics of this project. For example, let's look at a $2.5 billion revenue stream a year, for 30 years, using a 6% discount rate. If the revenue stream begins in 12 years rather than 7 years, the amount of revenue will have to be 34% greater to achieve a comparable NPV. Therefore, if the project is delayed five years, another $845 million per year for 30 years would be required from the oil companies to make the value to the State equal. An astounding $5.8 billion of NPV is lost by the State if the project starts five years later. Even if the project is delayed only one year there is still a $1.3 billion loss in NPV to the State. The NPV of the project from the oil companies' perspective is declining each year of delay as well. Adding the extra natural gas tax burden of the ACES plan made the project even less attractive. These delays are very likely because TransCanada's project timeline appears unrealistic. First, it assumes being granted the AGIA license in less than a month from now. Second, it plans a rush to open season in 18 months, which increases the likelihood it will fail. Third, it will potentially be delayed from the $9 billion contingent liability with past partners. Fourth, the application suggests using the Federal loan guarantees to fund their construction cost overruns and having the U.S. government assume some or all of the initial risk by acting as the "bridge shipper". Both of these ideas would take considerable time to occur and are unlikely to succeed. Finally, even though the AGIA application expressly states a proposal can be rejected if it "requires additional actions by the legislature or by the Commissioners," TransCanada suggests a "partnership" with the State on advancing these financial terms with the Federal government and they would "rely" on the State "to ensure a favorable	

COMMENT	RESPONSE
economic environment for potential Shippers." They also say the State should reach "agreement on a commercially reasonable and predictable upstream fiscal regime." The lawyers can debate whether these statements are "required conditions" or merely "suggestions". Either way it draws into question the financial capacity of TransCanada to advance this project in a timely manner. As it currently stands, AGIA is too restrictive and needs modification. AGIA needs to be more inclusive of the producers and include the issue of tax certainty. This needs to be a priority addressed right now if we want to have a successful open season. 20 years is a fair compromise that reduces risk during the cost recovery stage of the project. Conoco Phillips' plan is superior in many ways and there could be a multi-billion dollar opportunity cost to granting an exclusive license to TransCanada. The State and the producers' interests are aligned in controlling costs. They have the gas, the experience, the technology and the financial strength to make this project successful. Conoco is not wasting time and is moving ahead on the project without State assistance. We cannot offer an exclusive $500 million subsidy to a company that has no gas or the financial capacity to complete the project without significant assistance from the producers, the State and the Federal government. Their spending plan is insufficient for a successful open season. They plan to rush critical steps in the permitting process so they pay only 20% of the project costs and offer no equity ownership to the State for their 80% commitment. TransCanada brings with them a $9 billion contingent liability that may result in unnecessary delays. The NPV loss to the State from a one year delay is $1.3 billion. There is a high probability of delays because their project timeline is unrealistic. Their interests are not aligned with the State and the producers to control costs because they have a guaranteed rate of return. We seem to have lost sight of the goal, or at least a realistic path on how to achieve it. We need an agreement which includes the producers to bring our gas to market, not an exclusive license for a third	

COMMENT	RESPONSE
party to spend a minimal amount of money to leverage a half billion dollar State subsidy. Alaska cannot afford to accept TransCanada's bid just because it is the last AGIA proposal remaining. Both AGIA and the Constitution of the State of Alaska require maximizing the benefit of our natural resources. I strongly urge you NOT to forward this proposal to the Legislature.	
O'Brien, Erik-Anchorage, AK 1/11/08 (27NK)	
I have always had an interest in Alaska politics; so much so that I followed up on a State job. I am currently working with Division of Oil and Gas.	
After recently spending the better part of an hour skimming over Conocos proposal, I am wondering why they are not being considered in their part to build a pipeline? I understand that they did not follow the formal AGIA proposal, but to their part they are a company that has one of the best track records around.	See Section A, Issue # 8a
What is it exactly that drives such a qualified applicant away? Shouldnt we be setting aside our pride aside and get this darn thing built, so we as Alaskans can be assured of our Future for generations to come?	See Section A, Issue # 8b
I have not read through TransCanadas application, but looking across the Anchorage skyline and reading the news I had no knowledge of this company until proposals were handed in.	See Chapter 3, Section B of the Findings; "Who is TC Alaska?"
Conoco has, on the other hand, proven their commitment to Alaska.	See Section A, Issues # 8b, 8c
Is there a chance that TransCanada and Conoco could work together? Conoco did mention that they would be willing to work with a 3rd party contractor. I heard on the news that at least one Senator has proposed this idea.	See Section A, Issue #9d
As for the fact that Conoco is bullying around the State, Id argue that while we can stand fast on our demands, that are our rights (taxes), it seems fair to open up the negotiations to see what exactly we could come up with together. This is still America,	See Section A, Issue # 9b

COMMENT	RESPONSE
and one of the things that still makes this the Greatest nation on earth is that We know when we should stop and listen to the voice of the big fish, and down to the lowly individual who is just happy to be living in the Greatest place on Earth.	
I vote for whatever it takes to bring our gas to market. Erik	Comment Noted

Odden, Mary-Glennallen, AK 3/04/08 (205NK)

COMMENT	RESPONSE
Dear AGIA gasline team--I have read the TransCanada application and listened to an AGIA presentation, and have tried to follow the gasline issue on websites and in news articles. We publish the local newspaper, the Copper River Record, and we have tried to make the best possible gasline information available to our readers. I have four comments.	Comment Noted
1. I am worried about the economic assumption that a large volume line is necessary to develop the upstream resources. It would be best for Alaskans if the administration would look for a smaller economic "tipping point" with a smaller diameter/bcf/day line.	See Chapter 3, and Section A, Issue # 4d
2. This is because we want long term growth--not just to the oil and gas industry during the construction or sustained after the construction, but for this whole thing to happen slowly enough and with enough of the cheaper energy to build strength in our communities from the ground up--businesses, schools, organizations. Boom and bust is the history--only long slow healthy growth can diversify our communities so that we can sustain ourselves without the infusion of these megaprojects.	See Section A, Issue # 4d
3. The NGLs need to stay in AK and be used here--propane first, for villages and around the coast. Yes, there should be alternative energy project--but propane is useable right now, is already in use, and we know how to handle it and transport it. And petrochemical industry use of NGLs not only makes sense but is inevitable if you will only leave those materials in-state.	See Section A, Issue #4a In the absence of NGL processing capacity within Alaska, TC Alaska's project is currently premised on NGL processing taking place in Canada. However, TC Alaska does allow for the option of NGL extraction within Alaska, should capacity be developed at some point in the future. For more information, see TC Alaska's application, section 2.1-13.

COMMENT	RESPONSE
4. There are too many problems with the Alaska Highway line ideas. Bring the gas south to Cook Inlet via the spur line, and the export gas to the Valdez deep water port and export it to Japan and Korea and Taiwan--our Pacific Rim neighbors. This is, contrary to what certain congressional delegation members say, very patriotic--it gets the best value for our product (which can trade for more product to go back to US ports) and it addresses the trade deficit--and it maximizes value to Alaska--what we are supposed to be doing. These are the economies of scale that will make sense in the long run--and increase the health of our state, and make our grandchildren happy with us. Thank you for the opportunity to comment. Sincerely, Mary Odden glennallen	The analysis conducted under AGIA showed many significant differences between overland pipeline and LNG projects. These differences present significant obstacles to an Alaska LNG project, including project lead time, capital costs and pricing concerns. For a more thorough discussion of LNG potential in Alaska, please see Section A, Issues #10a, as well as Chapter 4 of the Findings.
O'Donnell, Tim-Juneau, AK 3/06/08 (323NK)	
To whom it may concern, 1. I support, as does 60% of the voters the ANGDA LNG all Alaska to Valdez project.	See Section A, Issues # 10a
2. ANGDA is the superior project for Alaska.	See Section A, Issues # 4d
3. The State is neglecting its legal responsibility by not requiring ANGDA to submitt a complete application for a North Slope to Valdez proposal.	Comment Noted
4. The highway project offered by Trans Cananda should be a secondary priority for the state. Please reconsider and enforce ANGDA statute Thankyou	Comment Noted Section A, Issues #7g
Olmstead, William-Anchorage, AK 3/06/08 (266NK)	
The whole process is terribly flawed, and, naturally, resulted in no conforming bids. The contingencies in TransCanada's proposal set the State up for litigation and failure, even if litigation was successfully defended.	See Section A, Issues #2a, 7a, 7b
The ideologues in the administration who insist, contrary to all evidence, that we can get a pipeline built without leaseholder involvement are taking us down a road to disaster for our children. They act like there are no consequences for failure, like the gas will certainly come out of the ground	See Section A, Issues #9a, 9b

COMMENT	RESPONSE
eventually, even if this process fails. They are ignoring the certain fact that the gas pipeline becomes prohibitively expensive if construction isn't started before TAPS closes down. Given all the contingencies, and the huge problem of not involving the producers, giving our money to TransCanada would go down as a bigger boondoggle than the Susitna dam planning or the barley project.	
Omnik, Suege-Anchorage, AK 1/23/08 (61NK)	
We should consider ConocoPhillips bid for the Gas Pipeline for the following reasons:	See Section A, Issues #8a
- Their effort in trying to work with the State to get the pipeline built is phenomenal. Examples: their commercials to alert the public, their employees giving presentations to the public. Overall, they've been in Alaska for over 50 years. Many of their employees live and work here. They have a vested interest in our state.	See Section A, Issues #8b
- I can't fully trust the economic future of Alaska to a Canadian company. Do they plan on hiring Canadians to build the pipeline? ConocoPhillips (COP) proposes to train Alaskans to build it.	See Section A, Issues #3a, 3b, 8c
- COP doesn't require $500 million to start building the pipeline. That saves the state.	See Section A, Issues #8b
- To get the gas into the pipeline, a gas treatment plant must be built at Prudhoe Bay. TransCanada shows reluctance to build and run the essential, $6 billion gas treatment plant to strip liquids and carbon dioxide out of the gas before it goes into the pipeline. This suggests that the major oil companies will need to be enlisted to build and run the plant. Lets award the contract to them in the first place.	The details of the GTP will be an important part of any discussions and negotiations between the ANS producers and TC Alaska. TC Alaska has stated (section 2.2.3.12) that it believes that the ANS producers are the most logical parties to construct and operate the GTP. TC Alaska has proposed an approach that provides the maximum opportunity for those parties to design and construct the GTP utilizing the existing Central Gas Facilities for Prudhoe Bay. TC Alaska has further agreed that if this approach does not work, it is prepared to construct the GTP itself.
This 1,715-mile, $26 billion Alaska Highway gas pipeline should be built by ConocoPhillips, not TransCanada. Thanks, Suege	Comment Noted

COMMENT	RESPONSE
Ose, Javen A.-Anchorage, AK 2/26/08 (124NK)	
Build a 24" pipeline right now to serve Alaskans, and let the oil companies & legislature litigate until Hell freezes over. Can you imagine a 24" pipeline at Pt. Thompson Gas well and an oil company saying "No"… We won't sell the gas? There would be a riot through out the whole state and maybe even some civil disobedience. Not to mention the price of pipeline steel 5 years from now. Just think of what we could have had if the greasy fist of oil had not grabbed our legislature for the last 30 years. Please study Norway's success with its oil... Almost all school's and medical is paid for. In state sale of 10.00/barrel should have been a pre-requisite if the best interest clause was promoted and followed.	See Section A, Issues #11a
PS. The people want benefit of their own resources in the form of cheap gasoline and gas.	See Section A, Issues #4a
Oswalt, Aaron-Kodiak, AK 3/06/08 (277K)	
Based on my reading and analysis of the TransCanada application and upon further review of applications deemed incomplete by the State of Alaska; I concur that TransCanada's application is the best path forward for the State and meets the AGIA terms and conditions as per statue. I would suggest TransCanada commit to a minimum of two Alaskan offices - Anchorage and Fairbanks, as each location will have a role to play in the planning and construction and will help to further spread the financial gain of this project as well as it's social and service demands.	Comments Noted
I would suggest that TransCanada consider the effects of climate change on both continuous and discontinuous permafrost in their pipeline design and engineering calculations. Their planned burial of the pipeline may not be the best approach in all locations and soil types if melting permafrost is taken into account. A rigorous empirical modeling and testing program of pipelines in	Appendix S of the TC Alaska application sets forth their position on "Climate Change and Air Issues". They are also obligated and committed to comply with all air quality regulations that apply to any of the facilities required for the proposed Alaska Pipeline Project (APP). No regulations currently exist in the United States that limit the emissions of CO2. Although there is ongoing review of this

COMMENT	RESPONSE
melting permafrost should be undertaken involving the University of Alaska and Canadian partner universities utilizing site appropriate soils along with various climate warming scenarios. This modeling and testing work should start as soon as possible to allow the result to inputs to the FEED. A campaign of data acquisition should be part of the Pre-FEED activities and initiated as possible. This would gather accurate soil, vegetative cover, microclimate, etc data along the main route proposed and in selected areas along the route where natural hazards (rivers, permafrost, streams, hills, mountains, etc) may require All engineering and pipeline design calculations should be third party verified.	area by the US Environmental Protection Agency (EPA), because no regulations exist, TC Alaska cannot provide details of how they would comply with unknown future requirements.
While I agree so far with the State's use of "hard ball" tactics with the major North Slope oil companies (BP, ConocoPhilips, Exxon, etc). The oil companies will still need to commit to ship gas through the pipeline for it to be viable. What plans has the State to force these oil companies to commit to ship the gas? I would hope the State balances its approach in this regard toward the oil companies.	See Section A, Issue 9a.
I agree with the State takeover plan of Exxon's Point Thompson to further this effort. However, the use of the State's takeover, imminent domain powers, etc should be used judiciously as use of these powers never bodes well in a free society. With this in mind I suggest the State put a compromise to the Oil companies in regards to obtaining their commitment to ship gas. Assuming the courts, FERC, etc. will force them to do so is misguided. I would hope that some compromise can be worked out so that the oil companies will commit to shipment of the gas and/or partner with TransCanada.	Oil and gas leases give companies the right to develop hydrocarbon resources in specific areas for a set period of time. If the lessee fails to timely develop the resources, the lease expires. DNR uses the legal system to enforce its rights under the leases if the lessee fails to fulfill their development obligation. A recent example of this type of enforcement action is the pending case about the lands in the Point Thomson Unit.
My view is that set tax rate of 12 years for the gas pipeline project is a good compromise for all parties. Sincerely, Aaron J. Oswalt	See Section A, Issues #2c

Parker, David-Tok, AK 3/04/08 (176NK)

COMMENT	RESPONSE
Thank you for the opportunity to add my 2 cents. The presentation at Tok on 2-25-08 was very beneficial.	
I am in favor of an “All Alaskan” pipeline. North Slope to Valdez with take-off points in between as necessary. Liquification also involves a certain amount of stripping which could become a ‘value added’ product line for off sales to industry. Rayon, Orlon, Dacron, Propane, and a host of other fractions and feed stocks can be pulled off and utilized as a secondary industry that would create many new jobs and revenue stream. Since there is currently an issue of getting any LNG to shore along the pacific Coast I would also hope the Politicians would allow the gas to become a ‘Free market Commodity’ and let Alaska sell to the highest bidder…. likely Asian.	See Section A, Issues # 10a, as well as Chapter 4 of the Findings.
There would still be the issue of transportation capacity…specifically LNG ships, however, the estimated 10 year lead time to actual production would seem adequate for some shipping magnate to step up to the plate?	See Section A, Issues #10a, as well as Chapter 4 of the Findings.
It seems to me that the above might qualify as “what’s best for Alaskans” in the great ‘Canadian Route vs. All Alaskan Route’ debate.	Comment Noted
It would also seem to me that there are more caveats going thru Canada…distance, First Nations, port of entry values (versus Asian sales), etc. and that Ocams Razor generally indicates that the least complicated solution is the best.	See Section A, Issues # 5a
During the meeting, it was inferred that Alaska has ~ 37T. Cuft of proven reserves, and ~250 T. Cuft of calculated reserves. If this is accurate, it would appear that the issue is then reduced to ‘which proposal brings Alaska gas to market first.’ As Alaska gas establishes a footing in the marketplace, there would likely be enough gas to entertain two lines, or a whopping big Y at delta Junction. We could have it all! Gas to Alberta Tar Sands, LNG to Asia, and Value Added industries at Valdez…Oh for Harry Potter’s magic wand!	Recent studies estimate that there are 224 trillion cubic feet ("Tcf") of undiscovered, technically recoverable resources throughout the Alaskan Arctic. These are natural gas resources that may be technically and physically recovered independent of price. Of this amount, 137 Tcf are categorized as undiscovered, economically recoverable resources. (USGS, 2005; NETL, 2007; DoG, 2007). Economically recoverable resources are sensitive to both price and technology; an increase in price or an improvement in

COMMENT	RESPONSE
	technology would be expected to increase these estimates. In addition to these resource estimates are roughly 24.5 Tcf of natural gas reserves known to exist within Prudhoe Bay, plus 9 Tcf of natural gas reserves discovered in other existing fields on the North Slope, including Point Thomson.
I guess I'm thinking: Go for the best project available "at the time" that results in bringing Alaska gas to market first, get the industry started, and nail down some market place….additional 'add ons' can follow.	See Section A, Issue 10a, in addition to Chapters 3 and 4 of the Findings.
On a side note, the negotiations crew that Alaska has assembled is incredible, I feel confident they can play Chess with the North Slope Producers and WIN!! I also think that the Big-3 North Slope Producers feel vulnerable now…more competition is coming into play…with big bucks$$...and will build their own processing facilities, etc. The handwriting is on the wall, and attitudes are changing. Now is our best chance to make a run for it, and don't back down! David Parker	Comments Noted

Pepper, David-Eagle River, AK 1/20/08 (50NK)

COMMENT	RESPONSE
Two concerns: 1: Alaska hire. The application states Alaska hire will be utilized to the "maximum extent permitted by law." Does this include Alaska hire stopping at the border or will it include working through Canada? If Alaska Hire is allowed to work through Canada, what issues regarding taxation, permits, passports, cost of living adjustments etcetera may arise? If they are NOT going to be able to work through Canada, does that mean Alaska workers only get to work for approximately 22 months (based on a 4 year build and less than half the length here in Alaska) and are then out of work?	See Section A, Issue #3a
2: Security. Two areas of concern here as well. a: During the construction phase, there are going to be a LOT of opportunities for security issues to arise. Not the least of which includes background checks of personnel and workplace personnel traffic	Comments Noted

COMMENT	RESPONSE
control. More specifically, making sure the personnel in the work areas are the people who are supposed to be in those areas. Employees should expect a certain modicum of protection from external influence. These threats include, but are by NO means limited to wildlife, multi-national extremists, local demonstrations and internal personnel conflicts. Standard conflict resolution is to contact local authorities or have a shop steward/supervisor step in. There will be several areas where work will be conducted or recover from shift, where these are improbable solutions. Their "Risk Assesment and Mitigation" addresses NONE of these concerns. While on paper, this is their problem, if something happens 3/4 of the way through the build, we lose.	
b: This proposal links our gas with a central hub in Alberta. This appears to be an inherent security risk. While I have not visited this facility and can not comment on the integral security and safety of the facility, this appears to be an "all the eggs in one basket" approach and, again, if something happens here, we lose. While I agree this is, by far, the best plan received, looking into these areas or at least asking them to address these issues would be a prudent step.	Canadian authorities have been more proactive recently in addressing the issue of pipeline security management as evidenced in the attached proposed regulations. Section 2.9 of the TC Alaska application provides a discussion of TC Alaska's history of compliance with safety, health, and environmental requirements including audits by the Transportation Security Association – Cross Border Initiative. Finally, it will clearly be in TC Alaska's best interest to maintain a secure and safe pipeline to ensure a profitable operation. Also, please see Section A, Issue 10c.
If they balk at providing answers or can not answer the concerns at all, I believe we should step back and reword AGIA a little bit and put the bid out again. There is no shame in saying, "OK, THAT didn't work out like we wanted, let's try again." Yes, the pundits will start shouting how AGIA doesn't work, but they will shout louder if the unforeseeable happens.	See Section A, Issue #2b
Perensovich, Terry-Sitka, AK 3/06/08 (293NK)	

COMMENT	RESPONSE
Would like to thank Pat Galvin and the two others for coming to Sitka to present information on AGIA.	
I trust the team assigned to task the development of the gas line to keep Alaska's interest in mind.	Comment Noted
Although economics ultimately rule I would suggest that the line be sized to balance construction costs with the life of the pipeline.	Comment Noted
Also would prefer a smaller line to maximize the life of the gas fields considering a long term investment would weather the high and lows of market conditions over time. Hopefully providing a stable income for all parties concerned and a long term investment for the state. Thank you for your consideration	See Section A, Issues #4c, 4d
Peterson, Richard-Anchorage, AK 3/05/08 (214K)	
At the February 27th Town Hall meeting in Fairbanks Commissioner Irwin said the AGIA team was going to evaluate the TransCanada proposal vs a LNG option. I asked the logical question "Why not also consider GTL's". Commissioner Irwin replied they are inefficient, with only a 50% conversion efficiency and none of the majors were pursuing GTL's around the world so he saw no reason to consider this option. First I am not proposing to build a GTL plant in Alaska. We are pursuing the CTL option in the Cook Inlet. Second, the modern GTL plant has a 63% conversion efficiency and 80% thermal efficiency. That is approximately 63% of the contained in the natural gas arrives at the market in the form of transportation fuels. Up to 80% of the energy contained in the natural gas is used either in the manufacture of the GTL product or in making the GTL plant energy self sufficient. Plus when you consider carbon capture and sequestering to produce additional oil on the North Slope; the actual carbon conversion efficiency may well approach 95%. The Commissioner totally misses the point in that the "manufactured" GTL transportation fuel has a much higher value in the market than natural gas. In California, where the majority of this GTL	Gas-to-Liquids (GTL) is a promising technology. However, various market, cost, and technological issues (as demonstrated in the Cook Inlet pilot project) make the future of GTL technology uncertain. Further evaluation will be needed as this technology advances. It is important to recognize that the AGIA process was designed as commercial vehicle for getting Alaska gas from the North Slope to market. AGIA does not dictate market destinations or the use of particular technologies, but allows for these issues to be decided by the market.

COMMENT	RESPONSE
transportation fuel would be sold, the value is between \$21 to \$22/mcf equivalent. Netted back to Prudhoe Bay with all transportation costs and losses due to the process you still have a value between \$10 to \$13/mcf equivalent. This evaluation does not include the value of the power generated from waste heat derived from the GTL process, the value of the CO2 from the GTL manufacturing process to increase North Slope oil production and recoverable reserves nor utilization of the water produced from the GTL process. Natural gas via a pipeline or LNG begins life as natural gas and ends life as natural gas. GTL begins life as natural gas and ends life as a refined product such as gasoline, diesel or jet fuel. While both are carbon based their VALUES are totally different. Shouldn't Alaska be looking at what generates the highest revenues from the natural gas resource? Third, in 2004, ConocoPhillips and Exxon agreed to build over 300,000 barrels per day of GTL plants in Qatar. While both projects are on hold, neither would have committed to build a GTL plant if they did not possess the technology and it was uneconomic. With over 200,000 barrels per day of new GTL plants under construction and another 300,000 barrels per day of coal to liquids (CTL) in the design /construction phase; a GTL option for Alaska is certainly worth considering.	
Peterson, Richard-Anchorage, AK 3/05/08 (246K)	
GTL's should also be considered alongside LNG and TransCanada's proposal At the February 27th Town Hall meeting in Fairbanks Commissioner Irwin said the AGIA team was going to evaluate the TransCanada proposal vs a LNG option. I asked the logical question "Why not also consider GTL's". Commissioner Irwin replied they are inefficient, with only a 50% conversion efficiency and none of the majors were pursuing GTL's around the world so he saw no reason to consider this option. First I am not proposing to build a GTL plant in Alaska. We are pursuing the CTL option in the Cook Inlet. Second, the modern GTL plant has a 63% conversion efficiency and 80% thermal efficiency. That is approximately 63% of the contained in the natural gas arrives at the market in the form of transportation fuels. Up	See response above.

COMMENT	RESPONSE
to 80% of the energy contained in the natural gas is used either in the manufacture of the GTL product or in making the GTL plant energy self sufficient. Plus when you consider carbon capture and sequestering to produce additional oil on the North Slope; the actual carbon conversion efficiency may well approach 95%. The Commissioner totally misses the point in that the “manufactured” GTL transportation fuel has a much higher value in the market than natural gas. In California, where the majority of this GTL transportation fuel would be sold, the value is between \$21 to \$22/mcf equivalent. Netted back to Prudhoe Bay with all transportation costs and losses due to the process you still have a value between \$10 to \$13/mcf equivalent. This evaluation does not include the value of the power generated from waste heat derived from the GTL process, the value of the CO2 from the GTL manufacturing process to increase North Slope oil production and recoverable reserves nor utilization of the water produced from the GTL process. Natural gas via a pipeline or LNG begins life as natural gas and ends life as natural gas. GTL begins life as natural gas and ends life as a refined product such as gasoline, diesel or jet fuel. While both are carbon based their VALUES are totally different. Shouldn’t Alaska be looking at what generates the highest revenues from the natural gas resource? Third, in 2004, ConocoPhillips and Exxon agreed to build over 300,000 barrels per day of GTL plants in Qatar. While both projects are on hold, neither would have committed to build a GTL plant if they did not possess the technology and it was uneconomic. With over 200,000 barrels per day of new GTL plants under construction and another 300,000 barrels per day of coal to liquids (CTL) in the design /construction phase; a GTL option for Alaska is certainly worth considering.	
Phillips, Eric-Valdez, AK 2/29/08 (151NK)	

COMMENT	RESPONSE
I am confident that when its comes to fulfilling your consitutional mandate related to AGIA and a gas project, the LNG option will prove itself out across the board in terms of providing the greatest benefits back to Alaskans IF the option is indeed given an inpartial review: An ALL-Alakan LNG project will provide more revenue to the state and its people; it will employ more Alaskans in the short and long term; it is more "ready to go" from a right-of-way and permitting standpoint and thus would be constructed in a shorter time frame (net present value); it is not dependent upon the development of additional gas resources. That said, I have three comments:	The analysis conducted under AGIA showed many significant differences between overland pipelines and LNG projects. These differences present significant obstacles to an Alaska LNG Project, including project lead time, capital costs and pricing concerns. For more information please see Chapter 3, 4 and Section A, Issue 10a.
1) I am sickened that Alaska would continue to allow itself to be treated like a third-world county where resources are simply extracted and shipped elsewhere to have value added. The value, and the related jobs, are exported from the state. Fishing, logging, oil...we've allowed this to occur throughout our resource industries, leaving the state with a very small slice of the pie. THIS TIME, why don't we appoach it differently. If we incentivize anything, it should be cluster industries around the gas supply. Lets keep as much of tha value (and the jobs) here in our state. This will also help stem the export of our greatest resources, our children. 2) It is abundantly clear to me, and should be clear to our elected leadership, that Alaskans are more concerned about getting affordable energy (ie gas) to their homes than they are to the lower 48 or export markets. AGIA really drops the ball in this regard.	Comments Noted, also see Section A, Issues #3a and 4a
A few off-take points do not reduce anybody's energy bill. The Governor and the Legislature need to take it one step further and look at how, as a state, we are going the get the infrastructure in place to get that gas into our homes. Not doing so would be a huge injustice to all Alaskans. Make no mistake, the State will have to take the lead on this because it is unlikley the economic incentive exists for the	The primary reason that AGIA required in-state off-take points was to facilitate future construction of in-state gas spur lines to the Railbelt and Alaska communities such as Valdez. TC Alaska does acknowledge the possibility of these spur lines in their AGIA application and describes ways that their proposed North Slope gas pipeline could accommodate these spur lines. For more

COMMENT	RESPONSE
private sector to take this on. 3) DO NOT DISCOUNT THE STATE GOING IT ON ITS OWN. We CAN do it ourselves, and the return to the State and its citizens would be even greater. Some of the largest energy companies in the world are government/private ventures. IT CAN BE DONE. It may not be the easy route, but it may be the best thing for Alaska. If we're learned anything, it is that large corporations do not EVER consider the best interests of the citizens in its economic decisions. As was brought up at the AGIA meeting in Valdez, these corporations are indeed "amoral". Thank you for the opportunity to comment and good luck with the multi-billion dollar/pound gorillas I know you have to be battling in this process.	information see Section A, Issue #4a. Constructing and maintaining a pipeline is an enormous commitment of resources that should be more efficiently conducted by an experienced pipeline company than a governmental agency.

Pieper, Julia-Anchorage, AK 2/12/08 (89NK)

I am wondering what easement agreements the State has with Canada. How long i.e. 100-year treaty. Canada has a history of "nationalizing" - what agreement for payment if Canada would decide to nationalize the pipeline??? Fair Market Value???? Thanks, julia	As and international project, any pipeline that transports gas through Canada will be governed by the Transit Pipeline Treaty between the US Government and the Canadian Government. The Transit Pipeline Treaty took effect in 1922 and applies to all pipelines in both countries, whenever one country's pipeline carries the others oil and gas. See Section A, Issue 10c for more information.

Pierce, John-Valdez, AK 2/29/08 (152NK)

What part of an "All Alaska Gasline" don't you understand?? How many times do the residents of Alaska have to vote on this issue before you get it through your sold out greedy little hands that we want the gasline HERE... NOT IN CANADA!!	TC Alaska's proposal is to build an open-access pipeline and enter contracts with gas producers for shipping the gas on the pipeline to market. TC Alaska will not own rights to any of the gas shipped through the line. The open season required by AGIA is the first step in this process.

Pierce, Merrick-, 3/06/08 (350K)

Voter mandates carry more weight than a mere proposal The administration has a proposal from TransCanada. However, the voters, in multiple elections, in 1999, (Valdez, Fairbanks North	 The Administration is following the legal requirements of AGIA which was passed by the Legislature and signed into law by the

COMMENT	RESPONSE
Star Borough, North Slope Borough), and 2002, (statewide) have issued a mandate to build an All Alaska Gasline. The specific route of the All Alaska Gasline pipeline is from the North Slope to Valdez. The TransCanada (TC) proposal is not consistent with that voter mandate. If the administration favors the TC proposal over a voter mandate it will be World War III. It would demonstrate contempt for the wishes of, and intelligence of, Alaska voters. In essence, the administration would be telling Alaska voters that they were wrong in four, distinct elections.	Governor last year.
The number of Alaska gas delivery points is wholly inadequate	
The number of gas delivery points indicated by TransCanada within Alaska, generally, and within the Fairbanks North Star Borough (FNSB), specifically, is not sufficient. The Fairbanks North Star Borough, in terms of geographical land mass, is larger than several US states. That the entire FNSB, with 7,300 square miles, can be served by only one gas delivery point is patently absurd. In fact, the piss poor way TransCanada has addressed the delivery points within its proposal should be enough justification to reject it. The FNSB requires gas delivery points at the following locations- at a minimum: Fox, North Pole, Eielson AFB, Salcha, and Harding Lake. In addition, an additional gas delivery point near where the pipeline crosses Nordale road may be justified. Note that Eielson AFB was recommended for closure several years ago to the Base Realignment and Closure Commission (BRAC). Military officials cited the high cost of operating Eielson AFB as a justification to close the base. BRAC rejected the overall closure of Eielson, but did remove an A-10 fighter wing. For Eielson to be able to convert its high cost, dirty, coal fired power plant to run on natural gas would reduce the cost of running Eielson AFB, improve the quality of life on Eielson, and make it LESS likely that Eielson be recommended for closure in future years. Losing Eielson AFB would have had a major, detrimental impact on the economy of Alaska, and in particular, the	Section 2.2.3.9 of TC Alaska's application provides a commitment to provide a *minimum* of five in-state delivery points. This commitment is consistent with the terms of AGIA which were clearly defined during the legislative process. TransCanada has further agreed to work with the State to determine the location of these delivery points. TC Alaska's development plan spells out a clear process for establishing early dialogue with affected communities. This exchange is intended to allow parties to share concerns and develop strategies for addressing local needs. This should provide ample opportunity to negotiate both the number and location of delivery points within the state.

COMMENT	RESPONSE
Fairbanks North Star Borough. Due to the significant distances between population clusters/communities within the FNSB, the construction of spur lines over 20, 30, or more miles is cost prohibitive. But that is what would be required if the FNSB had only one gas delivery point as TC may propose. Of course that would mean significant portions of the FNSB population will not have access to low cost, clean burning, gas. It is likely that is exactly what TransCanada desires. TransCanada executives have publicly referred to gas leaving a TransCanada pipeline within Alaska as "leakage"- leakage as used in the most pejorative definition. Leakage, as something to be avoided. The bus ticket analogy works best to understand why this is the case. A bus company that sells tickets for a bus trip of 1,600 miles does not want a passenger getting off 200 miles into the trip, leaving an expensive seat vacant for the remaining 1,400 miles of the trip. So it is with a gas pipeline with distance sensitive rates. Gas coming off the pipe in Alaska leaves unused capacity for the duration of the trip to market. Therefore, from the TransCanada perspective, gas entering Alaska markets is 'leakage". www.mygasline.com, (see figure 2, attached to original document) has a map of Alaska showing what the delivery points within the State should look like- at a minimum. Although the pipeline routes of the All Alaska Gasline and TC pipeline route are different south of Delta Jct, where the routes are similar, if not identical, from Delta Jct. North to the North Slope, the number of gas delivery points shown in the All Alaska Gasline route demonstrate the minimum number of gas delivery points required by Interior, and Northern regions of Alaska. The Interior and many towns in Alaska are being badly hurt by the current energy crisis	
"The Alaska economy is being crushed today and may not be able to survive for ten years",	On March 5, Steve Haggenson was named as the Statewide Energy Coordinator by

COMMENT	RESPONSE
wrote Steve Haggenson, CEO of GVEA. Nov 10, 2007. I believe Steve is correct, and now that Governor Palin and Commissioner Irwin believe (as do I) that he is the best candidate for the Statewide energy coordinator's position, his words should be taken very seriously.	Governor Sarah Palin.
Residents of the Interior are paying over 200 million dollars more per year (for heating and electricity) than they should because they do not have access to low cost natural gas. (See Figure 1). With the information gained by the AGIA process, and subsequent events, we can, and must, do far, far, better. When AGIA was constructed, we did not know crude oil would be selling for more than 100 dollars per barrel. We also did not know if, or exactly how, Alaska's oil taxes were going to be revised, and if they were, what rate of progressivity they would incorporate. The significantly increased revenue for Alaska (billions of dollars) give us options that were not seriously considered one year ago- such as direct State involvement with the project.	See Section A, Issue #11a
Electricity rates are skyrocketing for Fairbanks, North Pole, Delta, Valdez, Nenana, and Anderson	
Electricity rates are steeply climbing, and are projected to continue to rise- to more than 20 cents per KWH for GVEA customers. The sooner GVEA can gain access to natural gas, the sooner GVEA can order an additional generation turbine, (to run on natural gas) and the sooner electricity rates can be returned to affordable levels.	Comment Noted
Producer Interference with TransCanada is very likely	
Trans Canada may be purchased to by Exxon, ConocoPhillips, or BP to prevent a gas pipeline project moving forward so that oligopolic control of the North Slope basin may be maintained. Limiting supplies of gas and oil to energy markets ensures high prices. With trillions of cubic feet of natural gas on the North Slope, it is likely all manner of	The state believes there will also be strong incentives for the producers to cooperate with TC Alaska including their duty to market their gas production. Purchase of TransCanada or TC Alaska by the producers, though possible, is unlikely considering the company's significant financial standing. TransCanada controls nearly $30 billion (Canadian) in

COMMENT	RESPONSE
interference will be attempted by the producers to limit supply. This will include interference that may prevent TransCanada from receiving FERC approval- due to a lack of upstream commitments- by Exxon, BP, and ConocoPhillips. Alaska has declining oil production	assets, and has net annual income of more than $1 billion (Canadian).
With projected continued declines in Alaska oil production, taking a risk that Transcanada may be able to put a project together would be the worst possible risk for Alaska to assume. An avoidable risk! By the time we learn if the TransCanada project will be built, we may be in a very vulnerable position due to continued declines in North Slope crude oil production. That is no way to run a state. Moodys recently evaluated Alaska's bond rating and noted, again, the danger of Alaska relying on oil for 85% of the State's revenue.	TransCanada is one of North America's largest energy infrastructure companies. TransCanada's operations include natural gas pipelines, power (electric) generation, LNG and natural gas storage. TransCanada operates over 36,000 miles of wholly-owned natural gas pipelines. Beyond its experience owning and operating pipeline systems, TransCanada also has extensive experience in constructing and operating natural gas pipelines in harsh, cold weather conditions. Their credit standing is very strong with a rating of "A3" from Moody's Investors Service.
Alaska should avoid great risk, reject the TransCanada proposal, and commit to building the first 450 miles of the gas pipeline to Fairbanks Alaska has significant, windfall, revenues to build the pipeline ourselves. We must treat the construction of the natural gas pipeline as a critical piece of infrastructure- no less important than the Anchorage International Airport, the Port of Anchorage, and the Parks Highway. As Alaska's oil production declines, the revenue generated by the monetization of Alaska's North Slope gas by the gas pipeline will make it the most important piece of infrastructure in Alaska. There is no free lunch. Whatever entity builds the pipeline will bear the cost of construction. If the state builds the pipeline it will be able to guarantee the lowest possible energy prices for residents of Alaska through low tariffs, as all shipping revenues will be tax exempt under federal law. With the long, sad history of TAPS (Trans Alaska Pipeline System) we have learned that large corporations have gained control of the	See Section A, Issue #11a

COMMENT	RESPONSE
TAPS pipeline and charged excessive, abusive, tariffs that has allowed the creation of an oligopoly on the North Slope. The losses to the state, as a consequence, exceed many billions of dollars. Again, an entity like Trans Canada could be purchased by a major producer such as Exxon, BP, or ConocoPhillips and the resultant antitrust issues as well as oligopolic control of our gas deposits will continue to deprive Alaska of the greatest control of our natural resources.	
Cost of steel is increasing	
Iron ore prices are on a steep increase. Any project that does not begin in the fastest possible time frame- such as the one proposed by TransCanada- will likely face serious cost overruns and delays in obtaining steel pipe. It is certain that the TC project will not begin- if it ever does- in the time frame necessary to avoid the problems outlined with availability of steel pipe.	If licensed under AGIA, TransCanada has committed to advance a gas pipeline project on an aggressive and concrete timeline. The Administrations' analysis finds these commitments by TransCanada to have a result in a successful gas pipeline project sooner than other project alternatives. For more information on the Likelihood of Success analyses of both overland and LNG pipeline projects, see Chapters 3 and 4 of the Findings.
Air pollution will remain a serious, and growing, problem in Fairbanks	
The FNSB does not have access to low cost, clean burning fuel for heating and electrical generation. With the tripling of the cost of fuel oil many residents are now relying on dirtier methods to keep their homes warm- such as burning wood, tire scraps, plastics, and waste oil. The FNSB also has four coal- fired power plants that emit, among other pollutants, lead, mercury, and radioactive isotopes that pose a significant threat to human health. Cancer, reduced IQs of children, and damage to the fetuses of pregnant women are a real threat. A project that does not get natural gas to Fairbanks for ten, or more, years- as Trans Canada has proposed- will have a serious, detrimental impact on the quality of life in the Interior.	Comment Noted.
Carbon taxes are more likely to affect the economics of a project built into Canada. It is clear that the implementation of carbon taxes in Canada will reduce the netback on	Appendix S of the TC Alaska application sets forth their position on "Climate Change and Air Issues". They are also obligated and committed to comply with all air quality regulations that apply to any of the facilities

COMMENT	RESPONSE
Alaska's natural gas sold, or used, within Canada. Natural gas, also known as methane, is comprised of carbon and hydrogen. CH4. The combustion of methane does release carbon into the atmosphere. Thus, a Canadian carbon tax will make gas shipped into Canada less economic than into a country that does not impose a carbon tax. As the TransCanada proposal does not access the premium, world markets, as the proposed Alaska LNG proposal would, it makes the economics of a project into Canada less certain than a project that can access multiple, world, markets. Getting to 2050, Canada's Transition to a low emission future. Released January 2008. Advice for long term reductions of greenhouse gases and air pollutants. National Round table on the Economy and the Environment. 94 pages. Attached as a PDF file, via a separate email. This major Canadian report makes it clear that Canada should impose carbon taxes. Also attached to this public comment are two news reports on the reports recommendations, (Figures 4 and 5). While the implementation of carbon taxes within Canada (and also within the US as some in Congress propose) has already been tried by a coalition with Canadian Parliament, it is very likely that Canada will impose carbon taxes within the next ten years- and that would have a negative impact on the economics of any gasline project into Canada, reducing the netback to Alaska. The reduced economics of a Canadian project could even, in some circumstances where gas prices decline below a certain level, could derail the entire project just on an economic basis.	required for the proposed Alaska Pipeline Project (APP). No regulations currently exist in the United States or Canada that limit the emissions of CO2. Although there is ongoing review of this area by the US Environmental Protection Agency (EPA), because no regulations exist, TC Alaska cannot provide details of how they would comply with unknown future requirements. Most analysts assume some sort of federal climate change legislation, including a "Carbon tax" or "cap and trade" system will be implemented in the future. Although it is difficult to know what form this system may take, it is likely that it will be addressed to some degree in the arrangements between the APP shippers and TC Alaska. Any such taxes or credits are expected to have a notable impact on both the price and demand for natural gas. The EIA has factored this into their 2008 revised Annual Energy Outlook, which was one of the price projections used in the analysis of TC Alaska's AGIA application. However, since was not assumed in the other price models used (B&V / Wood Mac), the analysis represent a very conservative price estimate.
TransCanada Application fails to comply with RFA requirements within Section 2.2.2	
The State was overreaching with the requirements it imposed on AGIA applicants under the RFA, within Section 2.2.2.- The Stakeholder Issues Management Plan. While identifying the primary stakeholders and their issues is important for the project, the language of the RFA is so strict that an	The commissioners believe your interpretation of Section 2.2.2 is too strict. The state's experts have reviewed the TC Alaska's application and believe it adequately addresses the requirements of this section.

COMMENT	RESPONSE
otherwise credible applicant will have a non conforming application if they fail to identify a single important stakeholder issue. From the RFA, Section 2.2.2: "Applicant shall submit a Stakeholder Issues Management Plan addressing the primary stakeholder issues involved in the Project Development Phase. A primary stakeholder is an individual or groups of individuals with an interest in the impacts of the gas pipeline project. Primary stakeholder interest groups include: Landowners, communities, recreational users and Native Alaskans, (land based- interests) Utility suppliers and users, road concerns, and facilities associated with this development. (Infrastructure based- interests). Resource developers, contactors, labor groups, materials and equipment providers and other simultaneous developments (development based interests). NGO's, industry groups, education/training providers an health and social service (other interests). Government entities." Many primary stakeholder issues were not addressed within TransCanada's application as is required by the strict language of the RFA. Unfortunately the first sentence of 2.2.2 used the word "shall", instead of the word "should". If the State had used the word "should' then a great deal more latitude would have been given to the State to evaluate an applicant's Stakeholder Issues Management Plan. Here are some examples of Stakeholder issues not addressed within the TransCanada proposal. The concerns of a major Stakeholder- the US Military were not addressed. A major landowner along the proposed route, the US	

COMMENT	RESPONSE
Army and US Air Force have considerable operational and security issues, these issues were not identified. The concerns of material and equipment providers were not addressed, at all. Yet these groups were specifically identified as primary stakeholders within the RFA. The concerns of landowners along the proposed route were not addressed. What are the concerns of private landowners? Easements? Land takings? TransCanada does not say. The concerns of the numerous federal agencies are not addressed. For example, what are the issues of the National Oceanographic and Atmospheric Administration? The proposed ROW moves directly though/adjacent the NOAA Gilmore Creek Satellite Tracking Station North of Fairbanks. This site has numerous issues- like security, access, and even operational concerns. TransCanada submitted a generic laundry list of some potential stakeholder issues, but simply failed to comply with the RFA requirements of Section 2.2.2. Many more examples could be provided of stakeholders issues TransCanada failed to identify. We can, and must do more to get a gasline built In a recent meeting with Governor Hickle, he expressed his clear frustration with the endless discussion about building a gas pipeline. All talk, and no action. Governor Hickle pointed out that he has been talking about the issue for five decades. Indeed, as the attached picture from the Fairbanks Daily News-miner from 1958 points out- (figure 3) this discussion has been going on for over half a century. There are powerful corporate forces that will be able to continue to delay this project if Alaska does not directly intervene and begin building the first phase of this project.	

COMMENT	RESPONSE
We can afford no more delay, and we can not take any further risk. We must reject the TransCanada proposal and use all of the available evidence that we now possess to build this project ourselves. Figures and Articles attached to original	The State agrees that time is of the essence. AGIA was established as a commercial vehicle to move a gas pipeline project forward on an aggressive and concrete timeline.

Pierce, Sheri-Valdez, AK 1/04/08 (6NK)

I read with utter disbelief this morning of the selection of the Trans-Canada project. So much for an "All-Alaska" gasline. This was the reason I voted for you Governor Palin. So that my children would have a future in Alaska. Today, I am sorry to say that this is not true. My husband and I will be leaving the State. Our hopes for economic development are gone. Gee, maybe we should move to Canada? I believed in you, that you would do the right thing for Alaskans. Shame on you Governor Palin. I truly believed that we finally had a Governor and Administrative Staff that would stand up to the Oil Companies. You were our last hope. I have no faith anymore for the future of this State. I am so sorry.. I know that many Alaskans will be deeply disappointed by this decision. It is truly a sad day for all of USA.	The analysis conducted under AGIA showed many significant differences between overland pipelines and LNG projects. These differences present significant obstacles to an Alaska LNG Project, including project lead time, capitol costs and pricing concerns. For more information please see Chapter 3, 4 and Section A, Issue 10a. Comments Noted

Pierce, Sheri-Valdez, AK 2/27/08 (131NK)

When I voted for Governor Palin I believed that I was voting for a Governor who would support an ALL-ALASKA gas pipeline. Apparently I did not read the fine print or hear the message correctly. Building a gas line into Canada does nothing to create new jobs and opportunities for our families in Alaska. Sending our gas into Canada does nothing to reduce our high energy rates in Alaska. Selecting and supporting the option of a Canadian gas line will assure that a gasline will never be built, at least not in my lifetime.	The high price to heat Alaska homes is a significant concern to Alaskans statewide. The construction of the ANS gas pipeline, with several in-state off-take points, is expected to make natural gas available to more Alaskans. Over time, the development of additional distribution lines to Alaska residences will likely result in affordable natural gas being accessible to more Alaskans. For more information see Section A, Issue #4a.

COMMENT	RESPONSE
I have no idea what kind of political pressure by the oil companies would convince our State government that a gasline into Canada would be beneficial to the people of Alaska, but the thought of possible corruption makes me sick to my stomach. I have a good job with an above average income, yet I cannot afford to stay in Alaska if our economy continues to spiral downward and the cost to live here continues to climb. How many Alaska families will lose the opportunity for jobs and permanant employment that an ALL-ALASKA gas pipeline would bring? The State can finance, own and build an All-Alaska gas line. Put it on the ballot, ask us again, maybe we can be MORE clear.	Comments Noted
Plaquet, Jim - Fairbanks, AK 2/25/08 (115NK)	
AGIA is a flawed process and won't work till the administration involves the Producers. This may mean fiscal tax terms and teaming up with Transcanada and the Producers. This will save years of going nowhere and maybe of not getting a project and millions of State dollars.	The administration is committed to the AGIA process and will see that the TC Alaska application is evaluated and reviewed in accordance with the AGIA statutes. It is recognized that the North Slope producers are an extremely important element in the process. It is expected that all parties will eventually work towards the common goal of getting the North Slope gas to market. See Section A, Issues,9a and 9b
Porter, Steven - Juneau, AK 3/05/08 (238K)	
The State of Alaska through the Department of Natural Resources and the Department of Revenue issues a Request for Applications on July 2, 2007. Five applicants met the statutory deadline and ultimately one applicant met the minimum requirements of the statute. The Alaska Gasline Inducement Act provides for a 60-day review and comment by the public. This letter is in response to that public comment opportunity. The following comments are categorized by topic area. Partnership issues	
TransCanada has assured us that the $8.9 billion liability to the withdrawn partners that could grow to over $30 billion by the time the gas pipeline starts shipping gas will not affect the tariff. Assuming that is true, the remaining issue is will it affect those parties that want to partner with TransCanada to build the pipeline.	TC Alaska has addressed this issue in supplemental answers and filings provided to the State (January 24, 2008 letter on the AGIA Web site) and in recent testimony provided to the legislature. The State has asked its legal experts to also address this issue. Our legal analysis leads us to believe that this issue will

COMMENT	RESPONSE
Some say the exposure is so great that TransCanada will find it difficult to find partners. The questions the state needs ask is: 1) Is the withdrawn partner liability of sufficient risk to those who might partner with TransCanada that TransCanada will be required to build it themselves? 2) If TransCanada is required to build it themselves, do they have the financial strength to do so? The above questions go to the likelihood of success, not the net present value of the project.	be timely and satisfactorily resolved by the appropriate parties through litigation, rulings by the appropriate regulatory agencies, and/or negotiated agreements and should not prevent the project from moving forward on the schedule developed by the State's engineering experts. We believe that the likelihood of success for any such lawsuit against TC Alaska is relatively low. Even in the event such a lawsuit was successful, it is highly unlikely that the FERC would allow this liability to be rolled into the tariff for rate making purposes.
Debt/Equity Ratio TransCanada has stated they will finance this project with a debt/equity ratio of 70/30 during construction, refinance with a debt/equity ratio of 75/25 during operations, and finance all expansions with a 60/40 debt/equity ratio. First, the 60/40 debt equity ratio is in violation of AGIA. The applicable provisions of AGIA are listed below. AS 43.90.130(10) commit to propose and support rates for the proposed project and for any North Slope gas treatment plant that the applicant may own, in whole or in part, that are based on a capital structure for rate-making that consists of not less than 70 percent debt; AS 43.90.900(19) "project" means a natural gas pipeline project authorized under a license issued under this chapter. The definition of project certainly includes the initial project and all expansions. Some of the most significant AGIA "must haves" deal with rolled in rates and expansions. Clearly expansions were intended to be included in the definition of project. If the definition of project includes expansions	The requirement for a capital structure with not less than 70 percent debt only applies to the initial proposed project authorized under a license and not subsequent expansions. Consistent with this statement, the RFA in Section 2.2.3.5 specifically provides that an applicant may propose a capital structure of less than 70 percent debt for expansion facilities. TC Alaska's application is consistent with these terms. This issue is discussed in more detail in Appendix C1 of the Findings.

COMMENT	RESPONSE
then TransCanada should be required to agree to a 70/30 debt equity ratio for all expansions. This pipeline will transport gas to the people of Alaska, and one of those expansions could certainly be one that transported gas to Cook Inlet or Fairbanks. The people of Alaska should not be required to pay the increased tariff, and TransCanada should not be allowed the increased profit based on a debt/equity ratio that is in violation of AGIA. TransCanada should be required to propose a fair tariff rate for expansions as well as for the initial pipeline. Some might argue that the "average might still be above 70/30", AGIA is not about averages or intent, The administration has made it very clear it is about meeting the requirements of AGIA. If the question was asked of the legislature when they passed the law, they would not have said they meant potential averages. They meant 70/30 for each part of the project: 70/30 for the GTP, 70/30 for the Alaska Section, 70/30 for the Canadian Section, 70/30 for a potential LNG line to Valdez, and 70/30 for expansions. Whatever the project builds has a specific minimum debt/equity requirement. It is up to TransCanada to propose better than 70/30. They are not required to do so, but AGIA set a minimum they must comply with. They need to fix their application or be out of compliance with AGIA, Return on Equity TransCanada has proposed a return on equity to be set annually at 965 basis points above the rate for U.S. 10-year Treasury Note in effect at the beginning of that year for all the above debt/equity ratios. Normally there is a relationship between an increase in equity and a reduction in the return on equity.	
TransCanada has referenced the above as a 14% return on equity. This is near the high end of what has been approved in Canada, and I would oppose the state agreeing to it on those grounds alone. But this rate of return has a	By providing a license to TC Alaska, the State will not be endorsing or binding itself to any of the proposed commercial terms for service. Further, the State reserves the right to represent itself before the FERC and NEB and

COMMENT	RESPONSE
high likelihood of being much greater. TransCanada's proposed return on equity is tied to 10-year treasury notes that have historically ranged from 3% to above 15% which could earn TransCanada a return on equity from 13% to over 25%, See Attachment 1 for the historical range of the 10-year treasury notes. Also the 10-year treasury notes are near an all time low. They have only been this low for 3% of the time over the last 20 years, which statistically would mean that they have a 97% chance of going up over the next 30 years. See Attachment 2. Attaching the return on equity to the 10-year treasury note not only assures TransCanada with a generous return now but a reasonably assured larger return in the future. The 10-year Treasury note will move annually up or down with inflation; so, what TransCanada has effectively done is transfer inflation risk to the shippers and the State of Alaska. While that may be a good idea for them, it is not a good decision for the State. A better position for the State to take is to represent itself before the FERC and NEB when they make the decision on TransCanada's return on equity. Whatever the state feels is fair at the time is what it should be able to argue before the FERC and NEB. The State should not bind itself in advance to what I believe to be a very generous rate of return, possibly the largest ever granted in Canada.	take positions in support of its best interests.
TransCanada Spending Plan TransCanada plans to spend $83.5 million (as spent $'s) on the project prior to the open season of which the state of Alaska will reimburse 50% ($41.5 million). To get to project sanction TransCanada plans to spend an additional $541.6 million (as spent $'s) of which the State of Alaska will reimburse 90% up to a total of $500 million	TC Alaska and its affiliates have studied and evaluated this project for many years. A great deal of the work that has already been performed can be used in moving this project forward. Because of this, it is reasonable to assume that TC Alaska would have the ability to advance this project for a lower cost than comparative projects.

COMMENT	RESPONSE
($458.5) The following table shows the relative relationship of the parties and the funds expended. (Table with original document) After the State of Alaska's 90/10 reimbursement is reached TransCanada projects to spend less than $30 million to complete all permitting and engineering prior to project sanction. In essence, only $30 million of total project costs are 100% TransCanada risk dollars. The rest is either 50/50 with the State of Alaska or 90/10 with the State carrying the lion's share of the risk. A good project minimizes risk by well developed and thorough front end loading of permitting and engineering. The State of Alaska previously analyzed this project when it was projected to cost near $20 million. At that time they projected the costs prior to open season to be more than double TransCanada's projections and close to $1 billion to get to project sanction, substantially larger than TransCanada's projected budget. TransCanada's numbers prior to open season when the state is matching them 50/50 seems low and their numbers after Open season are suspiciously close to a budget number that matches the amount when the State of Alaska's 90/10 reimbursement runs out. The State of Alaska should conduct another independent analysis or update the prior analysis on the costs to get this project to a sanction decision. If TransCanada's budget projections are substantially lower than the state's projections, then the state should discount the likelihood of success of this project. In any event, the state should ask for a more detailed analysis of the TransCanada budget because their budget numbers look suspect.	Because of the long duration of this project and the associated uncertainties, the State's experts believe that it is very likely that TC Alaska and the prospective shippers will likely negotiate a mutually acceptable schedule for project development including specific milestones for the completion of critical designs and cost estimates. This typically includes the recognition of certain rights to each of the parties with the intent to provide a fair allocation of the risks and costs to move this project forward. In that regard, we believe that the binding nature of any shipper commitments will likely increase up to the point of the project sanction. To secure any reasonable commitments from prospective shippers, the State believes that TC Alaska will be inclined (and probably required) to provide the best cost and schedule information available throughout this process. The State's engineering experts have reviewed the "spending plan" and have concluded that based on the available information, it is reasonable.
Alaska Hire TransCanada's Alaska hire strategy is merely a restatement of the requirements of AGIA,	TC Alaska has committed to the requirements of AGIA. The State believes that the development of the Alaska Hire strategy will

COMMENT	RESPONSE
nothing more, nothing less. This is an important benefit of that AGIA "must haves"' If TransCanada does not have a plan on how to implement a local hire strategy, it will not be successful. Please require TransCanada to develop a more detailed local hire strategy. The more thought out the better chance Alaskans have of being hired for the project. If Alaska is going to issue TransCanada a license, the above issues need to be addressed. If the State of Alaska can resolve the above issues, the people of Alaska will benefit and the project will have a higher likelihood of success. Thank you for the opportunity to comment. Steven B. Porter	logically become better defined in the development and execution stages of the project.
Powell, Justin-Fairbanks, AK 1/16/08 (41NK)	
I would like to voice my support for the Alaska Gasline Port Authority proposal. I have read throught the proposals and I feel that the AGPA has a viable plan that will benefit the most Alaskan's. I feel that the AGIA process has failed Alaska by eliminating the best proposal on a technicality. It is not to late to go back to the drawing board and change the rules to allow all the applications a fair and unbiased review. I hope that common sense will prevail over bureaucracy and we can truly have an open and transparant process.	The analysis conducted under AGIA showed many significant differences between overland pipelines and LNG projects. These differences present significant obstacles to an Alaska LNG Project, including project lead time, capitol costs and pricing concerns. For more information please see Chapter 3, 4 and Section A, Issue 10a.
Prescott, Bob-Anchorage, AK 2/04/08 (81NK)	
I don't think trans canada should be approved unless they are positive they can get gas from the producers who have right to the gas. Any contract made should also have ability to get the gas that is needed for the contract so the line can be viable!	The decision to grant the AGIA license will be primarily based on whether the proposal provides the maximum benefit for Alaskans and the State of Alaska. The cooperation of the producers is a key element in making the gas a pipeline a success. See Section A, Issues #10a
Pruitt, David-Anchorage, AK 2/25/08 (119NK)	

COMMENT	RESPONSE
Please do not give $500 million of our money to TransCanada. Do not award them a license. It is time to admit AGIA is a Failure and take the advice of Irwin & Rutherford and give us multiple proposals (including Conoco's) to consider. We need Conoco & their partners to make the pipeline work so please negotiate with them and abandon the AGIA process. AGIA was a nice try, but it failed! Get over it and work with Conoco!	There is general agreement that the producers must be involved in the development of this project. AGIA recognized the importance of commitments from the producers by providing the Resources Inducements in Article 3. See Section A, Issue 9a for more information. See Section A, Issue #9a, 9b Comment noted
Prutt, Lance-Anchorage, AK 2/26/08 (125NK)	
-It was bad legislation to begin with -Nobody complied -The state overlooked numerous conditions in the TCPL bid just to claim it compliant -TCPL has huge liabilities that might impact partners (such as Alaska) and FERC could add a tariff. -TCPL can not afford to progress the project without 9 to 1 matching dollars. -The producers need fiscal certainty, even TCPL acknowledges that fact. Therefore please save our $500 million and do not award TCPL and AGIA license. Please work with producers to advance this project.	It has been determined that TC Alaska's AGIA application was complete and met all the requirements under AGIA. Any decision to award the AGIA license is subject to Legislative approval. Many of the issues you mentioned have been addressed in the summary of issues. See Section A, Issues #2c, #8a-c and 10b. See Section A, Issue #9a
Quakenbush, Jay-Fairbanks, AK 3/03/08 (168NK)	
Dear Governor Palin, I applaud AGIA for how it lays out a competitive bid, and sets specifications on Alaska's terms. I am impressed with TransCanada's qualifications and bid to build the Gas Pipeline to the Alberta Hub along with the option of building a spur to Valdez if warranted in the future. This seems the best of both worlds getting Alaska's gas to a market where it is needed. The Fairbanks Building Trades has had an initial discussion with TransCanada on a PLA and I feel confident that we can negotiate a PLA that will	The AGIA process provides the foundation and the incentives for the ultimate construction of a North Slope gas pipeline.

COMMENT	RESPONSE
benefit Alaska's workers and make for a productive project. For many years we have waited for the Oil Companies to build the Gas Pipeline. It seems the only time they make any movement is when another party gets out in front of them. The same took place when Mid-America came forward four or five years ago. It would appear to me that TransCanada brings to the table a familirarity with the Canada goverment that will be crucial to expiditing Alaska's gas to market. Sincerely, Jay Quakenbush	
Radtke, Phil-Anchorage, AK 2/27/08 (129NK)	
I demand an all Alaskan pipeline	An all-Alaska route was evaluated. See Section A, Issue #10a
Reeves, John-Fairbanks, AK 2/20/08 (100NK)	
I am concerned that after getting issued a license to proceed Trans Canada could work up until the drop dead date (5 years out) and then be deemed not credit worthy (for whatever reason) and thus be able to turn their work product over to the state and be re-imbursed up to $500 million. All the State would get may be their plans.	The decision to grant the AGIA license will be primarily based on whether the proposal provides the maximum benefit for Alaskans and the State of Alaska. The wide range of issues you have commented on underscores the complexity of undertaking a large-scale infrastructure project. TC Alaska is an experience pipeline construction and operation company that has completed similar projects. See Section A, Issues #2a and #7c
It wouldn't be too suspect to imagine that a firm could look at the $500 million state re-imbursement as a way to make money without ever building the gasline. Because it is a matching fund TC could simply bill out for more than double their base rate and still make money.	
I'd like to see the States $500 million go towards infrastructure to facilitate construction of the gasline rather than permitting, planning or gasline design.	See Section A, Issue #4b
I'd like to see a minimum of 12 take offs in Alaska. Trans canada has no gas.	See Section A, Issue #7 and #9a
Without Producer support they could work dilligently for 5 years, not be able to get gas committed and then be deemed uncreditworthy, allowing them to back out and get re-imbursed for work done since issuance	

COMMENT	RESPONSE
of the AGIA license. The State could be left holding the bag with $500 million less than it had and no gasline to boot.	
I am unconvinced Canadian Land Claim issues are resolved or will be in 5 years.	See Section A, Issue #5a
I would rather see an all Alaskan Route.	See Section A, Issue #10a
I don't see enough detail about low cost energy for Alaskans in the TC proposal.	See Section A, Issue #4a
The TC proposal does not identify all the stakeholders.	TC Alaska's Stakeholder Issues Management Plan is discussed in detail in Section 2.2.2 and Appendices B-9 and G of its application. This plan has been reviewed by the commissioners' independent experts to determine its adequacy and thoroughness. While there are many different viable approaches to accomplish the objectives of this section, TC Alaska has provided sufficient detail in its application for the commissioners to their determinations
I'd like to know more about availibility of the pipe itself. I'd like to see resolution of how TC plans on dealing with roads that will get torn up before and during construction. I'd like the States royalty share to be higher, 25% at the minimum with a sliding rate that escalates with additional proven reserves. After the issuance of the AGIA license, if TC is given one, I would like to see a reserves tax of $1.4 billion be instituted in 2008 or 09 that disperses $2,000 to each Alaskan in addition to their permanent fund annually until the gasline is built and the Producers fill it with our gas. This reserves tax should increase as additional gas reserves are identified and proven up. I have more comments but will wait to see if I am contacted, or if these are considered or utilized or deemed non-responsive, or dismissed.	.

Reeves, John-Fairbanks, AK 3/05/08 (215NK)

GAS MATH 101 by John Reeves: 200,000,000,000,000.00 cubic feet of gas (estimated reserves) X $9./1,000 cubic feet = $ 1,800,000,000,000.00 divided by: 700,000 Alaskans = ? (No your calculator isn't broken, grab a paper and pencil) DO THE MATH! ACT LIKE OWNERS, NOT SHARECROPPERS!	The gas resources of the state are owned by all Alaskans and the development of these resources needs to be conducted in a manner that provides the owners with the greatest benefit.

COMMENT	RESPONSE
THIS IS THE MOST IMPORTANT ECONOMIC DECISION ALASKANS WILL EVER MAKE. THE NUMBERS SPEAK FOR THEMSELVES. IT'S TIME TO TAKE CARE OF OURSELVES!	

Reiss, Davin-Valdez, AK 3/03/08 (170NK)

To whom it may concern I feel that running the gas line through Canada would be a big mistake. It would take thousands of jobs from alaska, when we are the state with the 4th highest unemployment rate. As a equipment operator who has looked into working in canada, It takes a minimun of 6 months to get a work permit.	Short-term and long-term employment scenarios are an extremely important consideration in the AGIA evaluation process. Labor considerations continue to be a significant concern to Alaskans Statewide. See Section A, Issues #3a and#11a
the all alaskan line would keep those jobs hear in alaska and provide more jobs for alaskans. As an alaskan I don't want a forgin country controlling and taxing our gas. As for taking 10 years for us to get a gas line, our country is in a recession, we need not to wait but to act as soon as possible. I feel that keeping the line in alaska is the best situation for alaska and alaskans as a whole.	See Section A, Issue #10c

Reiss, Susan-Valdez, AK 2/29/08 (146NK)

I feel that the TransCanada's rout is not the best for our future! (Alaskans or Valdea) We need to keep control of our natural resourses. I would like to see this process speed up for the future job for all Alaskans. I would like to see this going before my grandchildren (that I don't have) are ready for jobs. I would like to see this for the children that are in school now. This would give the young adults a reason to stay in Alaska. Thank you for your time Susan J. Reiss	TC Alaska's proposed route through Canada is being evaluated under the AGIA process. The route is one of several issues that will determine if this application merits approval in accordance with AGIA. See Section A, Issue #3a and 10a for more information.

Rensel, Maria-Fairbanks, AK 2/29/08 (147NK)

The most benefit for Alaskans is to use our workers, in our state, using a local corporation that will likely invest and spend a large part of their huge profits in the state for many years to come and on an ongoing basis.	The administration is committed to ensure that the AGIA process base its decisions on what is in the best interest of all Alaskans. Decisions will not be based on political expediency. See Section A, Issues #3a and 4a for more information.

COMMENT	RESPONSE
We have more control in this than we do over our population's daily expenditures at Wal-Mart, Home Depot and other huge corporations whose profits leave the state immediately. Let's not do what's expedient, let's not just use Trans-Canada because they are huge and have experience.	Comment Noted
Let's use this opportunity to allow our own people to gain valuable experience, to do the work that American workers have always been capable of doing, to develop a generation or two of jobs, to have motivation for enough off-take pts and to use profits here in AK.	Comment Noted See Section A, Issue #4a
The entire point of AGIA and being an open transparent process is for the benefit of Alaskans. Let's not give away the store!	

Resource Development Council- Jason Brune, Executive Director 3/06/08 (322K)

Dear Commissioner Galvin and Commissioner Irwin:	
Thank you for the opportunity to submit comments on the current status of the Alaska Gasline Inducement Act (AGIA), and specifically the determination of whether the TransCanada application qualifies for the issuance of a license under the terms of AGIA.	
RDC is a statewide business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, tourism, and fisheries industries. RDC's membership includes Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.	
RDC has a long-term and abiding interest in the commercialization of North Slope gas resources and has been intimately involved in trying to achieve this goal since its inception.	
While developing our comments, RDC's Board of Directors received several presentations directly from TransCanada as well as	

COMMENT	RESPONSE
ConocoPhillips. We also considered our previous positions on the AGIA statute and fiscal terms for resource development projects. Our specific comments are detailed below.	
1. RDC did not support the AGIA legislation as an appropriate vehicle to advance commercialization of gas. For your reference, I have attached a copy of our comments submitted during the AGIA legislative hearings (April30, 2007).	Your comment is noted.
2. We were disappointed, but not surprised, that only five bids were submitted under AGIA. The Administration correctly determined that four of the applications clearly did not meet the requirements of AGIA. We are not questioning the Administration's completeness determination of TransCanada's application. We do question, however, whether the analysis of only one proposal will allow Alaskans to determine if the project sufficiently maximizes benefits to Alaskans. The AGIA process is not the only way to commercialize North Slope gas. However, given the Administration has determined TransCanada has complied with the AGIA application requirements, their application should be evaluated to determine if its benefits and risks result in a determination that the TransCanada proposal sufficiently maximizes the benefits to Alaskans and merits issuance of a license under AGIA.	The Administration is not only analyzing and evaluating the TC Alaska application but also analyzing alternatives to this application including several well-defined LNG scenarios and the plan proposed by ConocoPhillips. This analysis and evaluation was performed because the Administration wanted to be certain that on a comparative basis the TC Alaska application provided the maximum benefits to Alaskans.
3. The Administration was inconsistent in allowing a Liquefied Natural Gas (LNG) strawman to be created for comparison, yet not allowing the ConocoPhillips proposal to be reviewed. In her letter to Backbone II (January 30, 2008), Governor Palin indicates, "My administration is committed to undertake a detailed evaluation of likely LNG project	See the response above. The Governor provided a response to ConocoPhillips' plan. While the State does not in any way discourage ConocoPhillips' plans from constructing an alternative pipeline project, it cannot consider this proposal in the context of AGIA because it does not meet the "must have requirements" of AGIA, does not contain any "real" commitments, and would require the State to engage in negotiations with

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designs before determining whether a pipeline that goes through Canada will sufficiently maximize the benefits to the people of Alaska and merits issuance of a license." Proposals either met, or did not meet, the requirements of AGIA. If the Administration is not happy with the quality of applications it received, it should revise AGIA and re-open the bidding process to allow bidder as much flexibility as possible to encourage competition and allow the free marker to work.	ConocoPhillips in conflict with the requirements of AGIA. However, the Governor has committed to engage in future discussions with ConocoPhillips about the gas terms at the appropriate time. See Chapter 5 of the findings for additional discussion of the ConocoPhillips plan. The Administration has been very pleased with the process provided for under AGIA and the results. This process clearly encouraged competition and the benefits of the free market. The additional analysis undertaken by our teams of experts was performed to fully consider the other alternatives available to the State before making a recommendation to the Legislature and to avoid the costly delays of reopening the bidding process.
4. In order for a gasline to come to fruition either as part of, or outside of, AGIA, the Alaska Legislature and the Administration must ensure a fiscal framework is in place that is conducive to a successful open season. The recent ACES special session, which raised tax rates for the third time in three years, demonstrates why future shippers on a gasline are wary, and why an open season if held today, would likely be unsuccessful. In fact, TransCanada stated in its application, "TransCanada would rely on the State of Alaska to take all feasible actions exclusively within its authority as a sovereign power to ensure a favorable economic environment for potential Shippers on the Project. Those actions include: engaging with the ANS Producers to reach agreement on a commercially reasonable and predictable upstream fiscal regime that balances the needs of the State and the ANS Producers," TransCanada has also testified on the record before the Legislature stating "No customers, no credit, no pipeline." ConocoPhillips has requested the	Article 3 of AGIA provides a fiscal framework for shippers committing to the project. As noted above, the Governor has committed to further discuss this issue with the producers at an appropriate time in the future.

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same in it proposal submitted outside of AGIA, "We believe it is critically important to define a framework for gas fiscal terms now such that we can complete a successful open season in 2010." Alignment on a future tax system will lead to the lowest cost distribution (tariff) and ultimately the highest netback to the state. We implore the Administration to work and make this happen. Thank you for your consideration of RDC's comments. We look forward to continue working with you and the Legislature so that we Alaskans will benefit from the construction of a pipeline and the resulting gas economy.	

Reynolds, Doug-Fairbanks, AK 2/07/08 (85NK)

How the State of Alaska can use Sinopec and China to its Advantage: A negotiation strategy to obtain a natural gas pipeline NOTE: according to the AGIA process, the public must comment on whether the TransCanada application sufficiently maximizes the State's take.	
In this comment, I say it doesn't because an alternative project and process can earn Alaska more money. Alaska wants a natural gas pipeline. The economics look very good for building such a pipeline. The price in Chicago and around the world for the foreseeable future is well above $5 per thousand cubic feet which should be enough to pay for a natural gas development project in Alaska, even with Alaska's current PPT severance tax. Sufficient natural gas reserves are known on the North Slope so that a natural gas project is feasible, and if a pipeline is built, more exploration could locate even more reserves. However, to date no agreement has succeeded in guaranteeing the development of a pipeline. One sticking point preventing a natural gas agreement with the major North Slope producers seems to be that the lease holders want better assurances on natural gas taxes—	Comments noted. Under the terms of AGIA, the commissioners are obligated and committed to follow the process set forth in the statute. As noted, we are also obligated to follow the state's constitution. Many of the points raised are addressed throughout the findings. In short, we believe the path established under AGIA (which supports granting a license to TC Alaska) represents the best alternative to encouraging a gas pipeline project that maximizes the following benefits: • Getting a natural gas pipeline, quickly. • Jobs and long-term careers for Alaskans. • Economic energy for Alaskans.

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fiscal stability—from the state. Alaska's interests are somewhat divergent. We want to negotiate a deal for a pipeline quickly but still not give away our natural gas value. How can such differing needs be reconciled? So far two methods have been tried: the Murkowski Stranded Gas agreement and the Palin AGIA process. Both of those attempts have pluses and minuses for the state. A wise alternative would use a little of both methods. The strong contract created under the Murkowski stranded gas method would help the current AGIA process by providing a full disclosure of what the state and the producers need to get a project done. An open bidding process similar to how AGIA worked would guarantees that Alaska can get the best deal. This white paper will describe a process whereby Alaska can get a North Slope natural gas project even more quickly and with better terms for the state then it will under the AGIA process. The paper seeks to address the following issues: - Murkowski's "Stranded Gas" process and what the producers have shown that they want; - The flaws in the current administration's AGIA process; - Sinopoc's proposal and the benefits to Alaska of obtaining a bid to sell natural gas to China; - How Sinopec can give Alaska true leverage in getting a natural gas project that works for Alaska; and - How using contract bidding provides the ideal environment for negotiations. The Producers and The Murkowski Stranded Gas Process The Murkowski Administration's natural gas pipeline agreement with the producers did in fact create a contract that would have seen a pipeline come to fruition. However, that contract may have given away too much of Alaska's natural gas value. The Murkowski contract, though, clearly addressed the producers' concerns about a natural gas project. In short the producers wanted a severance tax of roughly 7% based on production which would be about a 14% or so profits tax should the natural gas wellhead	• Sufficiently maximize revenue to the state and its citizens from development of its natural gas resources. Notwithstanding the commitments and obligations under this approach, we would also expect the State to modify its current approach if future circumstances require such a change.

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price be $4/million Btu and costs come in at about $2 per million Btu. With this they would receive in excess of a 10% return. With higher prices, their returns would be substantially higher, and the actual tax substantially less. Still that is what Murkowski successfully negotiated. Compare this amount to the current PPT for oil—25% of profits with higher rates of taxation should oil and gas prices increase. A number of economic models show that a natural gas project is viable based on the current expected natural gas price and the current PPT tax. Based on the Murkowski contract, though, it is clear that the producers' goal is lower taxes and that they will not build a pipeline under the current PPT. In Article 8, Section 2, the state constitution specifies that we need to maximize the value of the natural gas to the benefit of all Alaskans, with the implication of taking into account the return to risk ratio. Based on that, Alaska should be able to ask for more value from natural gas sales than a severance tax at a mere 7% of price. However, since the producers did not apply under AGIA, they are dragging their feet and will probably use their leverage, of owning the natural gas leases, to obtain a higher value for their shareholders in excess of a fair return given the risks. They will wait to get as good a deal as the one they had under the Murkowski Stranded Gas contract before they give Firm Transportation Commitments (FTs). The problem for Alaska is that the CEOs of the major oil producers and their major shareholders will hesitate to invest in a natural gas project with no tax incentive guarantee since all of their stock options are tied to their own companies' performance. They can only get paid, so to speak, if the gasline investment makes a rather large, low risk rate of return. Since there is some risk of loss and the decision makers can make more money buying back stocks than building a pipeline, they may choose not to invest in an Alaska natural gas pipeline project. Also the producers have said they must be the owners of any natural gas pipeline in order to mitigate cost overrun risks during construction.	

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The Palin AGIA Process Through the Palin Administration's AGIA process, TransCanada will receive a single state license to build a natural gas pipeline. TransCanada will have to go through the Federal Energy Regulatory Commission (FERC) process to obtain a permit to build the pipeline. In order to get the final approval, though, TransCanada will have to go to an open season where it will request FTs from the lease holders to ensure that the producers will either ship or pay to ship their natural gas in the amount of roughly 4 BCF per day. If the producers do not give FTs, then TransCanada will not be able to build a pipeline. The strategy for the state at that point would be to sue the producers for their leases or force them to extend FTs. With the current price of natural gas, a natural gas project looks economically feasible. However, since the producers did not pursue a project under AGIA, then they look determined not to commit FTs with TransCanada and therefore, the AGIA process could end up in court. If indeed the project looks to be economic, then the producers will have breached their lease agreement and could easily lose their leases. Therefore, going to court is the stick that will be used to get an agreement to ship the natural gas. Alaska should have a good case against them. The problem is that such a case could linger ten years in the court system. (Remember the TAPS settlement?) This will create a significant delay to the start of construction. The bottom line is, like the Murkowski Stranded Gas process, the AGIA process still depends on negotiating with the producers over fiscal stability. Once the FTs are withheld, the Palin Administration will still have to negotiate with the producers or threaten them with litigation. Those FTs do not look to be forthcoming or the producers will already have applied under AGIA or even without AGIA. Note, the Murkowski Administration also threatened the producers with litigation under the Stranded Gas Act during his administration's negotiations with the producers. The Murkowski Administration	

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publicly said it would take the producers to court if an agreement were not forthcoming. So the threat of going to court has been tried. It is not clear how effective this threat would be given that the ExxonValdez spill lawsuits have yet to be fully resolved. However, TransCanada could undermine Alaska's negotiating power with the producers. TransCanada could take Alaska to court for not giving the producers fiscal stability. That is TransCanada could argue the company has the only license to build a pipeline in Alaska and they would want value for that license. Alaska—by giving a single license to build a natural gas project—implies a value for that license. If TransCanada finds its license doesn't have any value, it could blame Alaska. Since TransCanada will not receive any value from it unless Alaska and the producers make an agreement, TransCanada could take Alaska to court for not giving the company its value. So the state may get even less leverage from the AGIA process than what it got under the Stranded Gas process. The Sinopec Option It is still possible for Alaska to consider the Sinopec proposal. There has no doubt been a wave of anti-Chinese feeling in the U.S., but Alaskans should seriously consider the proposal. Sinopec is an interesting option. China subsidizes Sinopec's refining losses and is the majority shareholder. So for all intents and purposes Sinopec is China. Therefore the Sinopec option is a Chinese alternative but it gives Alaska exactly what Alaska wants: an expandable natural gas project with low construction costs and a fast completion date. If Sinopec is an Alaskan natural gas project backer, we will have an all-Alaskan route. That is, it will be a 4 BCF per day liquefied natural gas (LNG) project to Valdez, then on to China. This could reduce the wellhead value to Alaska. However, a Sinopec project may still be about as revenue maximizing as a pipeline to Alberta because Sinopec has the potential to leverage the producers to keep the current PPT tax rate for natural gas production as will be seen below.	

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The AGIA process provides no such leverage, except for a perceived threat of a long court battle. With Sinopec the state receives leverage due to China's deep pockets. So even if the LNG tariff is higher than a pipeline tariff and the final Asian price is lower than an Alberta price, a Sinopec project could still happen sooner with a higher PPT to Alaska's advantage and therefore give Alaska a higher net present value of all future revenue streams. China is interested in keeping its economy strong and obtaining as much energy as possible and as quickly as possible. Currently, China consumes 4 BCF per day of natural gas, 16 BCF per day energy equivalent of coal, and 27 BCF a day energy equivalent of oil. Therefore the great thing about China is that it is an energy hungry market, meaning its interests align almost perfectly with Alaska's. China wants a project; we want a project. China wants the costs of the pipeline low in order to get more natural gas production. So do we. China wants a project that can be done quickly, and—if more natural gas becomes available through exploration and development—a project that can expand if necessary. So do we. However unlike the producers, China has an incentive structure that is diametrically opposed to the producer CEO's incentives. Whereas the producers only make money on the pipeline project when energy prices are high, and lose money on it when energy prices are low—making them much more risk averse to such a project—China's investment into a natural gas pipeline is the perfect Chinese risk hedge. If energy prices are low, that is great for China. They may lose on the natural gas pipeline investment, but no big deal, the rest of their energy intensive economy will be booming. If energy prices are high, the Chinese make money on this specific natural gas investment even if their economy tanks. China wins no matter what. The producers only win on this project with high energy prices. That means China has twice the incentive that the producer have to get a natural gas project done—quickly, on time and under cost. Plus, so far, the producers make more money not building a pipeline than building one.	

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TransCanada faces this same problem since it still must depend on the producers giving it firm transportation commitments (FTs). China though may not need FTs. The most interesting aspect about China or Sinopec is that theoretically Sinopec could build a natural gas pipeline and liquefaction facility without FTs. That is China could pay to build the pipeline and LNG facilities and tankers without any guarantee that the producers will commit to an open season with FTs. Why would China do that? Again it is because China wants what Alaska wants. China wants energy now and if taking a gamble by building a project without FTs will get China energy, then China will take that gamble. Here is how it may work. Assume Sinopec goes forward and builds an LNG project without FTs. Then we can assume the producers will refuse not only to give FTs but won't even sell natural gas to a completed project. Yet by the time the project's completed, this case will appear before a judge. Few judges will hesitate to initiate a court order to force the producers to sell natural gas to the project seeing a multi-billion dollar pipeline that meets all tests of economic viability that is actually completed. The court order will obligate the producers to fill the pipeline and LNG tankers pending the long court case. Note China has deep pockets. Currently, China has $1.2 trillion in foreign reserves including about $400 billion in U.S. government treasury bills. However with the dollar down 50% to the Euro since 2002, the value of those T-bills has plummeted. So China is in fact losing money anyway and would just as likely want to invest that money in a gamble to get more energy for itself as invest in increasingly worthless T-bills. China just can't go out and buy gold or Euro bonds because it is committed to keeping the Yuan low compared to the dollar. It has to buy U.S. assets. However China doesn't mind playing poker with its incredible cash reserves. Already China signed an $8.3 billion deal to rebuild the Nigerian rail system just to ingratiate itself with Nigeria, and it has played hard ball in Chad. Clearly, China wants its money used, it is used to gambling, and it negotiates hard for what it wants. China	

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represents a threat to the producers. An interesting aspect of China is not only its quest for high rates of economic growth, but that the Chinese Communist party has placed a high priority on using less coal and more natural gas in large urban areas. This stems from Taiwan's experience where that country experienced so much protest over the pollution caused by the burning of coal and the choking smog that it produced, that the then-Taiwanese dictatorship actually lost power and a democracy eventually emerged. China doesn't want that. So at this point, China is wiling to pay more for energy just to placate the popular concern over pollution and stay in power. Also China has often shown the ability to strong-arm an uneconomic position in the past such as its quest to build the Three Gorges Dam, a questionable economic endeavor using a present value cost/benefit analysis. Now China looks to pursue another low present value goal, making their cities cleaner with clean burning natural gas. Alaska can take advantage of that Chinese concern and make money. Currently China uses about 4 BCF per day of natural gas, so Alaska's gas would saturate that market. However, the really telling energy statistic for China is that it wants to switch away from coal use to using more natural gas. Alaska's 4 BCF a day of natural gas would only represent 25% of China's coal use, and 15% of China's oil use, another Chinese vulnerability. This is important since China is not only likely to want to reduce its coal use for political reasons, but can reduce its geopolitically vulnerable crude oil imports by switching to compressed natural gas cars, which is a technology already available in markets like Germany. Legendary oil and gas executive T. Boone Pickens already foresees worldwide use of natural gas for automobiles, and is betting heavily on it. In ten years when the natural gas project is done, China is likely to need 10 or 20 BCF of natural gas if its strategy for energy diversity pans out, meaning that all of Alaska's natural gas and then some will be needed and this does not include Japan and the rest of East Asia. In my book, Alaska and North Slope Natural Gas, Development Issues and U.S. and Canadian	

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Implications, I explain how China will not need so much natural gas, but that assumes a business as usual price for oil and no political implications for coal. With the change in assumptions, China could take all of Alaska's natural gas and then some. Still, it is not if China will buy all that natural gas, but if China will sign a contract to buy all that natural gas and at a price that is acceptable to Alaska. There is a difference. Nevertheless this brings up the one real problem with China. Since it would be a major purchaser of Alaskan natural gas, it would have the market power to demand low natural gas prices to the detriment of Alaskan value—it would have monopsony power. So Alaska would have to get some assurances on a competitive price from China in terms of a contract to buy Alaska's gas at a Henry Hub linked price or an oil linked price or some combination thereof. That contract could include an escrow account that China would lose in the event it stops buying Alaskan natural gas at the price and quantities specified. In addition, China could team with Japan, Korea and East Asia to provide guarantees to Alaska in the form of a contract that East Asia will buy our natural gas at a specified price and quantity well into the future. Will FERC allow Sinopec just to build a natural gas project without any FTs? The idea of FERC is to increase competition, not decrease it. If there are no—or do not look to be any—other projects to open the North Slope natural gas basin, then how can FERC object? Opening a basin increases competition and value. It is just a matter of Alaska going to FERC and obtaining permission to build a pipeline project without FTs but getting all other pertinent requirements. Of course the U.S. congress may balk. Already Congress was against an Abu Dhabi firm buying a company that manages US shipping ports, and against the China National Offshore Oil Company (CNOOC), another Chinese oil company, bid to buy Unocal, a small U.S. independent oil company. So why would Congress allow this? Alaska's constitution requires "maximizing value." If Congress stops this deal, then Alaska should take the issue to federal court since both the U.S. and Alaskan	

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constitutions allow and even demand such a process. This as a state's rights issue. After all, the U.S. constitution guarantees each state's constitution. A single pipeline is not a national security issue. Natural gas is increasingly traded internationally with LNG tankers making it fungible. Therefore more supplies of energy reduce world prices—increasing United State's national security. Since the Chinese are pushing for more energy not less, they are actually helping the U.S. Even my own plumber asked, why should we be afraid of doing business with China? The American electorate though is very concerned about China taking away America's energy supply. Americans are demanding additional U.S. supplies of energy so that we do not have to depend on the volatile Middle East. But China also depends on the volatile Middle East, and if China imports more energy from that region then China might prove to be a better liked consumer than the U.S. and support dictatorial regimes in the Middle East to the detriment of U.S. interests. It is possible that China will be willing to pay more for its energy supplies in a few years causing prices to go up and helping these same regimes to flourish even more. The American electorate also sees China as a military threat in the coming years. The perception is that selling natural gas to China would help the Chinese economy to grow even faster towards military parity with the West. Any natural gas sales to China would thus create a huge popular backlash against Alaska. That would then push the U.S. and China that much closer to war especially a war over oil and energy resources. However as a New York Times editorial on August 4, 2005, stated when CNOOC made an $18.5 billion bid to take control of Unocal, a U.S. oil company: China bashers … successfully raised the specter of national security to justify their interference in the takeover (of Unocal). But their victory is a loss for the United States' global interests, and it sets a dangerous precedent of dealing with China by demonizing the Chinese. That approach, in turn, risks turning China, an emerging superpower, into an aggressive opponent rather than simply a global	

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competitor. … Thwarting China may drive it even further in the direction of securing its energy from countries that really do pose a threat to America, like Iran, and from repressive regimes like the ones in Sudan and Myanmar. The United States would prefer that China cooperate with America's policy goals in such places, rather than striking oil deals that could strengthen the current rulers. Nevertheless, by considering a Sinopec bid, Alaska's legislature could induce Congress to act in Alaska's best interest by completely underwriting the entire pipeline or giving a guaranteed price floor at the wellhead for Alaskan natural gas. It could backfire too where Congress confiscates the natural gas leases for national security reasons, but again this would violate Alaska's and the U.S. constitution. Alaska would never stand for that. Are we afraid of Congress? On the other hand, Congress itself is decreasing national security. It hasn't opened up ANWR and it didn't give Alaska a North Slope natural gas wellhead price support in its 2002 version of the energy bill. The bottom line is China wants what Alaska wants—a natural gas pipeline. China has far deeper pockets than ExxonMobil could ever dream of. And China's interests are better aligned with Alaska's. If the producers won't give Alaska what it wants, then Alaska should seriously consider giving the project to Sinopec. The Ideal Negotiation Process Here is how the Sinopec option could play out. Give all three major North Slope producers six months or less to come up with their best Murkowski Stranded Gas-like contract for everything including a PPT for natural gas and oil. Then have Sinopec, with the backing not only of China but of other East Asian governments, create a single contract for its project including terms for the price and quantity for which China will purchase LNG. This contract should include terms for an escrow account amounting to billions of dollars for the contingency of China refusing Alaskan natural gas at the price and quantity agreed to. Make the escrow be worth somewhere in the neighborhood of $1 to 10 billion that China would lose should they renege on their terms. The contract should also specify how the LNG	

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project will be built, who will build it, how certain levels of Alaskan employment will be guaranteed, future expandability, access to Alaskan consumers or other natural gas companies and other issues. Then submit the two contracts to the Legislature and have state representatives decide in full public scrutiny which contract is in Alaska's best interest. This has three advantages. 1) It creates true competition. The producers will face a credible threat that they really could lose their lease value should there be a slight chance that the state would go with Sinopec, forcing the producers to give their best contract and best terms to Alaska. 2) It moves the state more quickly towards a viable project. There is possibly less chance of a long and protracted court case. And 3) it will be more transparent than the inevitably closed door negotiations that will occur with the producers under the Palin AGIA process. Once a case goes to court or is threatened to go to court if the producers do not give FTs to TransCanada, then Palin will have to go into closed door negotiations to get the FTs. Concluding Remarks Even this option still leaves one problem unresolved: Article 9, Section 1 of the Alaska constitution. This specifies that the state cannot contract away tax specifications for future legislatures. The producer's original contract included a need for specifying the severance tax rates for over 40 years. This may violate Article 9, Section 1. However Article 8, Section 2 of Alaska's constitution also specifies that Alaska needs to maximize the value of Alaska's natural resources to the benefit of all Alaskans. This means in order to get a natural gas pipeline, which maximizes value to Alaska, there may indeed be a need to specify tax rates. Without tax rate specification there may be no gasline. In such a case Alaska clearly loses. Therefore Article 8, Section 2 should trump Article 9, Section 1 in that maximizing expected value should be more important. Even though AGIA was passed by the Legislature, the Legislature can still opt to change the law and follow a slightly different path. The path given here could result in a faster project with a better negotiated outcome. It may be necessary for the	

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legislature to call hearings on the subject to determine the most appropriate negotiation process. Will such a process work? Maybe not. But it may be worth while to have some hearings on the issue. The state electorate recently asked its legislature to meet for 30 days less time during the legislative session, a move that may save the state a few million dollars. But a good contract for developing the North Slope natural gas could net the state a few billion or even tens of billions of dollars. Why are we so concerned over a few million when billions are on the table? The Legislature needs to concentrate its attention on the natural gas pipeline now or the state could lose the billions forever. Indeed for every year the state waits to build a natural gas pipeline it is losing at least $1 billion and possible more. Therefore, let the Legislature hold hearings to consider these options. Ask BP and ConocoPhillips if Sinopec builds a pipeline without FTs, would they go ahead and sell them their natural gas to a Sinopec project once completed. Ask a court expert if a judge would force BP and ConocoPhillips to sell their gas to a Sinopec project once completed. Ask China, Sinopec and possibly Japan or Korea if they would be willing to come up with a contract for the purchase of natural gas and the building of a pipeline. Ask FERC if China can build a pipeline without FTs as long as the tariff is regulated. We know the producers have the ability to fill a four BCF a day project since they already signed one contract saying as much. So FERC should be able theoretically to come up with a plan for Sinopec to build without FTs. Indeed the Port Authority claims to already have FERC permission not to follow a FERC process to build a natural gas project. As the Murkowski process before, the Palin process depends on the threat of Alaska taking the producer's to court. That threat didn't work for Murkowski and it isn't likely to work for Palin. Having a viable alternative contract that could actually be implemented and could provide a credible threat to the producers would force the producers to give Alaska a better contract without the possibility of a ten year court case before the pipeline is actually built. Or at least	

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it would move Congress to act to provide more underwriting of a natural gas project, such as a price floor for North Slope natural gas. True competition. True transparency. And a full blown contract which can be evaluated. These are the advantages of a Sinopec process.	

Rhine, James-Anchorage, AK 1/10/08 (21NK)

COMMENT	RESPONSE
I hope TransCanada officially receives the contract after this 60 day review. It is by far the best way to get the gas from AK to Illinois; as the company has a great reputation and infrastructure. Thank you for your continued intelligent public service.	The evaluation of the TC Alaska proposal will continue in accordance with the AGIA statutes.

Ricks, James-Eagle River, AK 1/15/08 (38NK)

COMMENT	RESPONSE
The State of Alaska may rightfully have concerns about a producer-owned gas pipeline being financially equally available to other than pipeline owning producers. In that aspect AGIA seeks to level the playing field that would, in the long run, be good for Alaska and the country. Beyond that, the act of calling the producers “liars”, etc. needs to cease right now! That type of activity does not support a professional aura to the situation and I expect better of State leaders. The open animosity between State and producers, for the sake of the Alaska citizens, must cease right now.	
Now that the AGIA path is established, the challenge that the State has before it is that of a professional facilitator that is amiable and willing to work will all involved to bring the producers and the pipeline builder together to get the job done. The State should “court” the producers and seek their cooperation with the pipeline contractor. The State should consider fair inducements the would encourage the producers to cooperate with the pipeline contractor.	See Section A, Issue #9a and 9b
The end goal must be kept in sight and State flexibility, vice intrasigence, must be maintained to move the whole effort toward that goal. My bottom line, I will be looking for all parties to behave professionally, to be cooperative instead of combative with all parties, to be looking for ways to “make this happen” instead of laying down roadblock	The AGIA process will continue and we expect that all parties will seek to focus on the common goal of building the gas pipeline.

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demands, to be civil in interpersonal dealings instead of irreverant, and to make progress. Get 'er done, or get out of the game.	
Ricks, James-Eagle River, AK 2/20/08 (98NK)	
Governor, It appears that no matter whether you proceed under AGIA or not, the State is going to have to set down and negotiate fiscal terms with the producers. It is not the pipeline builder's responsibility to negotiate fiscal terms with the producers. So the sooner you get off the dime and start open and transparent negotiations with the producers the sooner you will get a pipeline started.	The state recognizes that the North Slope gas producers feel very strongly about negotiating stable fiscal terms. Producers that agree to ship gas during the initial open season will be taxed at the same rate for 10 years. Please see Section A, # 2b, 7c and 9b for more information.
Also, I'm concerned that Trans Canada's debt to previous gas pipeline partners will sink the deal with them as a pipeline builder. I'm looking to you for absolute assurance that Trans Canada's debt will not sink the deal.	
My gut feeling is that you are refusing to negotiate fiscal terms so the producers will not bid in open season and you can then spend State funds taking them to court to reclaim the leases - which will keep the State in court as long as it has taken to settle the Exxon Valdez claims in court.	See Section A, Issue #7c
Get 'er done or no second term vote from me. Very Disappointed, Jim Ricks	Comments Noted
Ricks, Jim-Eagle River, AK 1/31/08 (78NK)	

COMMENT	RESPONSE
Governor, AGIA needs fixed!	
First, You need to dig your head out of the DNR-provided sand and accept that even Trans Canada is saying the State needs to negotiate fiscal certainty to some level with the producers. Ignoring that fact and giving Trans Canada license to proceed will not only cost us an unnecessary $500M, but will cost us big when AGIA fails to entice the producers to bid for space in the Trans Canada built pipeline.	See Section A, Issue #2c
Second, The Legislature counsel has identified several locations in the Trans Canada application where Trans Canada has imposed or implied conditions on their participation and success of the endeavor. Your blindered-to-one-path DNR folks say there are no conditions in the Trans Canada application. However, the mere fact that the Legislature has an opposing opinion that they are considering brings Trans Canada application into question and the AGIA process subject to lawsuits by other applicants if you proceed with Trans Canada under AGIA.	See Section A, Issue #7b
No matter how much you dislike the producers, you will eventually sit down at the table with them to negotiate fiscal certainty - why not do it sooner than later and get 'er done?	See Section A, Issue #9b
Since I'm telling you what you don't want to hear, I know your fingers are in your ears and your are singing lalalalalala so as not to hear me. I know I'm being ignored. But had to put in my $.02 worth anyway. Suggest you take the Republican Party up on their offer to run for Vice President. Very Disappointed So Far, Jim Ricks	AGIA is committed to be an open and transparent process. Comments from all Alaskans are very important to the AGIA process. Alaskans' opinions on AGIA and the gas pipeline are as strong as they are wide-ranging and are of great value to the public review and comment process.

Ridderbush, Randy-Valdez, AK 3/04/08 (188NK)

AGIA is a failed attempt @ gas line development. Anytime you have "this" much @ stake the potential economic/development and the potential for power energy cost, only 5 applicants of which one is a Canadian line how on earth can you call this a success? And the winner is TransCanada- loser Alaska-	The administration is committed to the AGIA process and it will continue through this process. The state recognizes the need to evaluate the "All-Alaska" LNG route in parallel with TC Alaska's AGIA Application. Analysis has concluded that LNG options do not give Alaska the most economic and energy benefits. For more information please see

COMMENT	RESPONSE
LNG makes sense but gas to all Alaskan makes more- an all Alaska line- quit playing politics- get it built in five years its doable if you want to. The state needs to build the line (All Alaska) pony up or shut up get the producers to commit. Also pull all gas leases from the producers who have failed to line up to lease terms. Signed – Aggravated	Section A, Issue #10a and #2b for more information. See Section A, Issue #6c
Rieser, Michael-Anchorage, AK 3/06/08 (284NK)	
I strongly support the TransCanada proposal as it does not create the conflict of interest of having a single company control both production and shipping of the gas. This is beneficial in promoting real competition and openness in development of Alaska natural gas resources, as a producer-owned gas pipeline company may use shipping rates and access to decrease competition for resource development and influence partnership or production terms on prospective producers that are beneficial to the owner of the pipeline, at the expense of royalties and jobs that would benefit the people of Alaska. It is in the State of Alaska's interest as the owner of the natural gas to have this arm's length arrangement to maximize the return from this public asset.	Under the TC Alaska's AGIA application there will be a division between the North Slope gas producers and the natural gas shippers. This arrangement may prove to be beneficial to all the stakeholders: the producers, the shipper and the State of Alaska.
Roskam, Al-Wasilla, AK 2/29/08 (148NK)	
I do not support the Trans Canada option. It would be a better economic future for the State to have an all Alaska route with plenty of gas available in state to attract other investments within our state. We all know that one of the major costs of doing business here is power. If we do the Trans Canada option, the cost of doing business here will only get higher. I have family in the ethanol business back in the Midwest. Most of these plants are run on gas. When cellulosic ethanol does get off the ground, we would like to build a plant here. Cheap energy here will attract more industry to process our natural resources here instead of shipping just raw product. To help develop more of our resources in state will be better economically than just selling the gas. Yes just	 The State of Alaska recognizes the need to evaluate the "All-Alaska" LNG route in parallel with TC Alaska's AGIA Application. Analysis has concluded that LNG options do not give Alaska the most economic and energy benefits. For more information please see Section A, Issue #10a. See Section A, Issues #4a,4b and 4c

COMMENT	RESPONSE
the gas flowing will do wonders for our state, but why settle for just a piece of the pie?	
If the Trans Canada route did happen how about the jobs. Yes the construction will provide jobs, but over half the line will be in Canada and not Alaskan jobs. But after the line is built, then what are the job numbers? How many in Alaska and how many in Canada? Why not keep all the jobs Alaskan?	See Section A, Issue #3a
Again why settle for just a piece of the pie? I sincerely hope the state reconsiders the All Alaska route to have the whole pie instead of just a slice. Sincerely, Al Roskam	Comments Noted

Rothermel, James-Chugiak, AK 2/21/08 (107NK)

COMMENT	RESPONSE
Summary of Palmer Town Hall (2/18/08). The AGIA process received 5 proposals.....4 of which were determined to be non-conforming. Trans-Canada is now being evaluated for NPV and likelyhood of succes. There are no other qualified propasals although the State will review the Valdez delivery option as an alternative. There is one 'qualified' applicant in the process. What are the chances Trans-Canada will not be accepted? I believe it will be polictically unacceptable to find them less than qualified for the project. Supposedly, the AGIA advantage was an objective criteria established which can transparently and objectively award an operating license to the most qualified proposal, but there is only one applicant. Is the objective criteria benefit Alaskans better than continuing the negotiations with the Producers to build the line? Overall, the Town Hall was a good use of taxpayers money. I would say it was obvious that some of the commissioners either want the line to go to Valdez or want to stick it to the oil companies.	The administration remains committed to the AGIA process even though TC Alaska is the only application that met the AGIA requirements. The open season will be a very crucial component to the ultimate success of the gas pipeline project. See Section A, issue #9b for more information.
I fear, without the involvement of the North Slope Producers, the AGIA process will collapse in 2 years when 'open-season' proves to be a failure and the State begins legal procedings to pull back leases.	See Section A, Issue #9a
It is unfortunate that the Governor is 1) listening to her commissioners provide less than objective opinions, 2) too stubborn to	Comments Noted

COMMENT	RESPONSE
admit AGIA's short-commings, 3) provide solid leadership to make the Gasline a reality.	

Rutledge, Colleen-Anchorage, AK 1/27/08 (69NK)

Somehow/someway you need to get Conoco Phillips working with TransCanada on this gasline project. Some of Conoco Phillips requirements are reasonable. ARCO worked well with the State of AK and I believe CP will also. Hang in there on reclaiming the Pt Thompson leases. Exxon needs to be ashamed of themselves. Sincerely, Colleen Rutledge	TC Alaska has stated that it is willing to work with the producers. See Section A, Issue #9b.

Ryan, Daniel-Anchorage, AK 1/04/08 (8NK)

Good job Sara Palin et al, Looks like a good response from the the pipeline company....now comes the hard part. Getting all 35tcf of gas resource committed by the three major oil companies! Happy New Year	The commitment of natural gas by the major North Slope gas producers is a key issue that will be negotiated during the open season. The current North Slope producers are expected to have generous rates of return on their gas commitments negotiated during the open season. The TC Alaska application under AGIA does mention that offering the producers ownership options would significantly enhance the likelihood of a successful open season. See Section A, Issue 9a

Sandvik, Larry & Barb-Valdez, AK 3/04/08 (199NK)

Too much talk and enough action! This has been dragging out too long. (Stop the B----S----- we need our gas line) LS	The administration is committed to follow the AGIA process. The decisions made during this process will impact the State of Alaska for many years to come. The deliberative course is an important and necessary component to the AGIA process.

Santoro, Carrie-Fairbanks, AK 3/06/08 (271NK)

COMMENT	RESPONSE
I am tremendously grateful to Governon Palin and her administration for bringing accountability and openness back into Alaskan politics. I think that her quest to determine how best to maximize benefits to our state, as we allow outside groups to have use of our resources for their profit, should be applauded. I am grateful for the opportunity that Gov. Palin has given me to be a part of this process. Having said this, I am concerned that there may be those in our legislature whose agenda may compromise AGIA. I doubt we've seen the last of the corruption scandal, or learned of everyone who has catered to the interests of the producers rather than the interests of the citizens that are supposed to represent. I personally think we should learn from the past, and acknowledge that a pipeline that is owned by the same group of investors that plans to use it to ship its product, represents a huge conflict of interest. Let's let the producers continue to do what they're good at -- pulling our resources out of the ground. They've already invested billions of dollars creating the facilities and means to do this. They own the oil pipeline, but history shows that they're not good at maintaining it. Let's let a company with proven experience at building gas pipelines build ours. I believe that it is in the best interest of the citizens of the State of Alaska for the legislature to support, rather than undermine, the process that AGIA has taken to find someone to build our gas pipeline. I further believe that AGIA had every right to establish that this selection process would be competitive and open. The three producers had as much opportunity as anyone else to submit a "qualified" application. Conoco didn't take AGIA seriously. Now they want special consideration. They won't get that special consideration from the Governor or her administration. They won't get that special consideration from the citizens of this state who don't see that their billions in revenue are being funneled back into maintenance of the oil pipeline, or further exploration and development of their existing leaseholds. I believe that the producers will exert great pressure on the legislature to undermine AGIA, and that would be a travesty in my	The AGIA process has been consistently applied to all applications. The AGIA requirements were passed by the Alaska Legislature in the Alaska Gasline Inducement Act. It is expect that all the AGIA issues will be subject to vigorous and thorough debate. It is not anticipated that elected state officials will work to undermine the AGIA process. In addition, the role and cooperation of the producers is important for a successful ANS gas pipeline project.

COMMENT	RESPONSE
eyes. But exerting pressure on our legislators, while pouring millions into media advertisement, is all they can hope to do. Governor Palin has made great strides in regaining the public trust, both of her constituents and those her administration does business with. It would be tragic if the legislature, because they had the power to do so, interfers or undermines what has transpired to get us where we are now. I for one, as a citizen of this state, hope that there is no one sitting in the legislature that still "owes a favor" to the producers. It only takes a small hole to sink a big ship. In this instance, how many corrupt legislators would it take to sideline AGIA? Conoco had the same chance to be selected as any of the other candidates. They were fully aware of the rules of the application process. They had the same access to AGIA that everyone else had to get their questions answered. What were they denied, that anyone else was given, that prevented them from submitting a 100% due diligent application? I would submit that nothing prevented them from submitting an application comparable to TransCanada's -- had they so chosen. But they didn't. They thought that there would be no takers. And now that there are options for our state, other than simply doing the producers' bidding, they want special consideration. I hope the legislature follows Gov. Palin's example, and tells Conoco, "Too bad!" And then I hope to hear them give AGIA's recommended bidder, whoever that turns out to be, a hearty thumbs up!	

Saxe, Laura-Valdez, AK 3/06/08 (305NK)

COMMENT	RESPONSE
March 6, 2008 AGIA License Office State of Alaska Department of Revenue 550 West 7th Avenue, Suite 1820 Anchorage Alaska 99501 Dear Gasline Team Members, Thank you for taking the time to travel to Valdez and explain what AGIA is all about. You answered many questions that I had. I feel a lot better about your approach to OUR Alaska's Gas.	
But I beg you to remember that having our resources shipped outside our state doesn't directly effect the people that live here year around. Having lots of money come into the	AGIA is designed to provide Alaska consumers with reliable, secure, long-term energy supply and the lowest possible in-state gas costs. For a more thorough discussion on

COMMENT	RESPONSE
state capital will not help people pay the high energy costs. Something needs to be done and fast. Today alone I spoke with 4 individuals that have lived in Valdez as long as I have been here (27 years) they are selling homes and leaving the state due to high energy costs. This sickens me. The work you and our Governor are doing can change this tidal wave of panic.	this subject, please see Section A, Issue #4a
The Valdez route for an LNG project is ready to go – why wait? I really would love an answer to that.	The State of Alaska recognized the need to evaluate "All-Alaska" LNG options in parallel with TC Alaska's AGIA application. Analysis has concluded that LNG options do not give Alaska the most economic and energy benefits. See Section A, Issue #10a
Again, I Thank-you for your time and energy in this process. This State cannot afford to wait much longer. I truly believe this is the administration lead by our current Governor that can change the way we control our resources and the way we live. Please feel free to contact me. My home phone is 835-2633, and my cell is 831-0151. Laura L Saxe Owner Eagle's Rest Inc, dba Eagle's Rest RV Park & Cabins Gas, Inc dba Capt'n Joe's Gas Discount Gas, Inc dba CJ's Tesoro	Comments Noted

Schlichting, Sally-Juneau, AK 3/06/08 (317NK)

COMMENT	RESPONSE
Thank you for the opportunity to comment on this project. I have organized my comments around general topics. I am not an expert in gas line construction, contract negotiation or petroleum economics. My comments reflect my own research, any personal views and concerns as an Alaskan, and what I have learned from my education in environmental and natural resource policy.	Comments Noted
<u>Pipeline Materials and Construction: The Importance of State Oversight</u> The state must hire industry-seasoned staff with the skills and knowledge necessary to oversee the construction of the pipeline, beginning with materials acquisition to the final inspection. This includes being involved early when materials are being ordered. These state employees must be able to inspect and certify	Comments noted. These tasks (e.g., inspections) will be the responsibility of the project sponsor (TC Alaska), its contractors, and the regulatory agencies overseeing these aspects of the project. Our proposed license agreement places these responsibilities on the applicant TC Alaska.

COMMENT	RESPONSE
the quality and thickness of steel selected for the project, that it is appropriate for our climate and terrain, as well as the appropriate pipeline coatings, and the quality of the materials to be used for welds along sections of the pipeline. Throughout the construction process, state inspections must be conducted at every step of the way.	
I am concerned that the state will not take this responsibility seriously. Based on the experiences of the past, there should be no hesitation on the part of the State to acquire the best trained staff for this project. In order to accomplish this, the state must consider paying at rates that are competitive with the private sector in this area. This is important, because without qualified state employees who are held publicly accountable, we will be left to the mercy of contractors who may or may not operate with the state's best interest in mind. Otherwise we could experience the kinds of abuses of public money and project failures now being seen in the reconstruction effort in Iraq. If you hand the oversight and inspection of the natural gas pipeline to the likes of KBR Incorporated or its subsidiaries it will not be looked well upon by Alaskans, to put it lightly.	Comments Noted
<u>Expert Petroleum Economist</u> I urge the state to appoint an expert in natural gas economics as an advisor to the Governor on this project. This person should have qualifications commensurate with the likes of Daniel Yergin. As you well know, the dynamics of the global natural gas market are complex and moving quickly. Even though Alaska seeks only to get its gas delivered to the Lower 48, we're subject to the global market price. We cannot expect to be a competent player and viable competitor in this environment without the necessary economics expertise.	Comments noted. As evidenced by the work done on this application, the state routinely contracts with experts in natural gas pricing, economics, LNG, and various other technical matters when there is need for their expertise.
It is unclear whether state negotiators are taking a close look at the maneuverings of actors such as ExxonMobil, which is moving quickly in development of a new class of LNG vessels that can bring Qatar gas to the east	Comment noted.

COMMENT	RESPONSE
and west coasts of the United States at extremely competitive prices. The supply of LNG is growing faster than any other source of gas in the U.S. We must ask ourselves, is building a pipeline the best option? Is it old technology? I appreciate that the state is evaluating LNG options.	
Based on Cambridge Energy Research Associates and 2003 data from the EIA (Figure 1), The nation of Qatar, with 15% of the worlds proven natural gas reserves (910 tcf), maybe able to ship LNG to the U.S. at a cost of between \$3.50 and \$4 per million BTUs. That is very cheap. Qatar has signed agreements with both ConocoPhillips and ExxonMobil to ship gas to U.S. markets, and is reportedly investing \$25 billion to quadruple its supply of natural gas. Meanwhile, Alaska is investing \$500 million. How will we be competitive and is a pipeline going to make us competitive? I appreciate the politics around this project for Alaska, including the prospect and promise of short-term employment opportunities and long term revenues, but I am concerned that we are not adequately prepared to participate in this market.	See response above.
More details on Qatari gas development and their partnership with ExxonMobil can be found in the excerpt from the ExxonMobil website included at the end of these comments. Figure 1 (Included in original document) Benchmark Price Requirements for LNG Shipments from Qatar Dollars per Million Btu Source: Adapted from Cambridge Energy Research Associates.	Comment noted.
<u>Penalties and Guarantees</u> I recognize that TransCanada believes it can build this project and bring our gas to market, but what if it can't? What if the construction of the project proceeds but at some point TransCanada goes bankrupt? Do we get our \$500 million back? If so, how easily would it be for us to collect that money? I understand there are penalties if TransCanada were to	Comments noted. Sections 43.90.200 through 43.90.240 of AGIA set forth, among other things, certain obligations and rights for both the licensee and the State relating these questions. Beyond that, there are certain risks (e.g., bankruptcy) inherent in any transaction of this nature that are generally accepted by the parties.

COMMENT	RESPONSE
withdraw from the contract, but 1 am concerned that they are adequate to discourage this outcome.	
I would also like to see the state mandate guarantees from TransCanada that they can secure an adequate supply of quality steel of a grade and thickness required for the project. Global supply of steel is scarce, particularly with the economic growth occurring in Asia. TransCanada must be asked to demonstrate that they can secure orders in advance for the steel and guarantee that it will be available in time for the project to begin. Otherwise, we could see significant delays in the project.	The State's rights and obligations were established by the terms of the legislation and license provided for under AGIA.
<u>Economic Impacts of Construction and Post-Construction Period</u> The State must work to pro-actively address the potential economic impacts that will result during the construction phase of the pipeline. During construction of the TransAlaska pipeline, a state income tax was in place that brought in revenue from the construction workforce and associated businesses. This revenue was available to help defray the increased costs of public services from increased enrollment in schools, increased demand for health and public safety services to name a few. Now, without a state income tax, how does the state see addressing these same issues during what is predicted to be the largest construction project in our state's history? An income tax may be politically unpopular, but we cannot provide free amenities to what will largely be an out-of-state or temporary workforce. I appreciate that the state is striving to enforce local hire for the project, but it seems reasonable to expect that we will see a large influx of skilled temporary pipeline workers and their families from outside, and who will eventually leave with their untaxed salaries.	Comments noted. These are important issues that will need to addressed by the State in the future but are outside the scope of this evaluation.
<u>Climate Change and the Environment</u> I would expect that the opportunity to comment on environmental concerns will come at later date. But if there is any aspect of the negotiations where these issues can be incorporated now, so much the better. The	Comments noted. Appendix S of the TC Alaska application sets forth their position on "Climate Change and Air Issues". They are also obligated and committed to comply with all air quality regulations that apply to any of

COMMENT	RESPONSE
construction of the pipeline should accommodate for future changes in the climate including warming and an increase in extreme events, whether heat waves, cold snaps, or storms and floods. Involve climate scientists early in the planning and, using the best available climate modeling data, develop projections of change over the entire life of the pipeline. In addition, the project must include clear and thorough evaluation and disclosure of the environmental impacts, and stiff penalties for environmental damage. This is not about punishing TransCanada and business ventures; it is about instituting a disincentive to be careless, and setting a high standard that will avoid the high and permanent costs of environmental damage down the road.	the facilities required for the proposed Alaska Pipeline Project (APP). No regulations currently exist in the United States that limit the emissions of CO2. Although there is ongoing review of this area by the US Environmental Protection Agency (EPA), because no regulations exist, TC Alaska cannot provide details of how they would comply with unknown future requirements.
<u>Conclusion: Some Broader Considerations</u> For many in this state, the hazards associated with LNG are a political and environmental non-starter. A gas-to-liquids plant may not be a welcome addition in a community or a pristine Arctic environment. In addition, shipping our gas to consumers in Asia runs counter to the desire of achieving energy independence in the U.S. However, there are important global implications that Alaska should consider, including future impacts of international climate legislation. Japan is facing significant challenges in meeting its Kyoto Protocol obligations. Positioning ourselves as a source of LNG for Japan would help that nation curtail. their coal imports and reduce their CO2 emissions through the burning of cleaner, natural gas, China's surging economy has a voracious hunger for energy; they're currently meeting that demand with domestic coal which is generating harmful amounts of pollution that will stymie all international goals to reduce greenhouse gas emissions. But what may be worse for Alaska is the volume of mercury emitted as a by-product from China's burning coal; this mercury is migrating to Alaska and the west coast of the U.S. and polluting fish habitat. Alaska seafood is a highly valued	Comments noted. The State of Alaska recognized the need to evaluate “All-Alaska” LNG options in parallel with TC Alaska’s AGIA application. Evaluation of the LNG options are discussed more fully in Chapter 4 of the findings. Analysis has concluded that LNG options do not give Alaska the most economic and energy benefits. See Section A, Issue #10a.

COMMENT	RESPONSE
commodity both in our state and in markets abroad. Maintaining its pristine quality is key to its value. One way to protect that quality from mercury pollution is to provide the polluters with a cleaner source of energy. China is by far the global leader in mercury emissions; if the nation's current economic growth and energy trends are maintained, the volume of mercury generated could double by the year 2030. Already, rates of mercury in Alaskan wetlands have been documented to have tripled since the industrial era. This is not an issue we can turn our backs on. Shipping Alaska LNG to markets in China should not be eliminated from consideration. Thank you for your time and consideration of my comments. I can appreciate the many challenges for the state in undertaking this project. Attachments: • Footnotes • Excerpt from Exxon webpage	
Schlicting, John F.-Auke Bay, AK 3/05/08 (230NK)	
In preparing for construction of the North Slope gas pipeline, it is critical that the State apply the lessons learned during construction of the Trans Alaska oil pipeline. That project, which was by far the largest in Alaska's history, had a significant fiscal impact on the physical and social infrastructures of both state and local governments. It is virtually certain that the same will happen as a result of gas line construction. This is especially important because the bulk of funding for State Government operations and State funding of municipalities currently comes from oil royalties, the magnitude of which is in no way related to the State's actual revenue needs during a given fiscal year. This has been painfully demonstrated during periods of revenue shortfall Alaska has experienced off and on since 1990.	The social impacts associated with the construction of any of the ANS gas pipeline alternatives will be far reaching. The administration is keenly aware that a construction project of this magnitude will result in both long-term and short-term social concerns. The AGIA process does not, however, consider social impacts for its determination on the issuance of the AGIA license. Many of these relevant social issues and concerns will be addressed in state and federal regulatory reviews associated with project development.

COMMENT	RESPONSE
Fortunately, such was not the case during construction of the oil pipeline. At that time, Alaska's primary revenue source was a state income tax, subsequently repealed once oil revenues started flowing. With the income tax in place, as pipeline construction proceeded, the State's coffers began to fill with tax receipts from the ample pay checks of pipeline construction and other workers associated with the project. These revenues were key to funding the response of the State, and via revenue sharing that of municipalities, to the fiscal demands posed by the massive project's social and economic impact. Clearly, so long as oil royalties remain Alaska's primary source of revenue, it cannot be assumed that funding to deal with the fiscal consequences for State and local governments of the gas pipeline project will necessarily be available when these start occurring. Therefore, it is critical that the State begin setting aside funds now to deal with these impacts. Failure to do so might place the Administration and the legislature in the position of eventually having to impose some form of statewide sales or income tax, and/or reduce or eliminate the Permanent Fund dividend. Needless to say, this a place where nobody wants to go. In my view the best way of insuring that adequate funds are available to deal with pipeline project impacts would be to each year deposit some portion of excess oil revenues into the Constitutional Budget Reserve. Hopefully oil prices, and North Slope production levels, will remain high enough to make this feasible. In addition Permanent Fund earnings, in excess of what is needed for dividends and in flation proofing, could likewise be deposited. Under the most optimistic conditions, pipe line construction will not begin until 2013. So, there should be enough time to accumulate sufficient funds to effectively deal with the project's impacts. But, we must start as soon as possible! In this regard, the Administration's proposal to make a deposit to the CBR during FY 09 is a good first step.	

COMMENT	RESPONSE
As to how much must ultimately be set aside, that's a tough one! In order to get some idea of this, the State will have to do some fairly detailed research with all state departments, and local governments participating. Prior to the start of construction on the Trans Alaska Oil Pipeline, the Egan Administration retained Mathematical Sciences Northwest, a consulting firm, to project the likely economic impact of that project. If the State Library still has their report (they did when I last referenced it in 1992) it would provide an invaluable template for developing an estimate of the gas pipeline project's fiscal impact. In conclusion, I wish to thank the Palin Administration for the opportunity to comment on the AGIA process. By way of biographical information, I was employed by the State of Alaska from 1969 until my retirement in 1990. From 1969 until 1974 I was The Department of Labor's Labor Market Analyst, and editor of their publication, Alaska Economic Trends. During that time I participated in numerous activities relating to planning for construction of the oil pipeline. If I can be of any further assistance please feel free to contact me.	

Scott, Rhonda-Anchorage, AK 1/31/08 (77NK)

Governor Palin, The proposal from TransCanada will not get a gas line built it will only delay it. I ask that you not submit TranCanada to the legislature.	Comment Noted
I urge your administration to negotiate fiscal terms with the producers. Rhonda Scott	As stated in Section A, Issue #2c of this appendix, AGIA includes important incentives for current North Slope gas producers. By committing to transport gas to market, a producer will receive a long-term exemption from tax changes.

Seidl, Charlie-Dillingham, AK 1/20/08 (49NK)

Alaska First - Pipe it to rural Alaska to provide for low cost heat/electricity and help distance rural Alaska from the poverty level that currently exists. If not in a spur, then in regular shipments. Anchorage, Bethel, Dillingham, Kotzebue, Wasilla, etc. would all benefit more directly and substantially by this than we would by shipping it out and ignoring the people of	AGIA is designed to provide Alaska consumers with reliable, secure, long-term energy supply and the lowest possible in-state gas costs. For a more thorough discussion on this subject, please see Section A, Issue #4a For a summary regarding in-state access and spur lines to provide gas for Alaskans, see Section A, Issues #4b, 4c and 4d

COMMENT	RESPONSE
the state from which it came. Funny how gas and oil gets pulled from our backyard and we pay much more for it than the countries miles away who receive it from us.	
AGIA is a bad idea.	AGIA was crafted to advance construction of a natural gas pipeline from the North Slope to market. It was not designed to ensure that a pipeline would be built, rather to ensure that the project progresses through FERC certification. AGIA's requirements that the license holder take definite steps toward developing a gas pipeline within certain time periods in exchange for matching reimbursements moves the pipeline project forward within a defined timeframe. TC Alaska committed to perform all of the AGIA requirements in its application. For more background, see Chapter 1 of the Finding; a brief summary is found in Section A, Issue #2a
Handpicking TransCanada is even worse.	In accordance with AGIA, all five applications received were reviewed for completeness under the 20 AGIA statutory requirements referred to as the "must haves." After the initial review, letters were sent requesting clarifying information for each application. No new or supplemental information was requested. After receiving clarifying information from each applicant, the applications were re-evaluated for completeness with the statutory requirements. At the end of the completeness review, only TC Alaska's application was found to meet AGIA's 20 statutory requirements. The commissioners have thoroughly evaluated TC Alaska's application to ensure it accomplished the goals in AGIA. See Section A, Issue #7a.

Sepersky, Richard-Anchorage, AK 3/02/08 (160NK)

COMMENT	RESPONSE
Thanks to the State AGIA Team for making such an informative, useful presentation.	
-It seems to me critical for the producers to be provided the fiscal certainty they are seeking before they can be expected to commit $30+ Billion in shipping commitments. -The more certain the cost of the construction the better.	As stated in Section A, Issue #2c of this appendix, AGIA includes important incentives for current North Slope gas producers. By committing to transport gas to market, a producer will receive a long-term exemption from tax changes.
That would suggest delaying the Open Season and conducting additional engineering studies. It is important to reduce the risk of cost over runs (through additional engineering) to the extent possible. -TransCanada indicated the would accept a lower rate of return, to the extent construction costs exceeded the target. Since this means always more return for an addtional $1 of overrun, there is nothing that incents them from gaining from cost over runs. At some point their return (in dollars!!) should decline from over runs. Thanks You.	Comment Noted

Shephard, Jim-Valdez, AK 1/23/08 (105NK)

Dear Sir, I am 100% in favor or TransCanada to build the gasline. I feel they are the best of all five applicants. Thank you, Jim Shepard	Comment noted

Shifflett, Jan-Anchorage, AK 3/06/08 (297NK)

Financial framework must be established to expect any participation for the shippers. Would you sign a mortgage without the lender telling you the interest rate or even the expectations for rate stability. I would say it's economics 101 but that would be overstating the complexity. It's closer to 5th grade economics.	As stated in Section A, Issue #2c of this appendix, AGIA includes important incentives for current North Slope gas producers. By committing to transport gas to market, a producer will receive a long-term exemption from tax changes.
The risk/liability that TransCanada holds from the former partnership also kills the project if they participate. A major shipper cannot accept this risk as part of a gasline project, even if the risk is relatively low becuase it would by itself make the project not economic.	TC Alaska's application states that the company has a strong credit rating (a rating of "A3" from Moody's Investors Service), nearly $30 billion (Canadian) in assets, and a net annual income of more than $1 billion (Canadian). Please see Section A, Issue #7c for more information
The Open Season will be a failure with the current path forward and Alaska citizen's will not support a Reserves Tax in response.	

COMMENT	RESPONSE
This is becuase the Producer's lack of participation will be viewed, and correctly so, as reasonable given the lack of fair and reasonable fiscal framework. It won't take many commercials by them to make even the most ingnorant understand this basic deficiency. Only the oil industry haters will be left at that point. Please don't be part of this group.	There is general agreement that the producers must be involved in the development of this project. AGIA recognized the importance of commitments from the producers by providing the Resource Inducements in Article 3. See Section A, Issue #9a.
Please do not waste $500,000 of our money on Transcanada's and AGIA's futile effort. Please also show the citizens of Alaska that you not blind to the obvious, as Murkowski often was, and can change course as warranted to "maximize the benifits to Alaska".	AGIA is designed to provide Alaska consumers with reliable, secure, long-term energy supply in a timely manner and the lowest possible in-state gas costs. For a more thorough discussion on this subject, please see Section A, Issue #4a
AGIA and the relationship with Transcanada will only lead to another year or two of delay and the window for Alaska gas oppotunities will close further. Please stop the bleeding now and lets get this done in cooperation with those that must take the financial risk, rather than continue to pursue a futile attempt to do so in spite of them. You and the administration are better than that. At least I hope you are. Time will tell. If you change course now, AGIA can and will be viewed as an important step it getting the gasline done. The next step will be to settle between the confines of AGIA and the Contract Murkowski negotiated. The third step will be a viable Project that will finally start moving forward. Make your legacy different than Murkoski's. So far, it's the exact same in so many ways.	Comments Noted

Shifflett, Jeannette-Anchorage, AK 3/06/08 (282NK)

AGIA will not succeed unless there are some basic fiscal terms that the shippers can bank on.	As stated in Section A, Issue #2c of this appendix, AGIA includes important incentives for current North Slope gas producers. By committing to transport gas to market, a producer will receive a long-term exemption from tax changes.
TransCanada would agree and I believe they will not build the pipeline without the commitment of the shippers. Open season will fail if things proceed as they are.	There is general agreement that the producers must be involved in the development of this project. AGIA recognized the importance of commitments from the producers by providing

COMMENT	RESPONSE
	the Resource Inducements in Article 3. See Section A, Issue #9a.
I absolutely DO NOT want our $500MM to go to waste, and it WILL if the TransCanada bid is pursued. Furthermore, I find it disgraceful and embarassing that the Palin administration would so publically and poorly reject the strong and generous bid submitted by ConocoPhillips. Alaska and the world were entirely different places than when TAPS went in... step out of the past and look to the future, trust those that allow you to live, and live well in this state - they are the oil companies, their employees, their contractors, and ALASKANS!!!	ConocoPhillips ("Conoco") declined to submit an application under AGIA. Conoco's "alternative proposal" was contingent upon the state's negotiating a satisfactory "resource fiscal package" of tax and royalty concessions to induce not only Conoco, but also ExxonMobil and BP to support the pipeline with shipping commitments. Conoco has not defined what a satisfactory package would be, or proven to the state or the public that such a package is necessary to make a project economic. For an expanded summary, see Section A, Issues #8a, 8b. An in-depth discussion of Conoco-BP Alaska's "Denali Plan," announced by those companies after the public comment period for this Finding, is offered in Chapter 5 of this Finding.
Smallwood, Les-Fairbanks, AK 1/14/08 (37NK)	
To All Concern Parties,	
I would hope that you would find it's in our best interest to reconsider the Alaska Gasline Port Authority proposal.	commissioners found that the AGIA application submitted by the Alaska Gasline Port Authority ("Port Authority") on November 30, 2007, was incomplete and that the Port Authority materially amended and supplemented its original application on December 18, 2007. On January 10, 2008, the Port Authority submitted a Request for Reconsideration, claiming that it had been placed in a difficult position by the actions of associates and former business partners. After carefully considering the Port Authority's request, the commissioners denied the Request for Reconsideration. Their reasoning is explained in the decision dated January 30, 2008, that is available at www.dog.dnr.state.ak.us/agia/index.htm. For a more complete summary, see Section A, Issue #2e
As I understand Trans Canada application their interest is profit, not the welfare of we Alaskan.	Alaska and TC Alaska's best interests are aligned in that both parties will vigorously pursue the development and construction of a gas pipeline. AGIA requirements ensure that the state's interests, which are different from those of the producers and the pipeline

COMMENT	RESPONSE
	company, are met. Any gas pipeline project must be commercially feasible, and any project sponsor should be expected to maximize their share of value. The best interest of Alaska, however, is protected by the terms under AGIA, and by the Federal Energy Regulatory Commission (FERC) and NEB and NPA in Canada. For more, see Section A, Issue #6d.
With the price of Oil climbing to records highs, the average Alaska can not afford to live her much longer. Your Job as our representatives is to look out for us! Thank you for your reconsideration Leslie E. Smallwood Jr.	Rising fuel prices are creating hardships for Alaska communities and families. There is no single solution to ease this energy crunch. However, in-state supply of natural gas could help reduce energy costs in some regions of the State and spur the continuation or development of value-added petrochemical industries. While the State has no control over the price of natural gas, the State can influence the volume produced (by ensuring a pipeline is open and expandable), and cost factors such as tariffs. For more information, see Chapter 1 of the Finding, and Section A, Issue #4a

Smith, Judith D.-Valdez, AK 3/04/08 (195NK)

Valdez is a small town with the economy slowly decreasing. The high price of heating oil and electricity people are moving to a less demanding environment. My husband and I are retired but we both have jobs just to keep up with the prices. It's really hard on people that live off Welfare or Low Incomes. I know quite a few that have 2 or 3 jobs to stay afloat. I've even helped a few of them myself, but I can't keep 2 households all the time. We need a Gas line through here to make price reasonable and jobs for Alaskans.	The high price to heat Alaska homes is a significant concern to Alaskans statewide. The construction of the ANS gas pipeline, with several in-state off-take points, is expected to make natural gas available to more Alaskans. Over time, the development of additional distribution lines to Alaska residences will likely result in affordable natural gas being accessible to more Alaskans. For more information see Section A, Issue #4a.

Smith, Lee-Anchorage, AK 1/11/08 (23NK)

We are extremely disappointed with the Governors position on the pipeline & we voted for her! We hire a number of Alaskans who are invloved in the AK Oil & Gas Industry. Their salaries contribute significantly to the Alaskan economy.	
We firmly support a fixed tax rate as no company will commit to a project of this size without limited variables in expense items.	As stated in Section A, Issue #2c of this appendix, AGIA includes important incentives for current North Slope gas producers. By

COMMENT	RESPONSE
	committing to transport gas to market, a producer will receive a long-term exemption from tax changes.
We also completely support the CPAI application. Time is of the essence on a project like this one. We will be commenting in the public hearings & we will be holding the Mrs. Palin fully responsible for getting the deal done not CPAI. No excuses! Make it happen.	Comments noted
Smith, Tammie-Anchorage, AK 3/04/08 (174NK)	
I do NOT feel that the proposal for a gas pipeline by TransCanada is in the best interest of Alaska and the Alaskan people.	Comment Noted
The TransCanada project steals jobs and opportunities for other byproduct industries from Alaskans. I feel it would be a violation of our State Constitution if the SOA were to issue a license to TransCanada -- DO NOT issue a license to TransCanada.	The commissioners have conducted an extensive analysis of possible LNG projects in parallel with the evaluation of TC Alaska's AGIA application. The state gasline team examined a range of price and demand scenarios, along with the commercial realities of large-scale LNG projects. Ultimately, the commissioners found that, when compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater maximum benefits to Alaskans over the life of the project. For more, see Chapter 4 of the Finding, and Section A, Issues #10a, 10b, and #3a, 3b.
Smyth, Bill-Fairbanks, AK 3/04/08 (189NK)	
I strongly support the process that this administration has developed with AGIA. I also agree with moving forward with the feasibility analysis of the TransCanada's application, in that they were the only applicant that met all the conditions. As Comm. Irwin stated the applicants had to submit complete applications by Nov.30, 2007 as their "best and final" offer. It would be unethical to go back and consider other after the fact and past this date. Having two sons that want to stay in Alaska and work I especially appreciate the Job Training Program that Click Bishops' group has developed. Creating good paying jobs for Alaskans is important to the future of the state.	AGIA was developed to be an open, fair, transparent and competitive process. All AGIA decisions have been made, and will continue to be made, with the best interest of all Alaskans in mind.
Smythe, David-Anchorage, AK 1/20/08 (48NK)	

COMMENT	RESPONSE
Ask Transcanada Pipeline how much of the past liabilities it has accumulated will be recovered from shippers or any partners it gains along the way. It is known that TCPL has about 9 billion in past costs and liabilities, and they are looking to collect it from someone at sometime. I am sure they will not write off this cost.	TC Alaska's application states that the company has a strong credit rating (a rating of "A3" from Moody's Investors Service), nearly $30 billion (Canadian) in assets, and a net annual income of more than $1 billion (Canadian). Please see Section A, Issue #7c for more information.

Snisarenko, Shawn-Anchorage, AK 1/14/08 (36NK)

It is really simple... No producers, no gas, no money, no project. Even TransCanada has stated such. When is the State going to tell the producers the rules so we can move on with this?	There is general agreement that the producers must be involved in the development of this project. AGIA recognized the importance of commitments from the producers by providing the Resource Inducements in Article 3. See Section A, Issue #9a.
Even if TransCanada is utimately selected, the tax structure for the gas will have to be addressed. Why not do it now? If not we are going to be holding the bag when we have a failed open season in three years.	See Section A, Issue 2c

Sonnerman, Joe-Restil, WA 2/13/08 (91NK)

I lived in Alaska about 35 years, worked on and photographically documented trans-Alaska pipeline construction, and listened to testimony of the Dean of oil consultants, Walter Levy, Milton Lipton, and others back in the 1970s. That discussion is relevant today. During oil pipeline discussions, mid western and eastern states pointed out that oil was surplus on the West Coast, but needed in their areas. Alaskans wanted to maximize the number of construction jobs in Alaska, however, and pulled out all stops to get their way. Alaska's senators and others even used the national security argument, pointing out that a pipeline through the Mackenzie River Valley would be going through a foreign country. Walter Leavy and others scoffed at this notion, that the United States could seriously fear a pipeline going to the Midwest through Canada, anymore than it could fear a pipeline to Valdez, with oil tankers going through Canadian waters. Nevertheless, the U.S. Senate created a deal, under which the all Alaskan oil route was chosen then... but the other part of the deal was, that if there should ever be a gas line, the gas line would be indeed a trans-Canadian one, to get energy	The construction of a natural gas pipeline through Canada has been proposed since before the construction of the Trans-Alaska Pipeline. Many experts that have analyzed the feasibility of the Alaska North Slope gas pipeline have advocated for a route through Canada. Please see Chapters 1 and 3 of the Findings Document for more discussion of the historical ANS gas pipeline efforts.

COMMENT	RESPONSE
supplies from Alaska to the Midwest and East Coast. Of course Alaskans still want to maximize the number of jobs. Of course, a trans-Alaska line will be faster and cheaper than a trans-Canadian one.	
That's no longer the point. There was a deal. Perhaps only Ted Stevens, and I remember the deal, but there was a deal. Under the deal, the gas line goes through Canada. That is the deal. No fair changing it now. Honor the deal.	Comments Noted
Sparrell, Daniel-valdez, AK 3/06/08 (279NK)	
I would hate to see the work, profit, and benefits leave Alaska. If it is our gas, let's keep as much of the benefit as we can. I do not see how going threw Canada could benefit Alaska. The additional hurdles of going threw another country seems unnecessary and will make it less likely that it will actually be built in the near future.	The commissioners have conducted an extensive analysis of possible LNG projects in parallel with the evaluation of TC Alaska's AGIA application. The state gas line team examined a range of price and demand scenarios, along with the commercial realities of large-scale LNG projects. Ultimately, the commissioners found that, when compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater maximum benefits to Alaskans over the life of the project. For more, see Chapter 4 of the Finding, and Section A, Issues #10a, 10b, and #3a, 3b.
I know AGPA didn't get their application in on time, but in my opinion that should be the plan for Alaska.	Commissioners found that the AGIA application submitted by the Alaska Gasline Port Authority ("Port Authority") on November 30, 2007, was incomplete and that the Port Authority materially amended and supplemented its original application on December 18, 2007. On January 10, 2008, the Port Authority submitted a Request for Reconsideration, claiming that it had been placed in a difficult position by the actions of associates and former business partners. After carefully considering the Port Authority's request, the commissioners denied the Request for Reconsideration. Their reasoning is explained in the decision dated January 30, 2008, that is available at www.dog.dnr.state.ak.us/agia/index.htm. For a more complete summary, see Section A, Issue #2e
I've voted on a gas line threw ALASKA along with the majority of the citizens. I voted for	

COMMENT	RESPONSE
candidates I thought were going to push for the All Alaska route, and I will remember who did what when the next election comes up. I see this as one of the most critical issues facing the state. A wrong decision is going to hand around my life, my children's life, and possibly my grandchildren.	
I'm also concerned with only one proposal. It seems very much like where we were before in that it's this or nothing. I don't think that should be the attitude.	Five applicants met the AGIA Request for Applications deadline. Under the commissioners' examination, each application revealed considerable effort and attention to detail. The commissioners ultimately determined that only one of the applications met all of the required conditions and provided all of the required information. The commissioners' determination process and legislative review are adequate to ensure that benefits to the state are adequately maximized. See Section A, Issue #2b
The People of Alaska need lower cost energy options and if the gas line goes threw Canada we're not going to see the full benefit. Alaskans will look out for Alaskans better than Canadians look out for Alaskans.	
Thank you for considering my opinion and I encourage you to take another look the process so the All Alaskan route can be considered. Danny Sparrell	
St. John, Jeanine-Anchorage, AK 3/06/08 (281NK)	
The administration's goal is to determine a project that sufficiently maximizes the benefits to Alaskans.	AGIA is designed to provide Alaska consumers with reliable, secure, long-term energy supply and the lowest possible in-state gas costs. For a more thorough discussion on this subject, please see Section A, Issue #4a
The key point here is that the gas line cannot go forward or be successful without stable fiscal terms between the state and the leaseholders. TransCanada has stated that, the leaseholders have stated it, industry and business leaders have stated it. The administration and the legislature must complete this process before going any further. To suggest that TransCanada be forwarded to the legislature without that key component is ignoring the elephant in the room. Leadership is clearly required on	See Section A, Issues #2c

COMMENT	RESPONSE
resolving the gas fiscal terms to ensure an economic project and a successful open season which will be determined by the best possible project.	
The state MUST not give away money to make a project happen, the state must set the framework only. The monetary promises in AGIA and the damages section sets the State up for delay, cost and litigation--they do not get us a pipeline.	AGIA was crafted to advance construction of a natural gas pipeline from the North Slope to market. It was not designed to ensure that a pipeline would be built, rather to ensure that the project progresses through FERC certification. See Chapter 1 of the Findings document and Section A, Issue #2a for more information.
Stop the process and deal with the fiscal issues, then I believe the State will be amazed at the speed with which the gas line proceeds.	
St. John, Jeanine-Anchorage, AK 1/28/08 (71NK)	
Public Comment Forums:	
Please provide a list of the public comment forums for the AGIA proposal public review. DNR and Governor Palin have been adamant about public input and after reducing the comment period to 60 days, I would have expected the calendar to be out by now. DNR has a history of providing forums for such critical developments such as new mines (ie. Pogo). With only one “qualified” bidder I would expect TransCanada & State Administration/DNR to be able to provide public forums and share the details about the proposal, allow public comment, and answer questions either before or after the recorded comments.	AGIA Town Hall meeting schedules were publicly announced on February 4, 2008. Town hall meeting were held in communities throughout Alaska and the meeting notices were published in local newspapers. See Section 1, Issue 1a for more information.
Stephens, Mary Ellen-Valdez, AK 3/06/08 (285NK)	
I would like to make a lake comment to be considered in your planning for the proposed gas pipeline: I live in two of the communities which are involved with the "Port Authority" proposed	

COMMENT	RESPONSE
route. We have a home in North Pole and in Valdez.	
I am one of the residents which does not want the line to come to Valdez. There is already a liquification plant in Kenai with an available shipping port to move our gas out of the state. I do not see why it cannot be piped down alongside the railroad corridor to Kenai and use the existing facilities for the LNG part of the proposal.	Comments Noted
Please give consideration for a part of a proposal for an "all-Alaskan" line. The Anchorage & Fairbanks areas will both benefit from that route to extract natural gas for generation of power as well as for home use (cooking, waterhearters) Respectfully, Mary Helen Stephens	The State of Alaska recognized the need to evaluate “All-Alaska” LNG options in parallel with TC Alaska’s AGIA application. Analysis has concluded that LNG options do not give Alaska the most economic and energy benefits. See Section A, Issue #10a. For a summary regarding in-state lines to provide gas for Alaskans, see Section A, Issue #4d

Straub, Diana-Wasilla, AK 3/06/08 (253NK)

COMMENT	RESPONSE
Dear Commissioner Erwin, Thank you for the time that you and your colleagues invest in the natural gas pipeline project. I’m sure it comes with a great deal of personal sacrifice and I appreciate the dedication from each of you. At the Palmer AGIA presentation you had asked for my oral comments in writing; below are those comments. I did place references to other meeting comments in [ ] for better reference of context and have added a few additional comments. Good evening and thank you for being here tonight. I am Diana Straub; I have brought with me two young ladies who came to see our process in motion tonight. This is Kelsey Bardsley and Darcy Straub and they are tomorrow’s leaders for Alaska. These young ladies at 12 and 13 years old they have already earned the coveted Girl Scout Bronze award. They truly are tomorrow’s leaders. I would ask that as you carefully deliberate all of the information that you have to consider… think of these two ladies you have met tonight. Remember their faces and ask your selves what are we leaving tomorrows leaders with to continue to control Alaska’s destiny?	The State Legislature adopted the AGIA statutes in the hopes that the AGIA would provide a process that would benefit current and future generations of Alaskans.
I would ask that you consider the question; does that include our natural gas running	Comment Noted

COMMENT	RESPONSE
through a foreign country? When I say a foreign country there are a few things to think about and they are true considerations.	
[Earlier in the evening Marty Rutherford had mentioned that if the pipeline were to go through Canada we would use the resources of Homeland Security to protect that pipeline. Keeping in mind that the protection needs of a buried line will be different than that of the TAPS line.] Currently our country is borrowing money from other foreign countries. What country will loan us money to fund Homeland Security for the protection of our natural gas and the pipeline? I'm not sure what country that would be. Do you remember when there were discrepancies between the United States and Canadian regarding fisheries? Do you recall the United States having to send our Coast Guard to retrieve our ferry full of people?	As summarized in Section A, Issue 10c, any Alaska pipeline which transports gas from the North Slope in to Canada will be governed by the Agreement between the Government of the United States of America and the Government of Canada Concerning Transit Pipelines (Transit Pipeline Treaty). The treaty would not allow Canada to simply shut off gas to the Lower 48 market. In 2005, Canada's *National Energy Board Act* was amended to include "security" within the Board's mandate, providing the Board with the clear statutory basis to regulate security of the energy infrastructure under its jurisdiction. The "Proposed Regulatory Change 2006-01 – Pipeline Security Management Programs" can be found online at www.neb.gc.ca/clf-nsi/rsftyndthnvrnmnt/scrty/pplnscrtmngmnt/pplnscrtmngmnt200605-eng.pdf
Events such as this lead me to believe that the Alaskans should build our pipeline and the route should place the control of Alaska gas in the hands of Alaskans.	It has been determined that constructing and maintaining a pipeline is an enormous commitment of resources that is better left to experienced pipeline companies. For more details, please see Section A, Issue #11a
When our country has a discrepancy with Canada who will have the "shut off valve?" Recently I asked this question of TransCanada at the Wasilla Chamber of Commerce luncheon and the response was, "not getting along with Canada is not an option." Consider that with this quote from Petroleum News, week of June 25, 2001 "In 2001, Alberta Premier Ralph Klein declared that Alberta will get its "pound of flesh" in the form of stripped natural gas liquids (NGLs) from any Arctic gasline. 'We're going to be firm and absolutely insistent that nether the producers nor the pipeline operators will have a bullet line through this province,' Klein said. 'We will have the ability to strip the liquids off that gas for our own petrochemical industry."	See Section A, Issues #10c
I do not believe that Canada currently has or	Alaska and TC Alaska's best interests are

COMMENT	RESPONSE
will have the best interest of the United State as its high priority. In fact, I find it to be of great concern as I learn about the volume of natural gas the United States uses currently that flows through Canada. Is it wise for the United States to be so dependant and should we increase that dependency?	aligned in that both parties will vigorously pursue the development and construction of a gas pipeline. AGIA requirements ensure that the state's interests, which are different from those of the producers and the pipeline company, are met. Any gas pipeline project must be commercially feasible, and any project sponsor should be expected to maximize their share of value. The best interest of Alaska, however, is protected by the terms under AGIA, and by the Federal Energy Regulatory Commission (FERC) and NEB and NPA in Canada. For more, see Section A, Issue #6d.
Is this the best we can do for Alaskans? Please consider these things carefully and ask yourselves as you make decisions as to which recommendations to send forward: what am I leaving Darcy Straub and Kelsey Bardsley with as resources to lead Alaska in the future; when I will need them? Those of you who will choose to stay here in Alaska you will be depend on their leadership. ? Should we make recommendations that increase the United States dependency on other countries? ?	
Should we make recommendations that will relinquish the United State ability to have total control regarding the flow, shipment and destination of our natural gas? ? In the event of a national crisis, how will our recommendations empower the United States of America? ? Will our recommendations include a "shut off valve" controlled by the United States? ?	See Section A, Issues #10c
As you recall the United States having to send our Coast Guard to retrieve our ferry full of people; ask yourselves if your recommendations provide for a similar experience with our natural gas?	Comments Noted
In the event of an international policy discrepancy will Alaska's natural gas really get to Chicago?	See Section A, Issues #10c
How did we provide for this? ? What country will loan the United States money to fund Homeland Security for the protection of our	Comments Noted

COMMENT	RESPONSE
natural gas and the pipeline that travels through Canada? ? Does the best possible policy include the United States natural gas running through a foreign country? Are there any other options? ? Our recommendations will leave tomorrows leaders with ________________________ to continue to control Alaska's destiny? ? What will my recommendations leave Darcy Straub and Kelsey Bardsley with as resources to lead Alaska in 15 years? ? Is this the best we can do for Alaskans? . Sincere regards, Diana L. Straub	

Sweren, Hal-Fairbanks, AK 3/06/08 (257NK)

COMMENT	RESPONSE
This time Alaskans have the opportunity to get their hands on the handle of the BigDipper first. I helped build TAPS, and there was many things about it that I was disappointed with. I predict the big iron pipeline will be the WPPSS of Alaska. Whoever was the architect of this big iron boondoggle has plans for smuggling all of the oil & gas off the slope and shipping it to TEXAS.	
Alaskans are the best customers for their own gas & oil. Alaska based businesses should be enjoying the worlds cheapest fuels, not the worlds most expensive..	The high price to heat Alaska homes is a significant concern to Alaskans statewide. The construction of the ANS gas pipeline, with several in-state off-take points, is expected to make natural gas available to more Alaskans. Over time, the development of additional distribution lines to Alaska communities and residences will likely result in more affordable natural gas being accessible to more Alaskans. For more information see Section A, Issue #4a and 4b.
..this is a 30year long scandal. The idea of monetarizing 100% of the resources by exporting them first is naieve. What is to prevent a bunch of lunatics from the Lowdown48[and elsewhere] from changing the rules of who controls the big-iron-pipeline once you get it built? .....will there be a bogus threat to this big iron pipe created to justify another escalation of military control over this project? Will Alaska always be treated as the red-haired stepchild of a bunch of extra-national corporations? If you want to find out how to get busy with a much more sensible alternative that fills Alaska's needs first you can read more here.. http://newsminer.com/users/DistantThunder/comments/ Hal Sweren 23mi CHSR Fairbanks, Alaska 99712 USA	Comments Noted

COMMENT	RESPONSE
907-452-4545	

Swihart, Larry-Palmer, AK 2/22/08 (110NK)

The Palin-Parnell Administration has done and I am sure will continue to do a great job with AGIA. If however AGIA Fails to get Gas to market there should be alternatives IN PLACE. As a state we cannot afford to let more [unreadable] without results.	
If TransCanada Gas Line does not make it a smaller quicker option might be a LNG project. Possibly this LNG project could be waiting. IF new laws have to be wrote for this to happen then write them.	The State of Alaska recognized the need to evaluate "All-Alaska" LNG options in parallel with TC Alaska's AGIA application. Analysis has concluded that LNG options do not give Alaska the most economic and energy benefits. See Section A, Issue #10a

Sykes, Jim-Palmer, AK 3/06/08 (278NK)

March 5, 2008 Jim Sykes PO Box 696 Palmer, AK 99645 AGIA License Office State of Alaska, Department of Revenue 550 West 7th Avenue, Suite 1820 Anchorage, AK 99501 Comments on AGIA I would like to thank Governor Palin, Commissioners Irwin and Galvin, and their staff personnel for the work that has gone into AGIA. I also thank the administration for standing up to the intense pressure and money brought by Conoco-Phillips for their non-conforming proposal and massive publicity campaign. I have supported the process and am glad that one applicant qualified. At a public presentation in Palmer February 18th, I learned that four LNG models are being constructed to compare with the TransCanada application. It is both a necessary and excellent idea. Please ensure that the models are available to the public so regular folks can see how they work and make suggestions.	
Please also include these areas for comparison, in addition to other economic and regulatory data:	Thank you for your suggestions. These issues have been incorporated into the Administration's analysis and are addressed in

COMMENT	RESPONSE
• Ability to develop gas liquids industry within Alaska and provide gas to Alaskans • Jobs, both long term and short term for Alaskans • Clearance of right-of-way for construction • Available Prudhoe Bay gas in ref. to AOGCC Rule 9 limit of 2.7 bcf • Flexibility of markets for Alaska gas	Chapters 3 and 4 of the Findings.
• Net gain to state and provisions for revenue sharing	The Administration's analysis is only to determine whether or not to award an AGIA license and does not consider changes or conditions to license terms. Contemplation of any such system is most appropriately dealt with as a separate matter through the legislative process.
This comparisons are critical for a number of reasons: • The economics of LNG are changing fast, to Alaska's potential benefit. • We need to keep studying viable options as the rest of the world moves on while we analyze the best possibilities. • Trans Canada has some serious permitting problems within Canada	AGIA requirements ensure that the state's interests, which are different from those of the producers and the pipeline company, are met. Any gas pipeline project must be commercially feasible, and any project sponsor should be expected to maximize their share of value. The best interest of Alaska, however, is protected by the terms under AGIA, and to a lesser extent by the Federal Energy Regulatory Commission (FERC) and NEB and NPA in Canada. For more, see Section A, Issue #6d.
• Alaska should retain the right to develop gas liquids and the ability to export to other markets besides North America • There is no assurance Alaska gas will ever make it to the U.S. if Canadians strip gas liquids and use natural gas to produce tar sands.	See Section A, Issues #10c
• TransCanada's huge gas draw requires agreement and participation of Alaska's three major oil companies. Any one of the three could kill it or hold the state hostage for concessions.	See Section A, Issues #9a

COMMENT	RESPONSE
• The LNG line to Valdez would require only available gas at Prudhoe Bay to start. Pt. Thompson and only one producer might be required to provide gas to a 2.7 bcf/day line. Economics of LNG are changing fast to Alaska's potential benefit. The world market for LNG is rising rapidly while the U.S. market currently lags behind. As natural gas becomes much less dedicated to regional markets, prices will inevitably rise in the U.S. market. Meanwhile it's critical that Alaska be able to export to both U.S. and foreign markets. Keith Kohl who writes for "Energy and Capital" (an investor newsletter) wrote on February 21, 2008: "For the last few months, natural gas prices have risen over 25% despite a warmer-than-usual winter…" "India, Japan and Korea are paying up to $16/Mcf for LNG….natural gas prices [in North America] are threatening to push past $9 per Mcf." In order for the state to meet its constitutional obligation to maximize our natural resources for the good of Alaska, we cannot ignore the tremendous upside price potential of foreign markets over the U.S. domestic market. In terms of considering real world economics, we cannot afford to be caught flat-footed in our planning and evaluation. A recent bad example is our local electric utility in Palmer, MEA. MEA decided, in the Fall of 2006, to become independent of other power producers and go its own way with a 100 MW coal plant and a 100MW gas plant. The economics of coal were changing fast at that time. The plan failed to account for changing economic factors and failed to examine other options. Economics forced the utility to give up the coal plant--one half of its plan. Unless a reliable gas supply is found the other half of the plan will soon be toast as well. We cannot afford to make a similar mistake with the much larger gas pipeline and LNG	The commissioners have conducted an extensive analysis of possible LNG projects in parallel with the evaluation of TC Alaska's AGIA application. The state gas line team examined a range of price and demand scenarios, along with the commercial realities of large-scale LNG projects. Ultimately, the commissioners found that, when compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater maximum benefits to Alaskans over the life of the project. For more, see Chapter 4 of the Finding, and Section A, Issues #10a, 10b, and #3a, 3b.

COMMENT	RESPONSE
proposals. Alaska gas may never make it to the U.S. market through a pipeline. In addition to unsettled First Nation claims and incomplete permits in Canada, the Canadian press has reported intentions to strip gas liquids in Alberta and use natural gas to produce tar sands in Alberta. A February 8 report in the Calgary Herald focuses on an interview with the man in charge of ConocoPhillip's Canadian subsidiary. Kevin Meyers (probably not the same one as our Alaska legislator) who stated to the Herald: "When you go 10 or 15 years down the road, that oilsands business is going to grow, that Arctic business is going to grow, and it'll be the point where we find that the oilsands is probably going to be the most significant product we produce here." I take that to mean they are after Alaska gas to produce tar sands as Canadian gas production is starting to decline. Alaska should retain the option to produce its own gas liquids as well as the option to export LNG to U.S. markets and foreign markets. Concern about the TransCanada proposal. The risk of actually getting a project is exacerbated by the 4.0 bcf per day need for the project which would require agreement from all three Alaska major producers. Any one of the three majors could kill the proposal. An LNG line to Valdez at 2.7 bcf per day would carry much less risk and could add production with Pt. Thompson gas or perhaps only one interested major producer. The lack of flexibility to market Alaska gas to non-North American markets is also a big concern. We should be bold and invite our Canadian neighbors to ship their gas through an Alaska pipeline to Valdez. Then they can build a short line to Alaska as an option to their currently stymied McKenzie Valley Pipeline. Summary. I look forward to the process of AGIA coming to fruit. Should the TransCanada project prove	

COMMENT	RESPONSE
to be undesirable or unworkable, I hope the State will take a look at what has already been done. I also hope that AGIA will consider the possibilities of new consortiums and a new round of proposals in short order. I think it's important to let the AGIA process work. At the same time, I think it behooves the state to welcome a new round of proposals if Trans-Canada seems weak in comparison to one or more of the LNG options. Please keep the process open and available to the public. Please also make available the models being used for the comparisons to TransCanada. The state is headed in a good direction. Keep it up. Keep your options open and continue to think critically and strategically. Thank you. Sincerely, Jim Sykes	

Teague, Dan-Tok, AK 3/02/08 (161NK)

COMMENT	RESPONSE
I am very pleased that AGIA was implemented and the process begun in a reasonable manner. Frank Murkowski's methods of secret meeting not only violated the state open meeting act but was very underhanded and should not have been tolerated. I fully support Governor Palin's efforts and I would like to see those companies that submitted applications be first in line. There seems to be no apparent reason thus far as to why Transcanada cannot be given the go ahead. As with other such projects bids are submitted according to certain criteria and not accepted after the deadline. Conoco Phillips has dealt in an underhanded way and lost out. A open , public process is what should be used, not political negotiotions where the public is excluded entirely. Under Knowles and Murkowski the economy has floundered, there political methods enriched corporations. This state belongs to Alaskans, the reasources and lands should be utilized in a productive and timely manner, for the benefit of the owners, Alaskans, NOT CORPORATIONS!!! This pipeline project is a part of reviving a dying Alaskan economy which needs to diversify past tourism.	Comments Noted

COMMENT	RESPONSE
Not only should Alaskans benefits by acquiring jobs, but also training for these jobs.	The AGIA statute requires applicants to commit "to the maximum extent permitted by law" to hire qualified residents, contract with businesses located within the state, and establish hiring facilities in the state using state-operated job centers. See Section A, Issue #3a
We should benefit from the gas itself. If those near the road sustem could acquire relatively cheap gas then we could generate power much cheaper and pay significantly less for household fuel. At current levels the price of fuel is adding to Alaskas woes by forcing more Alaskans to move elsewhere. If for some reason Transcanada cannot fullfill the contract then it should be reissued and new offers taken. Dan Teague Tok, Alaska	The high price to heat Alaska homes is a significant concern to Alaskans statewide. The construction of the ANS gas pipeline, with several in-state off-take points, is expected to make natural gas available to more Alaskans. Over time, the development of additional distribution lines to Alaska residences will likely result in affordable natural gas being accessible to more Alaskans. For more information see Section A, Issue #4a.

Teague, Jane-Tok, AK 3/03/08 (167NK)

Agia is a more open process to achieve a viable pipeline project. The Conoco plan is not in accordance and should not be considered unless they can in good faith deal with the state and not dictate to the state. The gas is there and BP, Exxon and Conoco are obliged to produce and move to market the gas and if they do not develop these resources should have their leases pulled. I support Governor Palin and her efforts , and would like to see the legislators act in an open manner as well. Regards, Jane Teague	AGIA was developed to be an open, fair, transparent and competitive process. All AGIA decisions have been made, and will continue to be made, with the best interest of all Alaskans in mind.

Todd, Paul-Anchorage, AK 3/06/08 (306K)

Dear AGIA licensing team: Since the early 1970s, natural gas pipelines have been proposed from the Alaska North Slope (ANS) and the Canadian Mackenzie River delta (Mackenzie), through Canada to major markets. In 1977, a commission led by Canadian Justice Thomas Berger recommended that the Mackenzie proposal be shelved for at least 10 years pending the resolution of numerous Canadian First Nations (tribes) aboriginal land claims. In the same year, a Canadian commission headed by	

COMMENT	RESPONSE
Kenneth M. Lysyk made a similar recommendation concerning a proposed ANS Alaska Highway route gas pipeline.	
Both proposed projects have been stalled for 30 years, primarily on the same issue identified by Berger and Lysyk: inability to resolve First Nations land claims along the proposed pipeline routes. Mackenzie project leader Imperial Oil Canada (an ExxonMobil subsidiary) on April 28, 2005, capitulated to reality by withdrawing from active design and implementation activities, pursuing only "regulatory" actions. This immediately followed the failure of Deh Cho First Nation treaty settlement talks with the Canadian government, and Imperial's own failed efforts to make a deal with the Deh Cho for access to their claimed traditional territory lands. The law is a living thing. In 2004, the Supreme Court of Canada stated emphatically in *Haida First Nation v. British Columbia, Minister of Forests* that the Crown (government) must "consult" and "accommodate" First Nations in issues which concern their claimed traditional territory in absence of a treaty; and in later cases, this mandate was applied to first nations with treaties, which broadly reserve subsistence harvest rights on traditional territory. These Crown duties will strictly apply to Canada and British Columbia for any proposed Alaska Highway gas pipeline route, such as the one proposed by TransCanada.	TransCanada has a history of resolving first nations issues on the projects that they have constructed in Canada. Please see Section A, Issue 5a for more information.
The problem is this: it is impossible to reasonably predict how long a consultation and accommodation process would be needed, to resolve First Nations land issues in Yukon Territory, British Columbia and Alberta. Although the Supreme Court of Canada held in Haida that a First Nation cannot "veto" a project affecting its claimed traditional territory, it might take 5 to 10 years for each dispute to reach the Canadian high court, while the project lay moldering. In my opinion, a Canadian pipeline route for ANS gas is so risky (or lacking in "certainty" as some say), in the deeply unsettled environment of Canadian aboriginal	The State agrees that this is a significant issue which should be considered in its analysis of the TC Alaska application. The commissioners engaged Canadian legal counsel to advise it on any potential delays and issues related to acquiring all Canadian authorizations. Their analysis included the issues and likely requirements of Canadian regulatory agencies as well as the Canadian First Nations' rights and claims. This is discussed the Findings document. Engineering experts have used this advice and estimated time requirements in developing the schedule ranges used by the State in its deliberations and analysis of the TC Alaska application.

COMMENT	RESPONSE
law today, that Alaska must now look elsewhere to bring its ANS gas to market. An all-Alaska gas pipeline route to Valdez, like the Trans-Alaska Pipeline System (TAPS), falls under the legal certainty, re aboriginal land claims, conferred by the Alaska Native Claims Settlement Act (ANCSA) of 1971. I urge you to face this reality very soon, rather than subject the people of Alaska to a long delay without a productive outcome. Attached is an article I drafted several months ago for a publication. It briefly outlines the Canadian aboriginal law environment of Haida. I hope it is a helpful introduction. This is an extremely complex matter critical to Alaskans. If you have not already done so, I urge you to retain immediately a member(s) of the Canadian Bar with an extensive practice in aboriginal law. Thank you very much for your efforts on behalf of Alaskans. Sincerely, Paul Todd Attachment with original document "Arctic Gas Hinges On Canadian Legal Issue; The Supreme Court Decision Nobody Knows (Because It's The Canadian Supreme Court)" By Paul Todd MPA	See response above.

Towslee, Joe-Anchorage, AK 1/29/08 (74NK)

COMMENT	RESPONSE
We need to get moving on the gas line now! No more delays caused by politics. I think, by now, everybody knows (or should know) that the project won't happen without the producers. That said; let's get moving on a negotiation with TransCanada and Conoco. Finally, I think we need to start treating the oil/gas industry as partners not enemies (note I am not employed in the industry); when they prosper, we prosper. Thanks for the opportunity to comment.	There is general agreement that the producers must be involved in the development of this project. AGIA recognized the importance of commitments from the producers by providing the Resource Inducements in Article 3. See Section A, Issue #9a and 9b.

Tripolar Capital Management- Daniel South 2/25/08 (114NK)

COMMENT	RESPONSE
I haven't heard of a project that doesn't include either a pipeline to Canada/ Midwest or to Valdez for LNG project. Though greatly desirable, these massive projects don't seem to begin returning benefits until great capital and time is invested.	Comment Noted
Have multi-stage projects been considered such as pipeline from North Slope down to Fairbanks and down Parks Highway to Pt McKenzie? There could be spurs below Nanana for local use and possible westward expansion, and a branch line at Cantwell or southward for additional pipeline construction eastward towards Canadian border and down Alaskan Highway to supple Midwest like current plan.	See Section A, Issue #4b
These projects could be funded and built separately. That might interest more investors and reduce the capital risked per stage and begin returning benefits sooner. Stage one could be the Pt McKenzie line which would fulfill the local needs for NG, including new Railbelt area power plants, and might include an LNG export plant at the port. Stage two could be the line across the state eastward through Canada to the Midwest.	Comment Noted
Another idea I would like to suggest is that expansion of the railroad to North Slope. The LNG plant could be there and product could be delivered and shipped to Pt McKenzie for export and maybe decompressed for local use too.	Comment Noted
I imagine that LNG may supply additional transportation fuel needs as various hybrid autos enter the market place and I wonder if LNG use as a fuel by the ARR might relate to the first reason the Alaska marketplace would establish compressed gas refilling stations along its major highways for a cleaner transportation future! Likewise, I imagine the railroad expanded to service an area around the center of the state. From that central area, branch lines could reach major rivers upstream from many remote communities to barge fuel and supplies and support other commercial development,	Comment Noted

COMMENT	RESPONSE
and branch lines could receive and process mining wastes and extracted materials form planned future resource developments. That could permit massive mining developments with a law and regulation that limits the amount of waste water storage. If a rail line reached the west or south coasts, barges could return thus to central location. Perhaps I digress from suggesting possible less risk and capital ventures to more, but those are some of my ideas about helpful developments of the energy and shipping infrastructures of Alaska. Sincerely, Daniel South	

Trustees for Alaska- Tim Obst, Executive Director 3/05/08 (240K)

Dear Mr. Rutz and Ms. Steinert: These comments are submitted on behalf of Alaska Center for the Environment, Alaska Conservation Alliance, Cook Inletkeeper, Northern Alaska Environmental Center, and The Wilderness Society in response to the Notice of Complete Applications Submitted under the Alaska Gasline Inducement Act ("AGIA"). After review of the applications submitted as result of the Request for Applications, the only application that the State of Alaska ("State") deemed complete and in compliance with statutory requirements is the application of TransCanada Alaska Company, LLC/Foothills Pipelines, Ltd. ("TransCanada"). In concept, the conservation community supports an Alaska Gas Pipeline to transport the significant natural gas resources from the North Slope, where the gas is currently stranded, to consumers. See Alaska Natural Gas Pipeline Project Position Paper ('Position Paper") (attached), "While not a renewable energy source, natural gas is cleaner burning than other fossil fuels and can provide feedstock and financial capital to spur further innovation in renewable energy." Position Paper, p.1. The Position Paper also supports a transparent process for making this project a reality so that environmental impacts are minimized, public lands are protected, and maximum social and economic benefits are achieved for the people of Alaska.	

COMMENT	RESPONSE
AGIA sets out a comprehensive process to try to make a gas pipeline a reality. We are pleased to see that one company, TransCanada, has met the application requirements. By meeting these requirements, we support TransCanada proceeding to the next step under AGIA. It is still very early in the process and impossible to determine whether the ultimate project sufficiently maximizes the benefits to Alaskans. However, the transparency of the AGIA process and TransCanada's willingness to meet its requirements without trying to achieve an economic windfall by locking in or changing taxes or royalties through hastily-constructed legislation is a start toward maximizing benefits to Alaskans. With the continued taint of corruption in Alaska politics, this is a refreshing change.	The intent of AGIA is to facilitate a fair, transparent, and competitive process. Part of a fair, open and transparent process is for the public to be aware decisions its government is making and have a voice in the decision process.
On a final note regarding transparency in the AGIA process, we would like to see continued transparency in the selection of the Alaska Gasline Inducement Act Coordinator under AS 43.90.250. The Coordinator is a position with a lot of power in the process, and we would like to see the position filled with someone who has political support from both sides of the aisle and has a history of integrity and trust. Thank you for the opportunity to provide these comments. Please contact me if you need futher information at (907)276-4244, ext. 111. Very truly yours, Tim Obst	Comment noted.
Alaska Conservation Alliance Uniting for Alaska's Future Alaska Natural Gas Pipeline Project Position Paper	
The Alaska Conservation Alliance (ACA), an umbrella organization comprised of 40 member groups with a combined membership of 38,000 Alaskans, supports an environmentally appropriate natural gas pipeline project.	
ACA believes that the United States and the world must actively pursue the development and integration of new energy sources that are clean and renewable in order to strengthen the	The state has taken steps to invest in renewable energy. The Department of Natural Resources is in the process of considering the Mt. Spurr area for a geothermal lease sale.

COMMENT	RESPONSE
US economy, reduce dependence of foreign sources of energy, and to reverse global climate change that is threatening our way of life. Alaska is in a unique position to help shape the energy future of the US while maintaining Alaska's prosperity. Integral to Alaska retaining its position as an energy state is the urgent need to begin developing and investing in renewable energy projects throughout Alaska; from geothermal in the Aleutians to wind in the Arctic. If pursued in a timely and vigorous manner ACA believes that Alaska has the potential to be a leader in this field similar to oil and gas whereby Alaskan technology and expertise is exported to other northern countries and regions. Alaska's natural gas supplies are a valuable commodity for its citizens. While not a renewable energy source, natural gas is cleaner burning than other fossil fuels and can provide feedstock and financial capital to spur further innovation in renewable energy. Furthermore, the Prudhoe Bay field has an estimated 23 trillion cubic feet of gas, allowing gas reserves to be delivered to market while avoiding the controversies associated with gas development in frontier areas and on private land.	The preliminary best interest finding was issued December 27, 2007 and a final decision is expected soon. In addition, the Department of Natural Resources has been actively working with the Alaska Energy Authority, and the University of Alaska to inventory the state's energy resources including renewable energy sources.
In order for the residents of Alaska to be fully engaged in this critical project, full disclosure and transparency is essential. A successful pipeline project will require full and open discussion among lawmakers and the Alaskan public, with a range of proposals and potential routes for the pipeline available for serious consideration. Only by comparing proposals and engaging the public can we select the best alternative for Alaska. Building on the wisdom of Governor Hammond's criteria for supporting resource development projects and the recognition that a sound economy and a sound environment go hand in hand, ACA has developed five sets of principles and questions to guide our support for an Alaska Natural Gas Pipeline:	See response above regarding transparency.
1. Minimize environmental impacts. • Does the project design avoid, minimize, and mitigate the	If the legislature approves issuing a license to TC Alaska, then TC Alaska will be required to apply for an application with FERC. Any

COMMENT	RESPONSE
environmental impacts of project infrastructure and activities? • Does the project protect subsistence resources and minimize impacts on local communities? • Will the gas line avoid frontier wilderness areas? (We do not support the "over-the-top" route offshore to the Mackenzie River Delta.) • Does the project require Best Available Technology and Best Management Practices? • Are sufficient funds to be escrowed for Dismantling, Removal and Restoration (DR&R) of the natural gas pipeline project so that regulatory agencies can ensure that the corridor is restored to its original condition as facilities are taken out of service? 2. Protect Alaska's wild lands and the integrity of parks, refuges, critical habitats, preserves and conservation areas. • Does the pipeline project - including gas field sources--stay outside all established conservation areas, critical habitats, and other sensitive areas? • Does the proposal strive to develop Prudhoe Bay gas within the existing development area?	proposed gas pipeline project will be subject to the NEPA process and FERC will be the coordinating agency for the NEPA environmental review. The NEPA review is initiated by a request to FERC to use the pre-filing process. Once FERC grants the request, all impacted agencies are notified of a schedule to develop an EIS. FERC then begins public meetings and identifying issues. All environmental reviews from all federal agencies involved with any part of an Alaska gas line project are consolidated under this one EIS. As part of the NEPA process, FERC coordinates a number of public scoping meetings prior to issuance of the draft EIS. The public will have an additional opportunity to provide input during the public comment period on the draft EIS. Many of the issues raised will be considered as part of the NEPA process.
3. Provide maximum benefits to the citizens of Alaska, • Will the State of Alaska receive an adequate share of revenues from the project? • Is the value of Alaska's renewable public trust resources such as water, fish, wildlife, etc. adequately protected? • Will there be a Project Labor Agreement (PLA) ensuring skilled workers receive fair wages and will Alaska Natives receive fair share of jobs? • Will there be Best Value Contracting for the construction and maintenance of the gas line? • Will the project deliver low cost gas to Alaska communities? 4. Provide incentives for development of clean and renewable sources of energy	The purpose of AGIA is to encourage expedited construction of a natural gas pipeline and provide maximum benefits to the people of Alaska. Many of the items listed, and numerous others, were considered in determining whether the project sufficiently maximizes the benefits to the people of the state and merits issuance of the license. See Chapters 3 and 6 as well as Appendices F – S.

COMMENT	RESPONSE
• Are there mechanisms for increased research and development of hydrogen production, storage, and delivery technologies? • Are there mechanisms to invest natural gas revenue into development of renewable energy production? 5. Provide for full and open public participation, review and comment in all project stages from planning, construction, operation, and decommissioning. • Has the public been engaged and fully informed regarding the project proposal and all terms and conditions associated with it? • Is the integrity of the public process maintained, including the right of Alaskans to pursue judicial recourse, citizen initiative, agency appeal and other avenues of public participation? • Will there be a full, continuing public process under NEPA review, with an up to date EIS? • Will the true financial costs and risks be made known to all Alaskans prior to decisions being made? • Will there be a role for a permanent, adequately funded, independent formal citizen's advisory board? • Is there government to government consultation with Alaska's tribal governments in accordance with the executive order on environmental justice? The Alaska Conservation Alliance and its member groups believe that any responsible development of North Slope natural gas resources must answer these key questions. Furthermore, these same principles should apply when considering and reviewing secondary impacts from pipeline construction. ACA believes it is possible to design a natural gas pipeline within these components and as such supports the efforts to pursue a natural gas pipeline from Prudhoe Bay. Recognizing that a natural gas pipeline has far reaching implications for Alaska's economy and environment, ACA hopes that this paper lays	

COMMENT	RESPONSE
the foundation for constructively engaging the conservation community in the planning, construction, and operation of this important project. Attachments • Footnotes	

Van dyke, Randy-Pella, Iowa 1/20/08 (51NK)

If you ever get this pipeline going, I hope you do what is simply right and that is.....HIRE ALASKANS FIRST FOR EVERY POSITION THAT IT TAKES TO BUILD THIS MARVEL.......... In the lower 48 eight when they have a project of such magnitude no one cares for locals. They will hire out to anyone from anywhere. America has sold itself out to the south of us to the north of us, when is this going to stop? we have the workers to do it, so lets change this routine practice of the lower 48 and do what is right, Hire Alaskans dont sell Alaska out. Alaskan residents need the jobs.......Keep the money at home to help the economy in your own back yard. Please make it right for every Alaskan who lives in Alaska because they love the state help support them to keep living there, because they will keep their money they make in the Alaskan economy, as the farmers do here in Iowa. I hope this gets read by someone who will relay this simple bit of info to your Govenor Palin....Keep it at home ......(Jobs).......	The AGIA statute requires applicants to commit “to the maximum extent permitted by law” to hire qualified residents, contract with businesses located within the state, and establish hiring facilities in the state using state-operated job centers. See Section A, Issue #3a.

Walker, Bill-Anchorage, AK 3/06/08 (254K)

How will the Administration adress the senario whereby the LNG premium markets for Alaska's gas return a higher wellhead value than taking Alaska's gas into Canada to the AECO hub in Alberta which trades at a negative 75 cents to the Henry Hub price for gas?	The commissioners have conducted an extensive analysis of possible LNG projects in parallel with the evaluation of TC Alaska’s AGIA application. The state gasline team examined a range of price and demand scenarios, along with the commercial realities of large-scale LNG projects. As discussed in Chapter 4 of the Finding, LNG does have a positive NPV to the State. However, that NPV needs to be compared to the NPV resulting from an overland route. There are few scenarios where the NPV of an LNG project is as high as or higher than the overland route. Plus the LNG project has many more likelihood of success challenges. Ultimately, the commissioners found that, when compared

COMMENT	RESPONSE
	to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater maximum benefits to Alaskans over the life of the project. For more, see Chapter 4 of the Finding, and Section A, Issues #10a, 10b, and #3a, 3b.

Walker, Bill-Anchorage, AK 3/06/08 (255NK)

There have been frequent public statements by the Administration that Alaska has an obligation to assist in reducing the lower 48's dependance on foreign gas imports. What is the guarantee that Alaska's gas taken into Canada would ever reach the lower 48 market rather than be used by the gas owner in the Alberta tar sands project since the decision of where the gas goes once it is into the AECO trading hub in Alberta is the decision of the gas shipper and not the State?	Nonetheless, the Administration conducted an extensive and independent analysis of LNG projects. It is true that the ultimate destination of gas is determined by the buyer and seller. While Canadian gas production is forecast to decline and consumption in Canada is forecast to increase, Canada is expected to remain a net gas exporter to the United States.

Walker, Bill-Anchorage, AK 3/06/08 (256NK)

What is the Administration's acceptable level of monetary subsidy by Alaska to lower 48 and Canadian gas consumers by giving an exclusive license for Alaska's gas to go into Canada's AECO hub at a negative price to Henry Hub prices rather than an All Alaskan gas line with gas not needed by Alaskans to be sold into the world premium markets as LNG?	AGIA requires the administration to consider all of the economic inputs that make up the Net Present Value of the project. There is no obvious or inherent advantage that exists by virtue of accessing one market over another as a single data point in the analysis. The commissioners make no pre-suppositions in analyzing and evaluating project alternatives. If LNG is, as suggested, a premium option to any and all project alternatives, the comprehensive analysis conducted by the state's team will reveal and emphasize that fact.

Walker, Bill-Anchorage, AK 3/06/08 (262NK)

The Administration has made frequent reference the mention of LNG in the Trans Canada Alaska LLC as an option if issues associated with a gas line from Alaska into Canada are unsuccessful. Would an award of an exclusive license under AGIA to Trans Canada Alaska LLC preclude the state from pursuing or participating in an All ALaska gas line/LNG project now?	Please refer to the discussion, in the context of a Y-line, in Chapter 4.

Walker, Bill-Anchorage, AK 3/06/08 (319NK)

COMMENT	RESPONSE
There seems to be a strong sentiment in Alaska that after 30 years of the North Slope shippers of oil owning TAPS, we should not replicate that same structure for the gas line. This has been further underscored in the recent Alaska Supreme court decision regarding the decades of overcharging by the TAPS owners for the pipeline tariff. In Trans Canada Alaska LLC's application they have invited shippers of gas (Exxon, ConocoPhillips and BP)to take an ownership role in their gas line. This creates an opportunity for another TAPS ownership structure which we now realize was a mistake.	There are competitive advantages in having a pipeline company build and operate a pipeline independent of the producers that would ship their product through the pipeline. This would require cooperation and agreement between the operator and the shippers.
Additionally, what is to prevent one or all of the potential shippers of gas from acquiring a controlling interest in the gas line either as a shipper or by acquiring one of the other companies? For example, how would we feel if post AGIA license award to Trans Canada, Exxon purchased Trans Canada.	It has been determined that constructing and maintaining a pipeline is an enormous commitment of resources that is better left to experienced pipeline companies. For more details, please see Section A, Issue #11a.
The only way for Alaska to avoid this risk is to take control of our own destiny by taking a majority ownership interest in the All Alaska gas line and get the gas moving now to Alaska consumers and the world market as LNG form.	The State of Alaska recognized the need to evaluate "All-Alaska" LNG options in parallel with TC Alaska's AGIA application. Analysis has concluded that LNG options do not give Alaska the most economic and energy benefits. See Section A, Issue #10a

Wallace, Dennis-Copper Center, AK 3/06/08 (291NK)

I believe the most important aspect of the gas line is the availability of gas and its byproducts to Alaskans	In-state off-take points are expected to facilitate the eventual distribution of natural gas to many Alaska Communities. See Section A, Issue 4a-4d.

Waller, Brianna-Anchorage, AK 3/04/08 (182NK)

I have lived in Alaska my whole life. Born and raised and I am expecting to have my first child here. Who I plan and rise here in Alaska. I grew up in Valdez and have lived in Anchorage for the past 6 months, it seems to me that Anchorage unlike Valdez is extremely worried about the Vegetation of the land. And the more and more I look into it I can understand why I mean Alaska is Beautiful.	Comment Noted
If we are considering going forward with the Gas Pipeline yet considering going though	The potential environmental impacts of any project will be evaluated outside of the AGIA

COMMENT	RESPONSE
Canada because of the Vegetation why not just use the same route as the pipeline that we already have. I mean it not like we would be hurting that much more land but using the land that we already have a road going to.	process. The numerous permits and approvals required for a large scale infrastructure project will address many issues including environmental issues.
I just think a good idea would be to fallow the pipeline we already have. Instead of going though Canada or even destroying more land making the Gas Pipeline its own route. Its just a opinion and like everyone else we all have one.	Comment Noted

Waller, Mike-Valdez, AK 3/01/08 (156NK)

COMMENT	RESPONSE
My comments are in an e-mail. Since i see no e-mail address here.Please send me one. I work hard on this letter and do not want to retype it into a comment form. thank you Mike	Comment noted

Waller, Mike-Valdez, AK 3/01/08 (157NK)

COMMENT	RESPONSE
First let me introduce myself. Michael C. Waller, Born in the territory of Alaska in 1958 and raised in Fairbanks. I have seen a lot of changes in my years here. My wife of 25 yrs and I have a seasonal business in Valdez, both of my children are away in college (one in Anchorage the other in Idaho). My wife has worked for many years in projects with alyeska contractors, but has lost her job due to medical reasons. So we are really feeling the bite this year! My first Comment has to deal with the way in which the invitation to bid was handled. I have no doubts as to the fact that you want to appear to all concerned parties as honest, up front and legitimate. This is important, and you pounded that point many times at the meeting.	
However, in the real world if you do not get enough bids. You do not just accept the only one that met your criteria. That makes very little business sense! You ask for more bids and a new time line. That seems fairly simple and is fair to everyone concerned. Especially us; the people of Alaska! It also may allow for new bidders with new ideas into the picture. Now, I realize that you have not accepted the only bid in front of you, But if you want to"Compare Apples to Apples" as you stated, you need at least 2 Apples, anything else is just blowing smoke! > > >	Five applicants met the AGIA Request for Applications deadline. Under the commissioners' examination, each application revealed considerable effort and attention to detail. The commissioners ultimately determined that only one of the applications met all of the required conditions and provided all of the required information. The commissioners' determination process and legislative review are adequate to ensure that benefits to the state are adequately maximized. See Section A, Issue #2b

COMMENT	RESPONSE
My next comment still leaves me in awe. It seems quite clear to me, that the people of Alaska have made it very clear that they want an IN STATE GAS-LINE. They have shot down the notion of a transcanada line EVERY TIME it is mentioned. SO WHY WAS IT EVEN ALLOWED IN THE CRITIREA TO BE BID ON? It sounds like we do not know what we want! If you go into a business dealing not knowing what you want, you will come out on the short end of the stick every time. Seems to me that we should have, ask for bidders on a IN STATE GAS-LINE. Lord knows that there are still many ways to accomplish this and many ideas that will have to be explored to reach this end.	The State of Alaska recognized the need to evaluate “All-Alaska” LNG options in parallel with TC Alaska’s AGIA application. Analysis has concluded that LNG options do not give Alaska the most economic and energy benefits. See Section A, Issue #10a. For a summary regarding in-state lines to provide gas for Alaskans, see Section A, Issue #4d
The only people that benefit from a transcanada line are the Canadians. (and perhaps some oil companies that have interest there). We won't even go into the political implications!!! You truly cannot believe that this Transcanada line is best for Alaska, Alaskans, or our future!!! If at some point we decide to run a line to Canada, then we will cross that bridge at that time.	The commissioners have conducted an extensive analysis of possible LNG projects in parallel with the evaluation of TC Alaska’s AGIA application. The state gasline team examined a range of price and demand scenarios, along with the commercial realities of large-scale LNG projects. Ultimately, the commissioners found that, when compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater maximum benefits to Alaskans over the life of the project. For more, see Chapter 4 of the Finding, and Section A, Issues #10a, 10b, and #3a, 3b.
It seems a lot smarter to have them coming to us asking for some gas, then for us going to them, asking for a line to give it to them! Remember, we are not limited, we have many options! And we do need to get something going. > > > WHAT TO DO NOW??? It is hard to unto things that have been done! However this thing may need to go back out to bid for a Trans Alaska Gas-line. If we make it clear that this is what is going to happen. It gets rid of a lot of headaches and lets everyone know which way we are headed! The question then is, with who? > > >	Comments Noted
The question was raised about us building it ourselves. Is this do-able? I don't see why not. We don't have to go to bed with an oil	It has been determined that constructing and maintaining a pipeline is an enormous commitment of resources that is better left to

COMMENT	RESPONSE
company to build it. We can hire a contractor (Brown & Root, Veco ETC.) to build it and it is ours! No tariffs to pay to an oil company. It was suggested that with changing government leaders this would be a problem. The building of it may have trials. However, if we can protect the permanent fund dividend we can certainly create a state owned gas company that is insulated from political pressures. We have state maintained roads, State troopers, Fish and Game, Airports etc. I don't believe that this is as big a stumbling block as it was made out to be. > > >	experienced pipeline companies. For more details, please see Section A, Issue #11a
The first thing I learned in business was to start small and work your way up as needed, always allow for expansion, but not to bite off more that you could chew! I believe that this still holds true today. There is more than one way to expand you can add more pipe as buyers come on line and facilities are built. We have the gas and it may be that in the end we have several ways of getting it to markets around the world. > > >	Comments Noted
But first and foremost is taking care of the people in the State. And I mean by getting them economical fuel to heat there homes and to cook & heat water with. NOW! This must be our first concern!	Comments Noted
I heard the comment "do we heat or eat this month" This is not a joke. Remember that the only ones making money right now on the gas is you. It is not paying my $2000 a month fuel bills! That is right, I have a home, a business that is closed except for paper work and a small shop = $2000.00 last month. Selling the gas is great but it is not our first concern, the truth is it doesn't help me a bit when the fuel company says no more fuel or propane, or the elec. co says your cut off! If we cannot afford to live in our homes, we will not be here to reap the benefits of the gas-line. Our children will grow up elsewhere. And that is a sad fact!!! > > >	Comments Noted
Secondly is getting gas to America if it is needed there. It concerns me greatly that by supplying foreign nations with this product we	

COMMENT	RESPONSE
may be supplying them with the means to exceed Americans in many venues. These things need to be considered. > > >	
Lastly we need to think about the time frame. Can we build a small line quicker? And expand it later? Can we build a small LNG plant and upgrade it as needed. Which makes more sense? Starting big in ten or twelve years or getting something going in the next three, four or five and expanding as needed? I went to work for Earth Resources when it was a small topping plant in North Pole in 1977 I believe. Look at it now! I hear people say lets build it big or "in for a penny in for a pound" some of these same people wanted a grain silo in Valdez saying the grain would come. 20 years and it still sits empty! I Thank you for taking the time to come to Valdez, And I Thank Governor Palin for getting this going And I Thank each and every one of you for your time and effort And Thank you for reading my comments. Now please let's do what is right! Mike	See Section A, Issue 10a.

Waller, Mike-Valdez, AK 3/01/08 (158NK)

COMMENT	RESPONSE
Remember, we are not limited, we have many options! What to do now??? It is hard to unto things that have been done! However this thing may need to go back out to bid for a Trans Alaska Gas-line. If we make it clear that this is what is going to happen. It gets rid of a lot of headaches and lets everyone know which way we are headed! The question then is, with who? We need to Be clear about what it is, we the people of Alaska are going to have! We do not need a bunch of useless proposals that we waste time, effort and money reviewing! We want a "level playing field" when it comes to building a instate line.	Comments Noted
We do not care what Canada, China, Russia ETC. wants! It just doesn't matter and has nothing to do with what is best for us! We do not need a "level playing field" of what other countries want,	Please see responses to your previous comments above.
We are biased this is our resource, our state, and that is what matters! If we get rid of The what is best for them attitude! We can get serious about building an in state line! Until we Act serious No One will take us that way. And	

COMMENT	RESPONSE
they will continue to try and push what is best for them, not us! Thanks for your time	

Waller, Mike-Valdez, AK 3/04/08 (175NK)

I was born and raised in Fairbanks/North Pole, have lots of friends there. I have lived in Valdez for 20+ years, Have lots of friends here. I have made many friends in Anchorage and the Valley over the last 20+ years as a businessman. These people are the reason	Comment Noted
that the Governor is in office WE ALL VOTED FOR HER!!! It was not for her to go to Canada and SEE WHAT WE COULD DO FOR THEM. It was because we believed that she would do WHAT WAS BEST FOR ALASKANS. I have been in contact with my many friends the last few days there were a 2 of the 40 -50 people I contacted that didn't care as long as something got going. That surprised me. However the rest of them were very clear!	Please see responses to your previous comments above.
THEY ELECTED YOU LARGLY BECAUSE THEY BELIEVED THAT YOU WOULD GET AN INSTATE GASLINE STARTED FOR THE BENEFIT OF THE RESIDENTS. Not one of them believed that a transcanada route was the best choice! I agree! If AGIA is going to work for the people of Alaska. We need to recommend what is best! And that does NOT include a PIPELINE TO ANY OTHER COUNTRY!	In accordance with AGIA, all five applications received were reviewed for completeness under the 20 AGIA statutory requirements referred to as the "must haves." After the initial review, letters were sent requesting clarifying information for each application. No new or supplemental information was requested. After receiving clarifying information from each applicant, the applications were re-evaluated for completeness with the statutory requirements. At the end of the completeness review, only TC Alaska's application was found to meet AGIA's 20 statutory requirements. The commissioners have thoroughly evaluated TC Alaska's application to ensure it accomplished the goals in AGIA. See Section A, Issue #7a.
If the Governor wants to be re-elected she will consider what the people that elected he want!	Comment Noted

COMMENT	RESPONSE
I urged all of my friends to write letters, they most likely will not. But they do Vote! Sincerely Michael C Waller	

Warren, William & Billie-Kenai, AK 3/04/08 (185NK)

We support Gov Palin and AGIA process greatly. After much study and think on gas line project. We are very much supporting the All Alasaka-LNG project the ANGDA- Plan B would work fine (24”-36” pipe) as a model or better yet; to do the project with state and pipeline Co. owning the pipe.	The State of Alaska recognized the need to evaluate “All-Alaska” LNG options in parallel with TC Alaska’s AGIA application. Analysis has concluded that LNG options do not give Alaska the most economic and energy benefits. See Section A, Issue #10a It has been determined that constructing and maintaining a pipeline is a commitment of resources that is better left to experienced pipeline companies. For more details, please see Section A, Issue #11a
LNG infrastructure and shipping owned by Co such as B G group or Conoco Philips.	See above or Section A, Issue #10a
The energy crisis in the state dictates a gas line NOW! Providing a solid ground for us. Thank you (for being open and honest) Billie T. Warren P.S. Our children and grandchildren are foremost on our minds in our comments to you.	Comments Noted

Warren, William-Kenai, AK 1/12/08 (28NK)

I support our govenor greatly. I do not support CP's bid or transcanada's conforming bid.We are in an energy crisis and being controlled by the great ones.They don't owe us an in-state gas line. We need to build to build it and build it now[angda]Once this line is in place we will be in a better place to negotiate with the great ones on other matters.---Bill Warren	Comments Noted

Warren, William-kenai, AK 1/12/08 (29NK)

COMMENT	RESPONSE
We need to let AGPA submit their bid for an all alaska pipeline.A majority of alaskans want an all alaska line. All of my family and just about all of my friends want an all alaska gas line. We do get it. Alaska Capitalism-not oil producer capitalism.---Bill	Commissioners found that the AGIA application submitted by the Alaska Gasline Port Authority ("Port Authority") on November 30, 2007, was incomplete and that the Port Authority materially amended and supplemented its original application on December 18, 2007. On January 10, 2008, the Port Authority submitted a Request for Reconsideration, claiming that it had been placed in a difficult position by the actions of associates and former business partners. After carefully considering the Port Authority's request, the commissioners denied the Request for Reconsideration. Their reasoning is explained in the decision dated January 30, 2008, that is available at www.dog.dnr.state.ak.us/agia/index.htm. For a more complete summary, see Section A, Issue #2e.

Warren, William-kenai, AK 1/12/08 (30NK)

I am glad you rejected CP's nonconforming bid.We do get the big picture.CP does not owe us anything and we don't owe CP anything.It's all about the money and nothing but the money.They build and own the gas line to Canada-they have control of the gas-they get the money. The great ones really think they own our destiny.	
Lets give us an option-lets accept AGPA's bid----Bill Warren	See response to your previous comments above.

Warren, William-Kenai, AK 1/17/08 (45NK)

I,m having trouble with the nonconforming bid of CP.In the last few days here in Kenai they have held at least 3 presentations,advertised non-stop in our newspapers,radio,and tv.They have donated mucho money to our local organizations.I am really worried about some of our elected officials,and a few of our citizens. They have no shame and are being spun,or bought.We have had and still have corruption in our politics.The oil producers still think they own us.I have know this for years.I voted for our Gov.and believe we are on a track to regain our self respect and freedom.We must not cave in to CP's demands.	Comments Noted
I believe we must build an all alaska	The primary reason that AGIA requires in-state

COMMENT	RESPONSE
gasline(24”-36”] through ANGDA.We must do this now. We will secure our energy future,some industry,our self-respect,and allow us to really reach our potential in many different ways[nat gas for primary transport,our childeren staying inthe state for their careers,and on and on and on.	off-take points was to facilitate the construction of instate gas spur lines to the railbelt or Valdez. TC Alaska does acknowledge the possibility of these spur lines in their AGIA application and describes ways that their proposed North Slope gas pipeline could accommodate these spur lines.
I support our Gov. 100%,as do the people of our great state.We don't really realize just how far the oil producers have gained control of us.I came to alaska in 1951 at the age of10,and have lived a life of great adventure.I have childeren and grandkids from fairbanks to kenai and have no intention of letting us lose our freedom.To many here have become weak and fearful.We are in a tight spot,but who said it would be easy.---Bill	The State of Alaska recognized the need to evaluate “All-Alaska” LNG options in parallel with TC Alaska’s AGIA application. Analysis has concluded that LNG options do not give Alaska the most economic and energy benefits. See Section A, Issue #10a

Warren, William-Kenai, AK 2/10/08 (86NK)

I prefer pipeline co. to build line to avoid a monoply and provide access to line.Pipeline should run to big delta,and swing south into alaskas future not into canada.LNG is 21'st century.tankers.technology,and markets will provide the best deal for alaska.Just count the jobs,industries,small businesses,and prosperity a instate gas line would provide,and large net-back profits.	Constructing and maintaining a pipeline requires an enormous commitment of resources that is better left to experienced pipeline companies. For more details, please see Section A, Issue #11a Comments Noted
Alaska should own over 50% of line.Strong actions to avoid being a colony and harvested by producers.	For a summary regarding in-state lines to provide gas for Alaskans, see Section A, Issue #4d
Two billion annual bucks to the state and no industry and jobs for us is no deal.A 2B spur line to alberta maybe allright.The big picture is he who controls the energy rescources has got it made in this increasingly rescource strapped world.The old supply and demand thing.3 producers have a monoply on our rescources and future.Let's change this even if its hard.	Please see responses to your previous comments.
I'd rather run a 24" ANGDA line lickity split then listen to these robber barrons anymore----freedom for alaskans-run the ANGDA line and let God sort it out.	
I love our Gov. and alaska and really want to do whats right for our childeren and grandkids-	

COMMENT	RESPONSE
--capitolism for alaska not the producers.Thanks and keep up the good work.If it wasn't for agia we would still be in miller's cave.---Bill	
Warren, William-Kenai, AK 2/15/08 (93NK)	
I really like agia-many things coming out.Speaker of the house on instate gas being done NOW. Others including Gov. commented favorably.Myself,family,friends,and most alaskans jumped forjoy.	
first things first.Alaska gas and energy needs first.A very worth while project. The less important oil producers plans will materilize in its own time.Our nat. gas is gold,and we alaskans need it yesterday---not a spur line the second tuesday of next week.---Bill	Please see the responses to your previous comments.
Warren, William-Kenai, AK 2/27/08 (128NK)	
I support AGIA as a process to get a pipeline. A 48" pipe to Alberta would weigh 6 million tons of X 80 pipe. To lift this off world market would cause huge project over-runs. - 35 T of gas is not enough for Alberta project- mega project would cause huge boom & bust for Alaska.	Comments Noted
A 1 1/3 B to 2.7 B instate gas line with LNG, NGL's, for industry and gas & propane for instate energy crisis would be right size.	The commissioners have conducted an extensive analysis of possible LNG projects in parallel with the evaluation of TC Alaska's AGIA application. The state gasline team examined a range of price and demand scenarios, along with the commercial realities of large-scale LNG projects. Ultimately, the commissioners found that, when compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater maximum benefits to Alaskans over the life of the project. For more, see Chapter 4 of the Finding, and Section A, Issues #10a, 10b, and #3a, 3b.

COMMENT	RESPONSE
Once the low hanging fruit is produced as in cook inlet, it is very difficult to produce the remainder, which leads to much pain for Alaskans. Instate gas & industry is primary. A line to Canada not at all. You are right- we should never get behind closed doors with producers ever again. The AGIA process is correct. Keep up the good work.	Comments Noted

Warren, William-Kenai, AK 3/06/08 (270NK)

Support Gov. and AGIA. Due to the many problems and time elements and the need for instate gas,industry,and Alaskas complete ability to run a 24"-36" in-state line NOW-not the 2'nd tuesday of next week;we should accept the facts that the feds would let us monetize our in-state gas with modest amounts of exports.The oil producers would scream, but we,d need little if any of THEIR GAS. Let them and the feds figure their scam.We are high centered and stranded trying to work their agendas. Stepping out with pride,resolve,courage,and action will work well for us. We have been corrupted and fearful-we are not any longer. We have to move on our own now or be gammed into dealing down the road years from now with them when we are flat broke and don't have the brave people in office that we have now.	Comments Noted
Please-lets build our in-state gas line now-we will be warm and able to work on wind mills and other good forms of energy with-out deperation- I suggest you folks read Jack London's short story "to build a fire"-you don't run out of energy in the artic.To hell with Exon with all sincerity.	It has been determined that constructing and maintaining a pipeline is an enormous commitment of resources that is better left to experienced pipeline companies. For more details, please see Section A, Issue #11a.

Webster Campbell Jr., Daniel-Anchorage, AK 2/20/08 (99NK)

AGIA, Last night I attended the AGIA townhall meeting at the Lucy Cuddy Center. Unfortunately I had to leave when the panel was about to address a question I was most interested in.	
A young lady stood up her question was about training, mainly training for native Alaskans. I am a disabled veteran. My disability is a 20%	The AGIA statute requires applicants to commit “to the maximum extent permitted by law” to hire qualified residents, contract with

COMMENT	RESPONSE
in my knee. Unfortunately for me my knee disability disqualifies from training in the transportation and heavy equipment career field as far as the Department of Veterans Affairs. I have been trying to get the state or the federal government to fund a heavy equipment course with CCE. I am a 50 year old African American male. I got divorced about 1 month ago. I have a three year daughter, two month old son and a very bright and ambitious 17 year daughter who wants to go to college. The two younger children I am required to pay child support. I do not own any assets. I want to be able to purchase my children a home in the city of Wasilla in 2 years. Vocational Rahabilitation wants me to pursue a career behind a desk. I will go nuts. I have a seasonal job with Grayline of Alaska as a driver/guide. I am on ASHA. I am attending the Self-Suffiency program today. I need this oppurtunity so I can improve the lives of my children. One way or another I am determined to graduate a heavy equipment training course. I need to be sure of giving myself a chance to compete for one of those well paying jobs. Thank you, Daniel W. Campbell Jr.	businesses located within the state, and establish hiring facilities in the state using state-operated job centers. You may consult with the Alaska Department of Labor and Workforce Development for information on skill training programs in pipeline construction and maintenance. For more information regarding employment, please see Section A, Issue #3a.
White, Lorne-Kodiak, AK 3/04/08 (181NK)	
Thank you for coming to Kodiak to update us on AGIA. I like the current plans for the TransCanada potential project and hope it results in a start to this needed pipeline. You will need a whole new large staff of people in DNR and ADF&G as was the case with TAPS projector to man (woman) this imperative project. Right now you should be asking these departments to start planning. I know these dedicated public employees are going to be hard to find. The state needs to be more competitive to get good employers on the project. All the best Lorne White	Comments noted. If you would like more information about private-sector Alaska hire in regard to TC Alaska’s project, please see Section A, Issue #3a.
Whitstine, Sherry-Wasilla, AK 2/17/08 (96NK)	

COMMENT	RESPONSE
Someone asked a list of questions to Gibson. Does AGIA guarantee a pipeline? NO	AGIA was crafted to advance construction of a natural gas pipeline from the North Slope to market. It was not designed to ensure that a pipeline would be built, rather to ensure that the project progresses through FERC certification. For more information please see Chapter 1 of the Finding; a brief summary is found in Section A, Issue #2a.
Can Transcanada build the line without the fiscal certainty of long term producer commitments? NO	There is general agreement that the producers must be involved in the development of this project. AGIA recognized the importance of commitments from the producers by providing the Resource Inducements in Article 3. See Section A, Issue #9a.
For each man's ways are plain to the Lord's sight; all their paths he surveys; By her own iniquities the wicked woman will be caught, in the meshes of her own sin she will be held fast; she will die from lack of discipline, through the greatness of her folly she will be lost. -- Proverbs 5:21-23 On February 14, Palin said 'We don't know whether we'll issue an AGIA license this year but if ConocoPhillips is out doing field work what's the problem?' YOU are the problem you have created this folly you are the fool! This administration has no leverage, no experience, no sense and it will cost Alaskans economic prosperity for our children's future!	

Wilcox, William-Valdez, AK 3/05/08 (207NK)

COMMENT	RESPONSE
After reviewing the requirements in AGIA, I don't see how the State can recommend the Trans-Canada proposal. It does not provide as good a financial return as an All-Alaska Natural Gas Line.	
It doesn't provide number of "legacy" jobs nor the opportunity for spinoff industries.	The AGIA statute requires applicants to commit "to the maximum extent permitted by law" to hire qualified residents, contract with businesses located within the state, and establish hiring facilities in the state using state-operated job centers. See Section A, Issue #3a
The excess heat from the liquefaction plant in Valdez could provide enough electricity to power about 20% of the Anchorage demand.	Comment Noted
Alaskans need take the opportunity to determine our own future! The Alaska	Use of the Permanent Fund for pipeline construction, or for providing direct energy

COMMENT	RESPONSE
Permanent Fund has $38 billion in assets. Most of the Fund is invested outside. We should use part of the Alaska Permanent Fund to finance enough of the All-Alaska Natural Gas Line to make it happen! I would rather see my energy bill drop $100/ month than get $100 more in my Permanent fund check. Bill Wilcox Valdez	assistance, is restricted by the principles under which it was created. For details, see Section A, Issue #6c. It has been determined that constructing and maintaining a pipeline is an enormous commitment of resources that is better left to experienced pipeline companies. For more details, please see Section A, Issue #11a

William, Emmie-Valdez, AK 3/02/08 (162NK)

Like Bill O'Reilly on the FoxNews network always asks, I will keep this short & pithy. Very much so right down to the point :	
NO CANADIAN GASLINE IS ACCEPTABLE IN ANY SHAPE OR FORM, INSTATE ALASKAN LINE ONLY. We haven't been a Territory in a long time, we don't need anymore outsiders pulling their strings to highly benefit their pockets with our natural resources.	The State of Alaska recognized the need to evaluate “All-Alaska” LNG options in parallel with TC Alaska’s AGIA application. Analysis has concluded that LNG options do not give Alaska the most economic and energy benefits. See Section A, Issue #10a
Alaska needs to stay in control of it's growth & developement or we Alaskans are going to be left on the short end of the stick. Alaskans want their state itself to prosper so residents can conquer the high costs of living in this day & age to stay. We can't afford not to keep this gasline within the state. We need to keep as much of the economic benefits of a gasline here as possible.	In-state off-take points are expected to facilitate the eventual distribution of natural gas to many Alaska Communities. See Section A, Issue 4a-4d.
If a Canadian line WAS built, it would be our greatest folley & shame to sit back & watch as this Great state would continue to struggle in its ability to grow while Canada reaped from what we would be in essence 'flushing down the pipe' to them.	

Williams, James “Hotai” - Valdez, AK 3/01/08 (159NK)

COMMENT	RESPONSE
Tom Erwin, Sir, This is to follow up our converstaion last Thursday night. I cannot stress hard enough that Alaskans will not sit idlely by and allow the 'Cannuk' gasline to become a reality. As I said that night, I've spoken to Alaskans at length and the breadth of this state. Not one of them supported the 'Cannuk' proposal.	
We, the voting public, stated quite clearly that we wanted an all Alaskan line. I firmly believe that we will settle for nothing less.	The State of Alaska recognized the need to evaluate "All-Alaska" LNG options in parallel with TC Alaska's AGIA application. Analysis has concluded that LNG options do not give Alaska the most economic and energy benefits. See Section A, Issue #10a
Tom I'll tell you like I've told speaker Harris and his crew,"If you want to be a hero to all of Alaska, do this, get natural gas to us; cut our cost of being Alaskans.	The high price to heat Alaska homes is a significant concern to Alaskans statewide. The construction of the ANS gas pipeline, with several in-state off-take points, is expected to make natural gas available to more Alaskans. Over time, the development of additional distribution lines to Alaska communities and residences will likely result in affordable natural gas being accessible to more Alaskans. For more information see Section A, Issue #4a and 4b.
Build an all Alaska gasline, put in an LNG plant that Conoco Philips doesn't own." It was pointed out that due to the amount of gas resources that are owned by the state, we the public are essentially worth over a million dollars each. If this is true why then are most of us striving with the problems of heat or eat, drive or walk, go to the doctors or self medicate to save money? Tom, if I'm a rich Alaskan why do I feel dumber that a Kwaite camel driver? Is it because he doesn't share the economic woes that we do here? I do admit that he does have Iraq and Iran. But we have Canada, Mexico, and worst of all the Lower 48 to deal with; not to mention OIL INDUSTRY TERRORISTS thrown in to boot.	
Lets do the right thing by Alaskans, to hell with the 'Cannuks' and their line of B.S. Lets stay on our side of the border and lets keep OUR gas for ourselves. JAMES "HOTAI" WILLIAMS	Comments Noted
Wilson, Charles-Seven Hills, OH 3/05/08 (208NK)	

COMMENT	RESPONSE
1. Time: Pipelines wait until the Prudhoe Oil runs out ... Tankers DIRECT from Port Thompson, can take the Gas there (a third Prudhoe's), in 4-to-5 years from the DECISION. So Decide !	Comments Noted
2. LAWSUIT: as increased injection pressure reduced the fall-off of Oil at Prudhoe ANY taking of it's Gas opens up a 200-300 BILLION DOLLAR LAWSUIT.	Comments Noted
3. Escape Clause: You questioned the TransCanada phrase (on your site: "mogel memo response" page 4) "obstacles could arise that would require TransCanada, the State, and others “to explore alternative pathways to a successful project.” [Alaska said] "Based on this statement, the LB&A Memorandum speculates that such language “could mean that TransCanada contemplates seeking, on an ongoing basis, additional concessions from the State of Alaska -- [They said no]. But they can cancel at any time - - or change to HALF AS EXPENSIVE, Icebreaker Tankers. Or if the Hydrate Tankers work out ... Canadian Websites are already speculating the FootHills line will be changed to Tankers (with that 1.2 bcf/day line doubling to the latest $16 Billion estimate, what will your 4.5-7.2 bcf/day line cost?) . But a more expensive line would give more profit UNLESS it's COST IS HIGHER THAN THE PRICE IN CHICAGO. The worst is, if you wait 10+ years & they just laugh at you. Remember, if they KEEP ALASKA GAS OFF THE MARKET, the Supply is less, so the Price is higher -- for their Gas. You are making your delivery Dependant on a COMPETITOR. It is in their interest to keep you from EVER shipping your Gas. I Repeat: You are making your delivery Dependant on a COMPETITOR ! It is in their interest to keep you from EVER shipping your Gas !	Comments Noted
4. The REAL PRICE AT CHICAGO is something they, and Conoco "forget" to say: $5.83 TransCanada $5.89 Conoco / 1000 cubic Ft Lately, the price has been $6-8, BUT for 20+ years till 2003, it was under $2. Will you be undersold ?? Then you collect Nothing. You don't even get your incentives back. Look	Comments Noted

COMMENT	RESPONSE
at Trans Canada's Colorful Charts: the second set, that runs from $6.50 up (not $12-to-23.5) has almost no money for Alaska -- confirming that there is NONE at 5.83 & below. Of course ... you do get a LOT if the price is $20+ as they GUESS, in 2042. But What if it is, say: $3 ?? (to get the Chicago Sale Price, add their 2.88 Toll, + their 1.50 field costs, +1.45 for the Toll for the newer Alberta-to-Chicago Alliance Pipeline (see the Conoco Plan -- both they & TransCanada quote lower costs - 66-75 cents - for OLDER pipelines that have paid off their INITIAL INVESTMENT long ago. We cannot START with an OLD PIPELINE ! Those are full. A few years ago Alberta was overbuilt, but the extra pipes are already converted to carrying Tar Sand Oil). What is the Competition capable of ? QATAR is the prime possibility to undersell, because they have SOOOO much. Ceri (Canadian Energy Research Institute) in their study "The Economics of High Arctic Gas Development" have a chart, page 72 dated a little after the body of the Study: Icebreaker Tankers : $3.15 Qatar : 3.95 Jan 2005, or 4.75 if comparable to TransCanada ... from the 3.95, we must add + 50 cents as CERI used $1 for Field Costs & TransCanada 1.5, plus & add 7.5 % for 2005-08 inflation. BUT Tanker Tech advances and larger LNG Plants can each cut 30 cents off that QATAR = $4.15 in 5-10 years So you are not even in the Ballpark. If they choose to Play. If Iran does get Nukes, we'll suddenly be EVERYONE'S Friend again, & Alaska is OUT IN THE COLD. Literally, when the South Alaska Gas runs out. But tankers cost a bit less to Anchorage than Chicago.	
5. But did you notice the Arctic Tanker Cost ??? ... the $3.15 is, again, needing 50 extra cents to be comparable, but the 3250 mile trip is longer than Alaska's to the SOUTH TIP OF HUDSON BAY. I have a very Elaborate Plan for that. Because there are so many advances in shipping. Oil spends 0.1% of Sales on Research but the rest of companies in the USA average 4% .. so they are advancing their Tech 40 times faster than the non-competitive Monopoly dominated Energy Supply Industry. Everyone wants to raise price	Comments Noted

COMMENT	RESPONSE
5, 10 times by cutting Supply. Further, CERI's LNG facility, ought to have it's Price cut 30% for RUSSIA found Siberian Gas comes out of the Ground cooler than in the Tropical or Desert Countries all current LNG Plants are in (see the Arcop Project files at arcop.com : a toll of $1 for 6000 miles is mentioned by one Company). Cooling to MINUS 260 requires only about 280, not 380 degrees of cooling, you see. And an Alaska Plant would be larger than CERI's Melville Plan (much of which was out of date as based on a 1981 Plan. ? Less than 3$? ... yes, Probably LESS. Also, you just add more Tankers & LNG Plants for more, so there is niether the Upper Limit on the Pipeline, or the Lower (Pipes have wildly higher Tolls if the Pipe is small, which is why the Valdez Pipe has trouble. VOLUME: if we develop ALL of Noth Alaska's 200 Tcf then we have 50 years of 11 Bcf/day or 2.5 times the pipe outputs generally quoted (TransCanada DOES have an advantage over other Pipe Companies with its option to pressure up to a 7.2 maximum). Obviously, that means 2.5 times the revenue for Alaska. Plus what you get between $3 and $6, which, with pipes, is NOTHING. And you could pump 6 years earlier (if at one-third the output) And can put off, for 40 years, tapping "associated" Gas like Prudhoe's, which reduces Oil output. 6. You'll look like Idiots when the Dutch develop the Chuicki Sea with the new "butt Ice with the Stern" Tankers that save 60% of per-mile costs. They paid $2.1 Billion for the Rights: I expect they'll do it. Now if Tankers are $3 cheaper & Alaska is getting 27% of the amount above cost, you will be missing out on 81 cents per bcf, or: losing ... $1.33 Billion/year at 4.5 Bcf a day. Ahhh the egg on the face.	

Wilson, Charles-Seven Hills, OH 3/05/08 (248NK)

COMMENT	RESPONSE
Sirs: Reading all the comments, I am struck with: ... The Mistakes of the past seem ignored save by a Few: 1) The "All Alaska" Oil Pipe made LESS Money. Jobs are nice. But Jobs must be paid in MONEY. More Money, more Jobs. Go East or West. South was an error. 2) The Oil Pipeline overran it's cost a factor of 3. Foothills is already overrunning more than a factor of 2 & not even building yet. Outside of the Honesty issue: 8 years before the Overrun, a Test tanker "just Barely missed" beating the Pipeline Price. In fact it would have, if the Finnish designer had thought of shortening the route 40% by going to the South end of Hudson's Bay. Since we NOW know the "Real" Tanker was competing with a 3-times too rosy Pipeline ESTIMATE ... Tankers were UNDER a third the Price ! But since a Permafrost Pipeline had never been built, not knowing was an HONEST MISTAKE, then (I think). Today, ignoring the Past would be DISHONEST , not just a MISTAKE. We KNOW Icebeaker Tankers are half to a third the price. Yet you won't even allow anyone to submit an Icebreaker Proposal. Of all Arctic-bordering Countries & States, only Alaska stayed away from the Arcop (Arctic Operations) research Project, which explored implications of the post-year-2000, 60% reduction in Icebreaker Tanking cost, due to the new, stern-first tankers (e.g. the Tempere). 3. Direct LNG, also takes a third as long to do (4-5 years). Sources: Time: 4-5 years for Cooling/Liquefaction Plants to come "on-line" including negotiations Oil & Gas Journal Apr 19, 2004. Page 59. Cost: Pipe vs. LNG Studies: ... Above 1200 miles, LNG beats Pipelines. E.g: 1) Oil & Gas Journal 12/2/02 pg 71: 2000 km = 1242 miles 2) Arcop: 2000 km also: TAMBEYNEFTGAS pg 9 www.arcop.fi/workshops/ws6day2/bogachev.pdf & pg 37 Report D 6.6, at www.arcop.fi/reports.htm Chicago is 3630 miles. Can't anybody count ?? Isn't 3600 longer than 1200 ?? Pipelines shouldn't even have been considered. Even Valdez. 4. Flexibility: we are building for DECADES into the Future. Trans-Canada IGNORES the Past's frequent periods of SUPPLY GLUT. Capitalism will find a Way (to fill the supply	Although there are many thoughts and ideas on getting North Slope gas to market, AGIA identifies specific requirements, commitments and a process for applicants. The AGIA process will continue with the existing complete application from TC Alaska.

COMMENT	RESPONSE
gap), at least occaisinally, and locking into an INFERIOR, MORE COSTLY, INFLEXIBLE METHOD ... is asking for trouble. Icebreaker Tankers can go West or South, as well as East. Ice in Winter requires more tankers, leaving some Surplus in Summer & Fall : these can go to L.A., Anchorage (Kenai), etc, using onboard regassing to offload, including filling barges or the recently developed "minitankers", to Fairbanks. Or Japan. Or wherever. LNG Plants are frequently mounted on Barges & are just as movable -- and Sell-able as the Tankers themselves. Flexibility is something a pipeline, once built, is UTTERLY without.	

Wilson, Charles-Seven Hills, OH 3/06/08 (250NK)

Gas is needed for the Future of Alaska Oil: BP, etc, is Planning on Heavy Oil -- from the lower Pool at Prudhoe, and Kupranick -- but it is a lower grade than Prudhoe's "Heavy Crude" & more Natural Gas (CH4) which supplies the Hydrogens (H's, the lightest material Known, atomic number 1) to make it LIGHTER. No Hydrogen: no gasoline. -- Worldwide, the TIGHT Natural Gas Market is making this IMPOSSIBLE TO REFINE. THAT is what drives the present Oil Crisis -- THAT is why it is going up in Winter -- THAT is why inventories "MYSTERIOUSLY" deplete ... when we have a Cold Spell. ... So far as I know, I am the ONLY Synthesist, that is, an expert on combining fields of Expertise. Recall that Alaska legislature Hearings found there were NO groups of experts on Gas And Oil. Not one, not even a working Group. ... e.g: ... the recent interviews of the 1969 Alaska Oil Tanker trial run's Ship Designer & Project Head, show them unaware of Pipeline developments: the Project Head, in "ABS Surveyor" wistfully remarks "we didn't miss by much" unaware the Pipe overrran its cost by a factor of 3 ... 8 years later. So they didn't "miss" at all, they just had no Time Machine to visit the Future & see they really should have Won. ... but Experts have little time to Keep up with OTHER fields. In fact the Designer, Martii Saarakangas, would LOVE to build you Tankers ... he now heads the Multi-Billion Shipyard Conglomerate Kvaerna-MASA. I'm trying to tell you: Hey, look on the other side of	Please see response to your previous comments above.

COMMENT	RESPONSE
the fence: SALVATION ! HERE: we are dealing with the fact the loss of half the Prudhoe Oil due to Pipeline Problems, was INSTANTLY solved by the 1.5 million barrels a day of Saudi Heavy Crude ... which had been sitting around since 2005: BECAUSE NO ONE COULD REFINE IT. The FUTURE OF ALASKA OIL ... requires Gas.	
So I suggest you get the QUICKEST PLAN (which is towing a barge with an LNG plant up to Port Thompson: no risk, the Canadians want to use it at Melville Island in a few years, by which time you'll likely have several bigger, & so less costly per unit Gas, plants), ... because then people will start drilling the NPR & the Brooks Range. And once you get THAT going, you can triple your Oil exports. They're already testing the Lower Pool, & Valdez will really humm as the Pipeline Picks up. Unless it completely STOPS of course, as Gas gets even more tight.	Comments Noted
Wilson, Lavell-Tok, AK 2/29/08 (153NK)	
Glad to see the state is holding firm on the pipeline bidders meeting the standards set by AGIA. As a former legislator and member of the 1973/74 special session that set the taxes on the oil pipeline, I know now that we sold out too cheaply. We believed their threats that they would do nothing unless we set our royalty rate low - 12.5%. This time around lets get the best possible deal for the state!	Comments Noted A primary goal of AGIA is to make decisions that are in the best interest of all Alaskans.
Wood, Katherine-Anchorage, AK 2/22/08 (108NK)	
What kind of regulatory requirements will the pipeline have to meet in order to be viable? An EIS? What does FERC require? Thank you for the opportunity to Comment.	The proposed gas pipeline will fall under the authority of the Federal Energy Regulatory Commission (FERC). In accordance with the Energy Policy Act of 2005, FERC is the coordinating agency for the NEPA environmental review and the processing of all federal authorizations relating to proposals for infrastructure under FERC's jurisdiction. See Chapter 2 for explanation of FERC's jurisdiction. The NEPA review is initiated by a request to FERC to use the pre-filing process. Once FERC grants the request, all impacted agencies are notified of a schedule to develop an EIS. FERC then begins public meetings

COMMENT	RESPONSE
	and identifying issues. All environmental reviews from all federal agencies involved with any part of an Alaska gas pipeline project are consolidated under this one EIS. As part of the NEPA process, FERC coordinates a number of public scoping meetings prior to issuance of the draft EIS. In addition to the scoping meetings, the public will have an opportunity during the public comment process to review and submit comments on the draft EIS. For further information on FERC requirements, see Chapter 2. For a list of applicable federal and state statutes, see Appendix T.

Woodhouse, Kim & Jim-, 3/04/08 (187NK)

In our view we need to keep it in Alaska. We don't need to have our lines going through Canada. Alaska can stand on it's own, and be able to build and produces without having to deal with Canada. Canada needs to buy it from us just like any other country. We have so much resources in Alaska that we shouldn't even be having talks with TransCanada. Why don't we use the talent from our state. Alaska has thousands of people ready, willing, knowledgeable to build this pipeline in Alaska!! Kim & Jim Woodhouse Build a Alaska Pipeline!!	For a detailed discussion of in-state LNG pipeline issues, refer to Chapter 4 of the Finding. For summary information, see Section A, Issues #10a, 10b

Woods, Noel& Jean-Palmer, AK 3/05/08 (242NK)

TransCanada does not comply with AGIA. We have followed the process starting with Kevin Banks analysis of AGIA dated March 2, 2007. We have read AGIA!	Please refer to Section A, Issue #7b, for a discussion of this topic.
We have questions regarding the ANNGT Partnership agreement. Red flags are raised based on p.2.2.52 & 2.2.53.	TC Alaska's application states that the company has a strong credit rating (a rating of "A3" from Moody's Investors Service), nearly $30 billion (Canadian) in assets, and a net annual income of more than $1 billion (Canadian). Please see Section A, Issue #7c for more information
We have concerns about NGL. If the gas line was good fiscal project for TransCanada they would not need ½ billion from the state.	AGIA provides up to $500 million in state matching funds. By requiring AGIA applicants to commit to certain milestones within a specific timeframe, Alaska is taking steps that

COMMENT	RESPONSE
	will get a gas pipeline built and in operation as soon as possible. TC Alaska committed to perform all of the AGIA requirements in its application.
Finally, all experts, both those for the administration and the legislature, advised that the producers be involved.	There is general agreement that the producers must be involved in the development of this project. AGIA recognized the importance of commitments from the producers by providing the resource inducements in Article 3. See Section A, Issues #9a and 9b
Repeal AGIA and start over with RFP's.	Five applicants met the AGIA Request for Applications deadline. Under the commissioners' examination, each application revealed considerable effort and attention to detail. The commissioners ultimately determined that only one of the applications met all of the required conditions and provided all of the required information. The commissioners' determination process and legislative review are adequate to ensure that benefits to the state are adequately maximized. See Section A, Issue #2b
Page 16 of TransCanada's executive summary gives me heartburn.	

Wright, Marv & Tasanee-Fairbanks, AK 3/04/08 (184NK)

COMMENT	RESPONSE
The biggest concern of myself and everybody I know is the tax on the gas consumed by FBK's area people. We understand that Anchorage people pay no taxes on natural gas in their homes. This same needs to be in FBKs too. I've been here 41 years and planned on being here. But can no longer afford it now that I'm retired. It's to little to late, in a year or so I'm gone.	Comments noted. Please see Section A, Issue 4a for more information.

Young, Scott-Anchorage, AK 1/17/08 (43NK)

COMMENT	RESPONSE
we believe your www address says it all DOG AND DNR (do not recusitate) How can the Gov. think she can talk to the producers in that way and tone after all she has taken from them and us. PURE MADDNESS. NO BUSINESS SENSE.	
Producers are essential for the growth of alaska.	There is general agreement that the producers must be involved in the development of this project. AGIA recognized the importance of commitments from the producers by providing

COMMENT	RESPONSE
	the resource inducements in Article 3. See Section A, Issue #9a.
We have planed to be life long resindents of alaska but, under the light that this goverment who will not reduce it's spending, we have no choice but to move to an area with stronger financil growth and responsiblity. Sara no longer represents the conservative view point.	

Youngs, Rob-Palmer, AK 2/25/08 (116NK)

After reviewing both the TransCanada and Alaska Gasline Port Authority applications, I beleive the AGPA plan is by far better for Alaska. 1.The AGPA plan is built and maintained 100% in Alaska.US citizens for the most part,are not allowed to work in Canada. 2.In addition to the LNG for export to the lower 48 and to markets around the world,the AGPA plan builds a facility in Valdez to process the NGL's which creates additional long term,good paying jobs here,not in Canada. 3.AGPA gets gas to Alaskans and to world markets sooner.	The commissioners found the Alaska Gasline Port Authority's application to be incomplete. Nonetheless, the commissioners felt that it was important to understand the comparative benefits an LNG project might offer, so an extensive analysis was conducted of different LNG projects in parallel with the evaluation of TC Alaska's AGIA application. A range of price and demand scenarios was examined, along with the commercial realities of large-scale LNG projects. Ultimately, the commissioners found that, when compared to an LNG project, the overland gas pipeline project proposed by TC Alaska will provide greater maximum benefits to Alaskans over the life of the project. For more, see Chapter 4 of the Finding, and Section A, Issues #2e. See Section A, Issues 2e
If the majors don't want to participate, build it with the permanent fund. Thank you Rob Youngs	Use of the Permanent Fund is restricted by the principles under which it was created; see Section A, Issue #6c, for more on this. Constructing and maintaining a pipeline is an enormous commitment of resources better left to experienced pipeline companies. For more details, please see Section A, Issue #11a.

Zorb, Bill-Fort Wainwright, AK 1/15/08 (39NK)

Please reconsider, we must have a head to head comparison of the Alaska Gasline Port Authority proposal with the Trans Canada proposal.	The commissioners found that the AGIA application submitted by the Alaska Gasline Port Authority was incomplete and that the Port Authority materially amended and supplemented its original application on December 18, 2007. On January 10, 2008, the Port Authority submitted a Request for Reconsideration, which the commissioners denied after careful consideration. Their reasoning is explained in the decision dated January 30, 2008, and is available at

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	www.dog.dnr.state.ak.us/agia/index.htm. For summary information, see Section A, Issue #2e.
One takeoff point in the Fairbanks area is not acceptable.	For a detailed discussion on access to gas, please see Section A, Issue #4a and 4b for more information.
The Port Authority proposal offers the fastest build, is fully permitted, has the most takeoff points, net revenues stay in Alaska, and it will dramatically lower energy costs for Alaska. I believe that the Port Authority proposal is hands down, far and away THE best project for Alaska. I believe that a complete and fair comparison with any other proposal will show this to be true.	See response above and Section A, Issue 2e.
Zorb, Bill-Fort Wainwright, AK 2/28/08 (144NK)	
While I strongly support the AGIA process and the Palin administration, I see a very serious flaw in the TransCanada plan. I live in Fairbanks and I have to tell you that we have an energy crisis here in the interior. We are paying $.16/KWH (vrs $.04/KWH in Juneau) for electricity & it is soon to be headed towards $.20/KWH. Natural gas, where available is $24./MBTU (vrs $7./MBTU in Anchorage). Heating oil is now $3.85/gal for 100 gal delivered. People in Fairbanks are already having to make hard choices between heating/energy costs and food. We cannot wait 10, 15 or 20 years for a gas pipline to Fairbanks. Fairbanks will be a ghost town by then. We Alaskans voted on and passed a mandate back in 1999 for a gasline from Prudhoe Bay to Valdez. Our constitution requires development of our resources for the maximum benifit of the people. First and foremost this means supplying the energy needs of the citizens of Alaska, at a reasonable cost. Use the $4-5B budget surplus for the State to build the first 400 miles of the gasline from Prudhoe to Fairbanks, then let the private sector work on taking it on to Valdez. If Fairbanks and the borough had access to natural gas for heating (instead of oil), even at the Henry Hub price it would save $170-180M per year. That works out to about $2500. per	By requiring AGIA applicants to commit to certain milestones within a specific timeframe, Alaska is taking steps that will get a gas pipeline built and in operation as soon as possible. TC Alaska has committed to perform all of the AGIA requirements in its application. Meanwhile, the Governor has appointed Steve Haagenson Energy Coordinator with the express goal of tasking him and his organization, the Alaska Energy Authority, with examining, analyzing, assessing and proposing solutions to the energy availability and cost challenges facing many Alaskans. See the summary at Section, Issue #2a, 4a and 4d for more.

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each man, woman and child in the FNSB. The Port Authority believes that the state could build that first 400 miles to Fairbanks and have gas here in less than 5 years, and hopefully with lower tarrifs, if the state owns it. These issues are inportant and critical to the future of Alaska. I don't think the TransCanada plan adequately addresses these concerns, and I don't believe it should be sent to the legislature for consideration	

Zrna, David-Fairbanks, AK 2/27/08 (136NK)

136 I just wanted to let you know I am one of the many long term Fairbanksan's that are titering on the choice of leaving our great state. I live 30 miles from my place of work and between heating my home and fuel costs, it is not feasible to live here anymore. Like many others, fuel electricity has become so outrageous we can not afford to make it here. I here of at least one new family or person on a daily basis that is leaving or leaving this summer.We need help now!!I hear of all what we shoulda done or are going to do but we need to do it NOW! If you dont want to see Fairbanks as a ghost town we need to move forward and ACT!	AGIA allows for the state to incentivize or directly pursue a low-volume line serving in-state needs. However, these projects, such as a bullet line, need to be evaluated on their own merits and compared to other alternative energy options. Recently, the Governor appointed a statewide energy coordinator with the express goal of tasking him and his organization, the Alaska Energy Authority, with examining, analyzing, assessing and proposing solutions to the energy availability and cost challenges facing many Alaskans. For a more, please see Section A, Issue #4a.

STATE & LOCAL AGENCIES

COMMENT	RESPONSE
Alaska Department of Natural Resources-Office of History & Archeology- Judith Bittner, State Historic Preservation Officer 2/15/08 (103NK)	
This office received the Notice of Complete Applications Submitted under AGIA and Call for Public Comments on January 7,2008. We reviewed the document to assess the process to consider historic and archaeological resources during the construction and operation of the proposed gasline. Please consider our comments as the process moves forward.	
In Appendix Pl, Section 106 of the National Historic Preservation Act and AS 41.35.070 of the Alaska Historic Preservation Act are not included in Major U.S. Regulatory Approvals. Both laws must be considered for this type of project. We recommend that consultation begins early with all interested parties to ensure efficiency. There are likely historic and archaeological resources in the construction corridor and impacts to those resources are likely.	The Office of the Federal Coordinator is in the process of reviewing permitting requirements for the project. This will help to ensure that all necessary agencies are consulted and that appropriate permitting takes place. Further, the RFA did not require applicants to identify every permit required. The commissioners are confident that TC Alaska will consult with The Advisory Council on Historic Preservation.
We look forward to begin early consultation to determine and document an Area of Potential Effects if this plan moves forward.	
Alaska Natural Gas Development Authority- Harold Heinz, CEO 3/06/08 (308K)	
Comments on the AGIA Application of TransCanada Submitted by the Alaska Natural Gas Development Authority (ANGDA) • The sections of the January 4, 2008, Call for Public Comment, relevant to ANGDA's submittal includes: "……… meets the needs of Alaskans with in-state gas …… and ……… provide comments to assist the Commissioners in their determination of whether the application proposes a project that sufficiently maximizes the benefits to Alaskans ……." • ANGDA's broad overview of the TransCanada AGIA Application notes that the documents extensively detail this 4.5 BCFPD gas pipeline project and fully respond to the AGIA RFP requirements. TransCanada is	Comments Noted

COMMENT	RESPONSE
clearly able to design, manage, and operate this project and the quality of their submittal is consistent with that capability.	
• Alaska's in-state gas needs could be met utilizing TransCanada's proposed gas mainline to deliver to off-take points and a spur pipeline system. The focus of our comments at this time are on specific provisions for the supply of in-state gas and the issues allowing and affecting level of benefits provided Alaskans. TransCanada's Application addresses some of these issues directly, while others are not included in the Application's narrative – see Section 2.2.3 – Commercial Plan (under the heading of Development Plan). Some modification of TransCanada's positions during the evaluation / approval process may increase the benefits to Alaskans.	
1. No Separate Open Season Process for In-State Shippers is proposed despite the FERC requirement.	Under FERC regulations, in-state shippers will be allowed to participate in the initial open season at the same time as shippers desiring to deliver gas out of the state. Under AGIA, TC Alaska will be required to assess the market demand for additional pipeline capacity at least every two years.
2. No Provision for Conducting an In-State Gas Needs Study despite requirement of Federal statute.	In section 2.2.3.2 of TC Alaska's application, it "…would either conduct an in-state gas consumption study, or adopt a similar study that is compiled by an appropriate governmental agency…"
3. Single Zone (vs. Multiple) Distance Sensitive Tariff in Alaska does not maximize benefit to interior and northern communities.	TC Alaska's proposal for distance-sensitive rates will be debated and ultimately approved by the FERC. Any interested party, including the state, will be able to propose alternatives for FERC consideration.
4. Lack of Telescoping of Gas Line Pipe Size Within Alaska shifts in-state gas shipments entirely to expansion status.	Expansions should be economically accommodated through the addition of compressor stations within the state without the need for telescoping pipe. Under AGIA TC Alaska will offer to provide in-state deliveries regardless of whether bids are submitted for capacity to serve in-state markets.
5. Timing Delay of Spur Line Gas Deliveries	Comment Noted

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(including Pre-Build opportunity) to the end of the entire project timeline.	
6. No Commitment to Priority of Construction on Northern and Alaska Pipeline Legs.	Comment Noted
7. No Acknowledgement that an In-State 500 mmscfpd Project is Outside the Exclusivity of AGIA License Sought (see AS 43.90.440(a) & (c)(1)).	Comment Noted
8. No Terms and Conditions Specified for NGL Extraction / Gas Reinjection in Alaska for Wholesale Propane Facilities and Straddle Plants.	TC Alaska discusses the options for NGL extraction in section 2.2.3.15 of its application including the possible construction of new extraction facilities in Alaska but does not propose specific terms and conditions. The RFA did not require specific terms and at this point more information about the market requirements would be needed to do so.

Alaska State Legislature- Paul Seaton, Representative 3/06/08 (301K)

TransCanada AGIA application Public comments of Representative Paul Seaton	
COMMENT NUMBER 1 AGIA page 4 lines 17 through 20 requires the applicant to thoroughly describe how is intends to address the “carbon emissions” generated through the project. I find no discussion of the topic in the application. Since at full compression the proposed project could double or triple the entire CO2 output of the State of Alaska, the economic consequences of failure to address this could make the project uneconomic if such a price for “carbon tax” or “cap and trade” expenses are rolled into the tariff. Alternatively, if cap and trade credits are generated because the carbon produced is sequestered and those credits are then sold or “traded” to others, there is no indication as to whether that credit would be kept by TransCanada as additional profits, would be used to reduce the pipeline tariff, or otherwise shared with the State. I do not see how an economic value to the	Appendix S of the TC Alaska application sets forth their position on "Climate Change and Air Issues". They are also obligated and committed to comply with all air quality regulations that apply to any of the facilities required for the proposed Alaska Pipeline Project (APP). Although there is ongoing review of this area by the US Environmental Protection Agency (EPA), because no regulations exist, TC Alaska cannot provide details of how they would comply with unknown future requirements. Most analysts assume some sort of federal climate change legislation, including a "Carbon tax" or "cap and trade" system will be implemented in the future. Although it is difficult to know what form this system may take, it is likely that it will be addressed to some degree in the arrangements between the APP shippers and TC Alaska.

COMMENT	RESPONSE
State can be generated without specificity of a proposal to deal with the economic issue of carbon emissions as required in AGIA for this reason.	Any such taxes or credits are expected to have a notable impact on both the price and demand for natural gas. The EIA has factored this into their 2008 revised Annual Energy Outlook, which was one of the price projections used in the analysis of TC Alaska's AGIA application. However, since was not assumed in the other price models used (B&V / Wood Mac), the analysis represent a very conservative price estimate.
COMMENT NUMBER 2 I am concerned that there has been little attention paid to the market price at the terminus of the project in calculating the adequacy of value to the state for its resources. Preliminary information provided by professionals is that the central North American market for gas has diverged from the BTU equivalent pricing between gas and oil while other hubs accessible to our gas from a different transportation mode maintain a rough BTU pricing equivalency. The result of this dichotomy is that utilizing the Alberta or Chicago destination the proposal could be committing our gas for 20 to 35 years into the lowest price market in the world. I have included three charts from international sources to illustrate this point. The first is a single day "flag" of the major world hub prices from January 29 this year; the second is a 6 month retrospective of world hubs; and the third is a graph of 6 month forward looking gas prices (exchange or spot cargoes) of US, UK, Japan, and Korea. The forward looking graph shows a minimum of 50% to maximum of 120% estimated increase in final value to these other markets over the value at the US hub. Additionally, I understand there is about a $0.75 or 10% lower value/mmbtu if the gas is delivered to the proposed Alberta hub. Please address this market differential and the projected value difference over time. (3 pages of attachments – figures)	The purpose of the Administration's analysis is to determine whether the application by TC Alaska provides a sufficient value to the state. This would not be possible without careful consideration of the different market options for Alaska natural gas. In its analysis the state has hired experts in both North American gas pricing and worldwide LNG pricing to determine to determine the long-term price outlook in these different markets. For more information on price forecasts, please see Chapters 3 and 4.
COMMENT NUMBER 3 How can we ignore the potential of tripling the CO2 output from the state by the operation of 34 gas turbine compressors required for the line through Canada? Alaska already has the highest per capita CO2 output in the nation	The report referenced in this Comment (from Environ International Corporation) concludes by saying that this technology is in the research and development phase and that

COMMENT	RESPONSE
and this state is experiencing the most severe impacts of global warming. Why has the applicant ignored the utilization of hydrogen stripped from natural gas as the fuel source? The discussion on appropriate technology to deal with CO2 output is well underway. DEC has received a report on the feasibility of converting North Slope natural gas turbines to operate on hydrogen (see attached). This or similar research not been analyzed or utilized in the application for CO2 reduction. (Environ Report "Analysis of Converting NS Gas Turbines to Operate on Hydrogen" attached)	"significant progress in using H2 and H2 based fuels for gas turbine applications is *anticipated* in the next 3 to 5 years". It further concludes that "It is *anticipated* that such technologies will continue to be improved and that they can be available for applications such as those on the North Slope in the next 5 to 9 years". Project design, equipment selection and economics cannot realistically be based on technologies that are not proven. However, nothing prevents TransCanada from using such technologies if they prove to be sufficiently economic production during the time equipment is selected for the project.
COMMENT NUMBER 4 Under AGIA the debt/equity ratio on the gasline must be set at 70/30. What protects the state from TransCanada building a small bullet line as the first stage of the project at a 70/30 debt equity ratio, and then under the expansion provision creating a large line at a 60/40 debt equity ratio? Does the applicant believe that it has the ability to change debt equity terms from those required in AGIA? Does the Administration believe that a 60/40 debt equity ratio for expansion conforms with the requirement of AGIA? Can the Administration change that proposed term in negotiation with the applicant or can the Legislature change that inconsistent term when/if it has a proposed license for approval?	The results of our analysis indicate that the success of this project will require the economies of scale associated with a large-scale initial project, which TC Alaska has indicated as having at least 3.5 Bcfd of initial gas. Under the terms of the RFA, any change to this project plan would need prior approval of the commissioners. For this larger project, TC Alaska has committed to support a debt-equity ratio of 75/25 before the FERC for rate making purposes. They have similarly proposed a 60/40 debt-equity structure be used for expansion rate making. The Administration believes this is consistent with the terms of AGIA. These terms are spelled out in the AGIA statute alongside the state's commitments to any AGIA licensee. Neither the Administration or legislature are able to condition the terms of an AGIA license prior to approval. However, the state is not committed to support elements of the project which fall outside the scope of the AGIA statute or RFA. This would allow the state to support any debt-equity structure it views as being in its best interest during rate-making determinations before the FERC.
COMMENT NUMBER 5 Re: TransCanada license application page 2.2-64 section 4) *NGL Processing Facility*	While NGL processing capacity already exists

COMMENT	RESPONSE
	in Canada, regulations are currently under review in Alberta which could modify the terms for NGL extraction in the province.
TransCanada provides expectation for all NGLs to be handled by the existing processing facilities in Alberta where existing spare capacity is anticipated at the Straddle Plants by the time of pipeline operation startup. An alternative is allowed at 2.2-77 - 3) “Alternatively, a new NGL processing complex could be constructed in Alaska, or at any point on the Pipeline System.” This is identified “for access into higher value markets” although it identifies these markets as “across the northern tier of the US and Eastern Canada.”	The State’s experts have considered the relative values of NGLs in their comparative NPV analyses. This is particularly important with regards to LNG export. Because of the need for richer gas in Asian markets the potential for NGL extraction is limited. For a gas pipeline in to Canada the potential for NGL extraction is better, but this would largely be for markets within the US and Canada.
For determination of adequate value to the state please analyze the different comparative markets throughout the Pacific Rim and not just confine our prospective value to the Canadian/North American market.	Export of strictly NGLs to markets outside of North America is not likely to be feasible apart from a full LNG export project. This may be possible, however, through a potential Y-line project in the future.
COMMENT NUMBER 6 Re: Page 2.2-77 – 2) *Alberta’s NGL Extraction Rights Convention* It appears that the value of NGLs included in the pipeline would be at risk under current law in the Alberta System as they are allocated to the “export delivery shipper.” TransCanada supports a complete reversal of those extraction rights to the “Receipt Shippers” but analysis needs to be made of the differing value to the State of Alaska under the both scenarios. What is the Administration’s confidence level for the enactment of a new law in Canada (and Provinces) that will allocate the extraction right to receipt shippers instead of export delivery shippers?	If the current NGL extraction convention is not changed, and the gas delivered in Alberta is valued for royalty and tax purposes on a keep-whole, heat equivalent basis, then the State loses around 20% of its NPV at 5% in the current base case. This would be unacceptable. The State and the administration are confident that either the current convention will be changed to provide extraction rights to receipt shippers, or a special accommodation will be provided for Alaska gas. Without this, Alberta would risk losing a valuable business opportunity because the State and the producers would explore different options to ensure that the State and the producers received fair value for their NGLs. The State of Alaska is working to bring about a change in the convention. The Alberta Utilities Commission is currently holding a proceeding to examine changing the NGL extraction convention. The Commission’s hired expert, Ziff Energy, has listened to the State of Alaska’s concerns, and has testified that “Given projects to move Alaska gas to market include alternatives to bypass Alberta or to utilize Alberta pipelines

COMMENT	RESPONSE
	and extraction facilities, Ziff Energy believes that having a system in place that allocates extraction rights at the receipt point, and which provides rights to take in kind, would be an encouraging factor in the SOA's analysis." For more information on this subject, see page 129 of Alberta NGL Extraction Conventions, Ziff Energy Group Report. The report can be found online or by contacting the Alaska Department of Natural Resources.

Alaska State Legislature- Ralph Samuels, Representative Ralph Samuels, Chair legislative Budget & Audit Committee 3/06/08 (316K)

Under the Alaska Gasline Inducement Act, the State of Alaska, through the Department of Natural Resources and the Department of Revenue, issued a Request for Applications on July 2, 2007. Of the five applicants who met the statutory deadline only one applicant met the minimum requirements of the statutes. AGM has provided for a 60-day review and public comment period. Please consider this letter my response to that public comment opportunity. The Legislative Budget and Audit Committee has sent a number of requests for information to TransCanada Pipelines Limited. The topics covered included open seasons, expansions, the Alberta Hub, cost overruns, and the economics of the project. We feel it is essential for the legislature and the administration to have the answers to these questions before moving forward with a recommendation for a license. We request the administration pursue the answers to these questions and incorporate their response as a part of the record in this public hearing process. Also, please consider this a request for the administration to answer the questions we have previously posed to TransCanada. The letters to TransCanada Pipelines Limited requesting information are attached. We look forward to your response to the attached questions. Sincerely, Representative Ralph Samuels LETTER ONE:	The letters and TC Alaska's responses were considered as part of the AGIA evaluation. The commissioners do not offer additional responses as TC Alaska is best suited to respond concerning their intent and information in their possession. Of course, the commissioners and their consultants will be available to respond to questions concerning the evaluation process and conclusions in the Special Session.

COMMENT	RESPONSE
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 lopping? 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 1bcf/d two years after first gas (compression only). b. Second expansion approximately 1bcf/d four years after first gas (compression only—completes expansion by compression). c. Third expansion approximately 1bcf/d six years after first gas	

COMMENT	RESPONSE
(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. LETTER TWO: 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 second request for additional information and clarification on issues surrounding your AGIA application. This letter addresses open season and expansion as it relates to reserve requirements and off-take locations. 1. When companies bid expansions (especially smaller companies), do they usually have 100% of the reserves identified to back up their bid, e.g. for a 20 year FT commitment? 2. When larger companies bid at open season, even the initial open season, do they need 100% of the reserves identified to back up their bid, e.g. for a 20 year FT commitment? 3. What is the expected time commitment you will require at the initial open season, e.g. for a 20 year FT commitment, 25 year FT commitment? Would you consider changing that requirement if	

COMMENT	RESPONSE
circumstances warranted? 4. Could there be other options or will all bidders be required to bid 20 or 25 years? 5. Will a non-binding open season help you make that determination? 6. What is the expected time commitment you will require for the expansion open season? 7. Does the size of the expansion make a difference? 8. Will you have non-binding open season prior to an expansion or is your periodic solicitation (every two years) sufficient? 9. In Alaska, someone may bid one of several off-take locations. Will that option be available in Canada? For example, if someone wanted to take gas off at Whitehorse and send it to Southeast Alaska, will that be an option in the initial open season or in any of the expansions? 10. It is difficult to see 20 to 40 years out and what may be available to the State at that time. What if someone wanted to take their gas prior to entering the Alberta Hub and shop it south or north? Will that option be provided in the open season or in any of the expansions? Again, we look forward to your timely response to these questions. LETTER THREE: February 29, 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 third request for additional	

COMMENT	RESPONSE
information and clarification on issues surrounding your AGIA application. This letter will focus on questions relative to the Alberta Hub. Executive Summary p.4, states, “That system[Pre-Build] currently consists of approximately 15,000 miles of pipe, 50 compressor stations, 1,000 receipt points and 200 delivery points.” 1. What can we expect to pay at the receipt points for entry into the TransCanada system? 2. Will Shippers have the option of entering the Hub at more than one receipt point? 3. What can we expect to pay at the delivery points upon exiting the TransCanada System? 4. How is the fee for the exit point computed? Executive Summary p.4, states, “TransCanada is exploring options to move the Alberta System Receipt Point upstream of Boundary Lake to Fort Nelson, British Columbis. The objective would be to deliver toll savings to the Alaska Shoppers by providing them with an equivalent toll from Fort Nelson to the Alberta Hub, as if the Pipeline System from Fort Nelson to Boundary Lake were integrated into the Alberta System.” Project Description 2.10-7 states,”…this would provide the Alaska Shippers a toll saving in the range of $0.15/mmBtu to $0.20/mmBtu or approximately $275 million to $370 million per year.” 1. Please explain how this would work. Do the receipt and delivery point costs stay the same? Executive Summary p.17, states,”…TransCanada’s proposed Project yields an expected aggregate undiscounted direct cash flows during the first 25 years of operations commencing in 2018 of: • $207 billion to the Alaska Shippers after taxes and royalties; • $131 billion to the State of Alaska;	

COMMENT	RESPONSE
• $52 billion to the United State federal government; and • $17 billion to TransCanada in equity return." TransCanada's value was attributed to equity return on the pipe. 1. Does the equity return on the pipe include your receipt fees for entrance into the Hub and exit fees from the Hub? 2. What is your expected aggregate undiscounted direct cash flow from those receipt and exit fees? 3. What further benefit does TransCanada receive from using its pipeline downstream of the Hub? Project Description p.2.1-1, states, "the Alaska Pipeline Project as proposed by TransCanada would connect natural gas from the North Slope of Alaska to all major markets in North America via the existing Alberta Hub…extending from Boundary Lake to the Alberta Hub and providing connection to the existing Foothills Pre-Build." 1. Are the shippers required to use the Alberta Hub? 2. Are they required to use the Foothills Pre-Build? Project Description p.2.1-11, states, "When Alaska natural gas reached the BC/Alberta border, Shippers would contract with the Alberta System and enter the Alberta Hub." 1. Is this a requirement of the TransCanada application or a recommendation? 2. Will a Shipper be provided an opportunity at the open season to ship gas to an alternate receipt point other than the Alberta Hub? We look forward to your timely response to these questions. LETTER FOUR: February 29, 2008 Anthony M. Palmer Vice-President Alaska Development	

COMMENT	RESPONSE
TransCanada PipeLines Limited 450 – 1st Street S.W. Calgary, AB T2P 5H1 Canada Dear Mr. Palmer: This letter is our fourth request for additional information and clarification on issues surrounding your AGIA application. This letter will focus on questions relative to rates. On December 14, 2007, TransCanada responded to a December 11, 2007, letter form the Department of Natural Resources. In its response to State of Alaska Request #4, TransCanada stated that, "TransCanada determined that an equitable and balanced proposal would include firm service for 25 or more years, authorized overrun service ("AOS"), but no other interruptible service for the initial years. Although TransCanada recognizes the State's interest in offering interruptible service other then AOS in the initial years could make it more difficult to obtain financing for the initial Project." The State is interested in offering interruptible service to delivery points in Alaska. Can TransCanada define what it means by initial years? Are the initial years the term of years committed to by the shippers at eh first binding open season, i.e., 25 to 35 years, or could the initial years be a term of years less then that? In the same response letter TransCanada goes on the say, "TransCanada will utilize all revenues collected from AOS to first service the Capital Cost Overrun Loan. Once the Capital Cost Overrun Loan is repaid in full, TransCanada will credit all AOS revenues to the account of the firm transportation shippers." Please explain more fully how this works through the use of an example. Executive Summary p.13, states, "The rate of return on equity will be set annually at 965 basis points about the rate for U.S. 10-year	

COMMENT	RESPONSE
Treasury Note in effect at the beginning of that year." 1. Is this a common means for establishing return on equity in Canada or the U.S.? 2. How is return on equity normally established in Canada and in the U.S.? 3. How is the present proposal consistent with or different than what is normal in Canada and the U.S.? Executive Summary p.14, states, "Consistent with FERC's Open Season regulations, the Alaska Section would provide a distance sensitive transportation rate for deliveries and receipts within the State. If acceptable to FERC, one single in-State zone based on weighted average volume distance will be created to represent all in-state deliveries. In accordance with AS 43.90.130(12), TransCanada commits to provide a minimum of five in-State delivery points…with one of these points anticipated to make gas available to a potential intrastate pipeline delivering gas to the Alaska Rail Belt region." 1. Please explain how the weighted average volume distance works. 2. Do you use the distance to the border in your calculation or the distance to the last delivery point in Alaska? The application states one of the delivery points may make gas available to a potential intrastate pipeline that would make deliveries to the Alaska Rail Belt region. However, the possibility of an off-take point for LNG export is not discussed. 3. Will the option for an off-take point for LNG export also be accommodated in the open season? 4. Will a distance sensitive rate be available for this option as well? Executive Summary p.16, states, "TransCanada will work with the State to jointly seek authorization to use the Federal loan guarantee available for the APP to fund any loans using a toll surcharge that is only to be paid when natural gas commodity prices at the Alberta Hub are above a pre-determined minimum threshold."	

COMMENT	RESPONSE
1. When will the Shoppers know the pre-determined minimum threshold? 2. Will they know by the initial binding open season? 3. How will the pre-determined minimum threshold be determined? You mentioned that the Negotiated Rate shippers will have this alternative available, how will it affect eh recourse rate shippers in Alaska? Development Plan pp.2.2-67-68, state, “For the purposes of tariff/toll calculations herein, TransCanada has assumed the rate of return on equity would be 14% throughout the Project Development, Execution and Operations Phase.” 1. If the NEB or FERC authorize less than a 14% rate of return, do any of the other proposed TransCanada terms change? For example, the 2% cost overrun reduction in rate of return? 2. Will the State be required to support TransCanada’s proposed 14% rate of return on equity before the FERC and NEB? We look forward to your timely response to these questions. LETTER FIVE: February 29, 2008 Anthony M. Palmer Vice-President Alaska Development TransCanada PipeLines Limited 450 – 1st Street S.W. Calgary, AB T2P 5H1 Canada Dear Mr. Palmer: The Legislative Budget & Audit Committee has contracted with several individuals and firms to be responsive to applications submitted to the State for a gas pipeline. At present we have Econ One Research, Inc., Dr. John A. Neri of Benjamin Schlesinger, Inc., Dan E. Dickinson, CPA, and Steven B. Porter.	

COMMENT	RESPONSE
We have asked all of our consultants to review your proposal and they all have the same request. Please provide your spreadsheets in electronic format with the formulas intact with a list or schedule of inputs. This information is not available in the DNR data room and our consultants need the information to fully understand the TransCanada proposal. We look forward to your quick response to this request. Thank you.	

City of Delta Junction- Mary Leith-Dowling, Mayor 3/05/08 (209K)

The city of Delta Junction wishes to make a formal comment on the AGIA Gasline and Application of TransCanada. We thank the Governor for holding one of the statewide meetings in Delta Junction. The presenters, Joe Balash and Allison Iverson were very well versed in the subject and answered questions directly and understandably. We also appreciated Commissioner Irwin stopping by at the end on the way from the Tok meeting. We wish to make 3 major points:	Comment Noted
1. It is our understanding that AGIA does not directly address impacts (particularly construction period) to communities along the proposed pipeline route. Please note that there are hundreds of miles of pipeline proposed by TransCanada within Alaska that are outside organized local government areas and thus exempt from local taxation or other forms of local oversight. The area we are most familiar with is the approximately 250 miles between the Fairbanks Northstar Borough and the Canadian border (minus the 10 miles within the Delta City limits). Any contract with TransCanada should include funds for impacts in the unincorporated areas whether they be with formal Municipalities serving a surrounding population (like Delta Junction), a Tribal entity, or a non-municipality such as Tok. The old Stranded Gas Act did recognize the	The Municipal Impact Analysis (MIA) was generated to advise the Commissioner of Revenue on the economic and revenue impacts of the project proposed under the Stranded Gas Development Act (SGDA). The project considered in the MIA was very similar in scope to the one now proposed by TC Alaska. Both projects proposed following the same route and would likely have a similar impact on communities. Funding recommendations made in the study were not included within the terms of the SGDA contract, nor is it appropriate to included them as part of the AGIA licensure process. However, the analysis will serve as a valuable tool for lawmakers to consider moving forward to pipeline construction. Comment Noted

COMMENT	RESPONSE
needs of the unorganized areas and Delta provided a representative to the Municipal Advisory Group (MAG) which proposed several hundred million dollars in impact funds statewide to counteract the major impacts of construction. (Offset by restrictions on local gas line taxation). For specific example, population in the Delta/Greely School District is currently estimated by the Alaska Department of labor to exceed 4,600, all living within 30 miles of Delta Junction (only about 1,000 of these lie within the City limits). The Delta/Deltana area may well be the largest population concentration in the State mostly outside of any local government. The Delta area population is clearly larger than that of the City of Valdez. There will be major impacts during construction on the local population and there must be formal local interaction of local "officials" with whoever constructs the gas line (for example, the weight of the gas pipe may require Delta to experience up to triple the truck traffic experienced during of construction of TAPS).	
2. The Gas line will have large temporary and continuing influences on the Delta area. The City of Delta Junction is interested in 3 specific items: a) consultation with TransCanada on location and placement of the likely needed temporary construction camp in the Delta area, b) participation in discussions on the siting of a permanent compressor station in the Delta area, and c) siting of a gas line off take in the Delta area.	TC Alaska's development plan spells out a clear process for consultation with local governments. This will allow an opportunity for stakeholders to discuss local needs with TC Alaska in order for them to respond appropriately. The location of off-take points will be negotiated between TC Alaska and the state prior to project sanction. Nevertheless, it is likely that one will be located in or near Delta Junction. This should provide an opportunity for gas off-take in the area for either local use or for a bullet line to Southcentral.
3. Open Season concerns and use of Alaska Royalty Gas in Delta. Specifically, concerns about an open season in 2009 that might possibly preclude the Delta area from obtaining gas to utilize an off take. Operating an off take is an expensive proposition probably requiring a fairly large population or large industrial users. However, we guess that	Firm Transportation commitments made at the initial open season are most likely to be made by shippers (producers) on a ship-or-pay basis. Parties wishing to buy gas will not be expected to make commitments during the open season, but will need to negotiate purchasing with parties who hold capacity in the line.

COMMENT	RESPONSE
it is unlikely that the Department of Defense would decide to enter into a “take or pay” open season commitment for gas in 2009 for first delivery in 2017. We also have no idea what the owners of TAPS might choose to do in 2009. Our point here is that to foster Alaska use of natural gas, the State must be willing to make at least its royalty gas available in smaller communities with financially feasible projects with our gigantic lead times and without very long term contract requirements. That includes reserving some royalty state gas availability for the future and to not contractually commit the full amount of Alaska royalty gas to big projects. Thank you again for holding the meeting in Delta and this chance to comment. The gas line will be a boom to all of Alaska, but please don’t ignore the needs and expertise available in the unorganized areas. Sincerely, Mary Leith-Dowling	The state’s right to switch between taking its royalty gas in value and in kind, is preserved under the terms of AGIA. AGIA also requires a licensee to hold a non-binding open season every two years to assess the need for additional shipping capacity. This should allow buyers to acquire gas from off-take points at a later date, and enable the development of smaller local projects.

FEDERAL AGENCIES

COMMENT	RESPONSE
Advisory Council on Historic Preservation - Don Klima, Director, Office of Federal Agency Programs 2/28/08 (141K)	
Dear Commissioners Irwin and Galvin: Thank you for providing the Advisory Council on Historic Preservation (ACHP) with an opportunity to review and comment on the application filed by TransCanada with the State of Alaska under the Alaska Gasline Inducement Act (AGIA). It is our understanding that this application has been forwarded for our review because it is the only one deemed complete by the State of Alaska. We have limited our review of this application to those issues that relate directly to Section 106 of the National Historic Preservation Act (NHPA) and its implementing regulation, “Protection of Historic Properties” (36 CFR Part 800). Since the ACHP oversees the process established under these regulations, the scope or our review has been limited to Section 106 historic preservation issues. The ACHP’s review of the TransCanada AGIA application has identified the following prominent issues:	
• There are several instances where TransCanada’s application refers only to “all major regulatory filings,” without defining exactly what this means. Consistent with this approach, Appendix P1 lists only the major U.S. regulatory approvals that TransCanada has determined would be required for the proposed pipeline. This listing of major regulatory approvals, however, does not include Section 106 and its implementing regulations. It is possible that Section 106 review was omitted because compliance with the ACHP’s regulations will be the responsibility of the Federal Energy Regulatory Commission (FERC) and possibly other participating federal agencies. However, failure to consider the early coordination of this requirement with other federal obligations and state laws could impact the proposed project schedule.	In accordance with the The Alaska Natural Gas Pipeline Act of 2004 and the Energy Policy Act of 2005, the Federal Energy Regulatory Commission (FERC) is the coordinating agency for the NEPA environmental review and the processing of all federal authorizations relating to proposals for infrastructure under FERC’s jurisdiction.

COMMENT	RESPONSE
• The ACHP also has been omitted from the stakeholders listed in Appendix G. Given the scale of the proposed project and our commitment under the terms of the Federal Interagency Memorandum of Understanding, the ACHP plans to closely monitor project development so that we can participate in a timely manner as needed. Although Appendix G does list the Alaska Department of Natural Resources (DNR) as a stakeholder, it should identify specifically the Alaska State Historic Preservation Office (SHPO) who has an important role in the Section 106 process. Coordination with the SHPO, early and often, is critical to meeting the projected schedule and milestones.	TC Alaska's Stakeholder Issues Management Plan is discussed in detail in Section 2.2.2 and Appendices B-9 and G of its application. This plan will be reviewed by the FERC in the context of its NEPA review. The commissioners reasonably expect that TC Alaska's actual application for project authorization will be reviewed by the FERC and that TC Alaska will comply with any conditions imposed by the FERC.
• Appendix G also does not indicate the Alaska Native stakeholders for which government-to-government consultation would be appropriate. This is an important early consideration in successfully planning for and conduction consultation under Section 106. While we recognize the efforts that have already been made to inform and involve Alaska Native stakeholders, failure to factor the federal government-to-government responsibility into Section 106 planning and decision-making could negatively affect the project schedule. • According to the application, during the development phase, TransCanada proposes to complete a plan for managing communications with "key stakeholders." However, the application does not appear to identify who these "key stakeholders" might be, how they will be selected or on what basis. Elsewhere in the application, TransCanada refers to "those stakeholders with the greatest interaction with the project," but then does not explain how this qualification will be determined or by whom. It also is not clear from the application if those who meet this qualification are also considered "key stakeholders."	TC Alaska has included in its stakeholder's listings numerous Alaska Native groups, corporations, villages, councils and entities. (Appendix G to TC Alaska's Application) TC Alaska has shown that it is aware of Alaska Native stakeholder issues. It is the policy of the state to preserve and protect the historic, prehistoric, and archeological resources of Alaska from loss, desecration, and destruction. Appropriate permitting will take place and will include consultation with the appropriate agencies. The state expects the Department of Natural Resources and the State Historic Preservation Office to be involved with the NEPA process.
• Based on the application, those with the "greatest interaction with the project" would	Comments noted.

COMMENT	RESPONSE
receive information about "potential adverse environmental impacts." It is not clear why this information is restricted only to these parties. More importantly, such an approach may not be consistent with the ACHP's regulations where "consulting parties," such as the ACHP, the SHPO and Indian tribes as defined in 36 CFR § 800.16(m), are provided access to critical project information so that they may effectively and actively participate in federal decision-making. Will Section 106 consulting parties be considered "key stakeholders" or those with "great interaction" with the project?	
• In the discussion of stakeholder involvement, the application also is not clear on what is meant by the term "consultation." Under the ACHP's regulations (36 CFR §800.16(f)), consultation is "the process of seeking, discussing and considering the views of other participants, and where feasible, seeking agreement with them regarding matters arising in the Section 106 process." Does consultation have the same meaning when used in TransCanada's application?	The RFA required that only major permits be addressed in the applications, including TC Alaska's application. Due to the enormity of the scope of the project the number of total permits required is large. The commissioners reasonably expect that TC Alaska will comply with all applicable regulations and laws.
• According to the application, the final scale and scope of the environmental field studies will be based on discussions with "regulatory agencies and local community representatives." Is it the intent to solicit input on these proposed studies from all, or just certain stakeholders? How would a disagreement between TransCanada and a stakeholder about the level of effort be resolved?	Scoping meetings are a way to identify potential issues, impacts and data gaps. Scoping is a process which involves the public and local governments as well as state and federal agencies. It is expected that all stakeholders will have the opportunity to give input on data gaps and the need for additional environmental studies. FERC as the lead agency in the NEPA process will be ultimately responsible for the final scale and scope of environmental studies.
• Finally, TransCanada anticipates that the protection of heritage and cultural resources will be an important stakeholder issue. Under this concern, we would include consideration of archaeological resources, especially in that part of the proposed alignment from Delta Junction to the Canadian border where little is know about these types of resources. However, it should not be assumed that other segments of the proposed alignment, which were studied in the 1970's, deserve no further scrutiny. While these studies, which are now	FERC will require archeological surveys for the project.

COMMENT	RESPONSE
over thirty years old, could offer useful information, much has changed in our approach to historic preservation and understanding of Alaska's past. Accordingly, additional survey may be necessary to augment and update the previous work. It is not clear if the proposed project schedule takes into account this need. We hope that you find this review helpful in completing your evaluation of the referenced application. Should you have any questions or require further assistance, please do contact Laura Dean, Ph.D., at 202-606-8527 or via e-mail at ldean@achp.gov Sincerely, Don Klima	

National Oceanic and Atmospheric Administration - James W. Balsiger, Acting Assistant Administrator for Fisheries 3/05/08 (222K)

Dear Commissioners Irwin and Galvin: The National Oceanic and Atmospheric Administration's (NOAA) National Marine Fisheries Service (NMFS) has reviewed the TransCanada application to the State of Alaska regarding the construction of a pipeline to ship natural gas to markets in the lower 48 states via Canada. We appreciate the opportunity to comment on the application at this early stage. Although the application outlines a general prospectus of the project, it does not include enough detail to allow NMFS to develop project-specific recommendations. As a result, NMFS encourages the agencies and companies involved in the project to interact with NMFS early and regularly throughout the planning process, providing construction and operation information as it is developed. This early coordination will enable NMFS to provide information concerning our responsibilities under the Endangered Species Act, Marine Mammal Protection Act, Fish and Wildlife Coordination Act, and Magnuson-Stevens Fishery Conservation and Management Act. We also encourage TransCanada to consider potential effects to NOAA trust resources as planning for the project moves forward. Based on our early review of the application,	See response to Environmental Protection Agency below.

COMMENT	RESPONSE
NMFS would like to highlight the statutory responsibilities that could be relevant to planning, constructing, and operating the proposed pipeline. Magnuson-Stevens Fishery Conservation and Management Act Section 305(b) of the Magnuson-Stevens Act requires federal agencies to consult with NMFS on all actions they authorize, fund, or undertake that may adversely affect Essential Fish Habitat (EFH). The pipeline project is likely to require a number of federal permits and/or licenses. If any of those federal actions would adversely affect EFH, NMFS is required to make conservation recommendations that may include measures to avoid, minimize, mitigate, or otherwise offset adverse effects. Under section 305(b)(4) of the Magnuson-Stevens Act, the federal action agency is required to respond to the EFH recommendations in writing within 30 days. If the response is inconsistent with the recommendations, the federal action agency must provide an explanation. Additional information regarding habitat considerations in Alaska can be found at www.alaskafisheries.noaa.gov/habitat.	
Endangered Species Act Section 7(a)(2) of the ESA requires that each federal agency, in consultation with the Secretaries of the Interior and Commerce, ensure that any action authorized, funded, or carried out by such agency is not likely to jeopardize the continued existence of any endangered or threatened species or result in the destruction or adverse modification of critical habitat of such species. Under joint NMFS and U.S. Fish and Wildlife regulations (50 CFR Part 402), federal agencies are required to consult with NMFS whenever an action they conduct, fund, or permit may affect ESA-listed species or designated critical habitat under NMFS jurisdiction. Upon request, NMFS can provide a list of the species that may be present in the action area. The federal action agency must determine whether the planned activity may affect the species or critical habitat. If the agency makes such a determination, it would then enter into either "informal" or "formal" ESA consultation,	Comment Noted

COMMENT	RESPONSE
during which time the effects of the proposed action would be evaluated. Additional information regarding protected resources in Alaska can be found at www.alaskafisheries.noaa.gov/protectedresources.	
Marine Mammal Protection Act Under the MMPA, it is generally illegal to "take" a marine mammal without prior authorization from NMFS. "Take" is defined as harassing, hunting, capturing, or killing, or attempting to harass, hunt, capture, or kill any marine mammal. Except with respect to certain categories of activities not pertinent here, "harassment" is defined as any act of pursuit, torment, or annoyance which has the potential to injure a marine mammal in the wild, or has the potential to disturb a marine mammal in the wild causing disruption of behavioral patterns, including, but not limited to, migration, breathing, nursing, breeding, feeding or sheltering. Under the MMPA, the Secretary of Commerce, throngh NMFS, may authorize the take of small numbers of marine mammals incidental to otherwise lawful activities (except commercial fishing), provided that the takings would have no more than a negligible impact on those marine mammal species and would not have an unmitigable adverse impact on the availability of those species for subsistence uses. An activity has a "negligible impact" on a species or stock when it is determined that total taking by the activity is not reasonably likely to reduce annual rates of survival or annual recruitment (i.e., offspring survival and birth rates). Most incidental take authorizations to date have involved the incidental harassment of marine mammals by sound. In the event that any aspect of the proposed pipeline project will result in a "take" the project applicant would be required to obtain an incidental take authorization in advance from NMFS. See 16 U.S.C. § 1371(a)(5)(A) and (a)(5)(D).	Comment Noted
Thank you again for the opportunity to comment on the TransCanada application. If you have any questions regarding the NMFS	

COMMENT	RESPONSE
comments, please contact LT(jg) Jonathan Taylor in the NMFS Alaska Region Office. He can be reached at jonathan.e.taylor@noaa.gov, or by telephone at (907)271-2373 Sincerely, James Balsiger	

U.S. Coast Guard - Hala Elgaaly, Administrator, Bridge administration Program 3/05/08 (237K)

The U.S. Coast Guard and Transportation Security Administration should be included within the list of stakeholders.	The U.S. Coast Guard will be included in the list of stakeholders when permitting activities begin.
It should be noted that other agencies within DHS will become more involved as the project progresses. Other security issues such as for a new pipeline would have to be addressed by the Transportation Security Administration's Pipeline Security Division, for example.	Appropriate agencies will be involved in the permitting process.

U.S. Department of Agriculture- Dennis Bschor, Regional Forester 2/28/08 (142NK)

Dear commissioners: Thank you for the opportunity to review the TransCanada Gas pipeline application. The existing Trans Alaska pipeline System from Prudhoe Bay to Valdez does not cross National forest System (NFS) lands. Since the gas pipeline proposal with the option to Valdez follows the existing oil pipeline, NFS lands would not be affected with this project. Therefore, we will not need to be further involved with this project as it is currently proposed. If the project proposal changes with potential to affect NFS lands, we request to be notified. Please contact Roger Birk of this office at 907-586-8843 if you have any questions or comments. Sincerely, Dennis Bschor	Comments Noted

U.S. Department of Agriculture Forest Service - Gregory Smith, Director of Lands 3/05/08 (217K)

COMMENT	RESPONSE
Dear Commissioners Irwin and Galvin: Thank you for the opportunity to review the Trans Canada Gas Pipeline application. The existing Trans Alaska Pipeline System from Prudhoe Bay to Valdez does not cross National Forest System (NFS) lands. Since the gas pipeline proposal with the option to Valdez follows the existing oil pipeline, NFS lands would not be affected with this project. Therefore, we will not need to be further involved with this project as it is currently proposed. If the project proposal changes with potential to affect NFS lands, we request to be notified. Please contact Mr. Roger Birk, Lands Specialist of Region-10 (Alaska), at 907-586-8843 if you have any questions or comments. Sincerely, Gregory C. Smith Director of Lands	Comment Noted

U.S. Department of Defense - Mike Rabbe, Chief, Regulatory Division 3/05/08 (218K)

Dear Commissioners Irwin and Galvin: The purpose of this letter is to provide preliminary pre-scoping comments regarding the AGIA application. It has been assigned number POA-2008-129 which should be referred to in all correspondence with us.	Comment Noted
This proposal was reviewed pursuant to Section 10 of the Rivers and Harbors Act of 1899 and Section 404 of the Clean Water Act as well as other regulatory guidance which will be explained below. Section 10 requires that a Department of the Army (DA) permit be obtained for certain structures or work in or affecting navigable waters of the U.S., prior to conducting the work (33 U.S.C. 403). Navigable waters of the U.S. are those waters subject to the ebb and flow of the tide shoreward to the mean high water mark, and/or other waters identified as navigable by the Alaska District. Section 404 of the Clean Water Act requires that a DA permit be obtained for the placement or discharge of dredged and/or fill material into waters of the U.S., including wetlands, prior to conducting the work (33 U.S.C. 1344). It is unclear whether Section 10 waters will be affected by the proposed project. A pipeline	Comment Noted

COMMENT	RESPONSE
bridge over navigable waters will require a Section 9 permit from the U.S. Coast Guard. If for example the pipeline crossing over the Yukon River requires any approach fills, work below the ordinary high water mark would require a Section 10 and a Section 404 authorization from us as well as a Section 9 permit from the USCG. We have, however, preliminarily determined that as currently proposed the project would involve work under Section 404, because the gas plant on the North Slope and the pipeline with attendant features will require the placement of fill material in jurisdictional wetlands and other waters of the U.S. A DA permit will be required.	In accordance with the ANGPA and the Energy Policy Act of 2005, the Federal Energy Regulatory Commission (FERC) is the coordinating agency for the NEPA environmental review and the processing of all federal authorizations relating to proposals for infrastructure under FERC's jurisdiction. The NEPA review is initiated by a request to FERC to use the pre-filing process. Once FERC grants the request, all impacted agencies are notified of a schedule to develop an EIS. FERC then begins public meetings and identifying issues.
We realize that a project at the pre-scoping level is necessarily less detailed than a project that is ready to permit. Our scoping comments at this time are necessarily limited and may not provide you with all of the information that you need to prepare a DA permit application. In order to expedite the permitting of your project we have included some additional guidance concerning information and documentation that may be required for us to satisfy our regulatory responsibilities.	Comment Noted
1. At this time, the TransCanada application has identified the anticipated level of environmental documentation necessary for compliance with the National Environmental Policy Act (NEPA) as an Environmental Impact Statement. Based on the extent of potential impacts to waters of the U.S., including wetlands, we agree.	Comment Noted
2. Our responsibilities under the Clean Water Act require us to review the TransCanada project under the Environmental Protection Agency's, Section 404 (b) (1) Guidelines. Under the Guidelines, the applicant must show that all appropriate and practicable steps to minimize potential impacts of the discharge on the aquatic ecosystem have been considered, and that the current proposal represents the least environmentally damaging practicable	

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alternative. The applicant must summarize the steps that they have taken to avoid, minimize and/or mitigate the unavoidable impacts of their proposed project. The burden of proof to demonstrate compliance with the Guidelines rests with the applicant; where insufficient information is provided to determine compliance, the Guidelines require that no permit be issued, 40 CFR 230.12(a) (3) (iv) .	Comment Noted
3. The least environmentally damaging practicable alternative may include construction in uplands or reducing the size of the proposal to the minimum discharge necessary for the project. An alternative is practicable if it is available and capable of being done after taking into consideration cost, existing technology, and logistics in light of the overall project purpose. If it is otherwise a practicable alternative, an area not presently owned by the applicant that could reasonably be obtained, utilized, expanded, or managed in order to fulfill the basic purpose of the proposed activity may be considered.	Comment Noted
4. Less damaging practicable alternatives that do not involve a "special aquatic site", including wetlands, are presumed to be available. Practicable alternatives include,' but are not limited to: a. activities which do not involve a discharge of dredged or fill material into waters (including wetlands) of the United States; and b. discharges of dredged or fill material at other locations in waters of the U.S.	Comment Noted
5. According to the Alaska Natural Gas Pipeline Act of 2004, the Federal Energy Regulatory Commission (FERC) will prepare an environmental impact statement and consolidate reviews of all federal agencies. FERC will need adequate information for their public interest review, and record of decision. The NEPA evaluation includes secondary and cumulative effects to the aquatic environment from the proposed action. Secondary effects "are caused by the (proposed) action and are later in time or farther removed in distance, but are still reasonably foreseeable" (40 CFR Part	

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1508 Sec. 8). Cumulative effects are those that result “from the incremental impact of the action when added to other past, present, and reasonably foreseeable future actions regardless of what agency (Federal or non-Federal) or person undertakes such other actions" (40 CFR Part 1508, Sec. 7). Before a decision could be made by the U.S. Army Corps of Engineers (Corps) on an application for an individual permit, the applicant will need to provide the Corps with adequate information for us to prepare our record of decision including a 404(b) (1) analysis. Thank you for providing the Corps with this opportunity to provide early comment. You may contact me, or Mr. Mike Holley of my staff, at (907)753-2712, toll free from within Alaska at (800) 478-2712, or by mail at the letterhead address, ATTN: CEPOA-FD, if you have questions. For additional information about our Regulatory Program, visit our web site at www.poa.usace.army.mil/reg. Sincerely, Mike Rabbe	

U.S. Department of Energy - James A. Slutz, Acting Principal Deputy Assistant Secretary, Office of Fossil Energy 3/05/08 (223K)

Dear Commissioner Irwin and Commissioner Galvin: This is in response to your request of January 4, 2008, asking each signatory to the Memorandum of Understanding Related to an Alaska Natural Gas Transportation Project (MOU), to comment on the application submitted by subsidiaries of the TransCanada Corporation (TransCanada) under the State of Alaska's Alaska Gasline Inducement Act (AGIA) process. As a matter of national energy policy, the Department of Energy (DOE) supports the State of Alaska's effort to facilitate a project capable of transporting natural gas from the North Slope of Alaska to the Lower 48 States. Under section 3 of the Natural Gas Act, 15 U.S.C. 718c, DOE has authority to grant or deny import and export licenses of natural gas. In addition, DOE is authorized by section 116 of the Alaska Natural Gas Pipeline Act (ANGPA), 15 U.S.C. 720n, to issue loan guarantees for qualified Alaska natural gas	

COMMENT	RESPONSE
transportation projects.	
TransCanada filed its application under AGIA with the State of Alaska on November 30, 2007. However, TransCanada has not submitted any proposal or application to DOE concerning either a natural gas export or import license or a loan guarantee under ANGPA.	TC Alaska has only submitted an application for the AGIA license and will complete permit applications at the appropriate time.
The only mention of DOE'S loan guarantee authority in the TransCanada application is in reference to an option that would utilize a portion of the loan guarantee to cover potential capital cost overruns. On January 28, 2008, DOE also received from the Office of the Federal Coordinator the following request from the State of Alaska. "Confirm that loan guarantee is available for an LNG project that would deliver gas to U.S. markets via either Canadian or Mexican terminals". The current TransCanada application, however, chiefly proposes to transport natural gas to Lower 48 markets through a pipeline running through Canada. The possibility of making deliveries to an LNG facility is presented solely as an option that may be developed if a planned open season does not yield sufficient demand for pipeline transportation. Additionally, the discussion of the LNG option in the application does not mention the possibility that LNG would be redelivered to U.S. markets through either a Canadian or Mexican terminal. Because DOE may have future legal, regulatory or financial roles to play with respect to the TransCanada application, DOE believes that it is premature for it to offer public comments on the application at this time. We of course continue to be willing to informally discuss the AGIA process and DOE responsibilities with you and other stakeholders at any time. We look forward to working with you and the State of Alaska to expedite the Alaska natural gas transportation project, which will be an important contribution to our Nation's energy security. If you require additional information, please contact me or Ms. Sally Komfeld, at (202) 586- 3814.	Comment Noted

COMMENT	RESPONSE
Sincerely, James A. Slutz	

U.S. Department of the Interior - James Cason, The Associate Deputy Secretary of the Interior, Washington, D.C. 3/05/08 (224K)

Dear Commissioners Irwin and Galvin: The Department of the Interior welcomes the opportunity to provide the State of Alaska comments regarding the TransCanada application filed pursuant to the Alaska Gasline Inducement Act and answers to questions put forth by the State of Alaska. The Department is interested in the success of the Alaska Natural Gas Pipeline Project due to the potential of transporting natural gas from future development of Federal onshore and offshore areas in northern Alaska. Our Nation's security, economy, and quality of life are dependent on adequate and affordable supplies of energy. The Department of the Interior is responsible for protecting and managing the Nation's natural resources and cultural heritage; providing scientific and other information about those resources; and honoring its trust responsibilities or special commitments to American Indians, Alaska Natives, and affiliated Island Communities. As summarized in the following pages, we will review the various Agency responsibilities, general comments, specific comments, as well as address questions the State of Alaska inquired of the Department of the Interior.	
Agency Responsibilities: Bureau of Indian Affairs (BIA) is responsible for administering Federal Indian policy with respect to American Indian tribes, Alaska Native villages, and tribal organizations. The BIA also is responsible for granting rights-of-way, with the consent of Indian owners, across lands subject to Federal restrictions against alienation.	Agency responsibilities detailed in the letter are noted.

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Bureau of Land Management (BLM) has principal responsibility, under Section 28 of the Mineral Leasing Act of 1920 (MLA), for issuing and administering rights-of-way authorizing natural gas pipelines to cross Federal lands, except lands in the National Park System, lands held in trust for an Indian or Indian Tribe, and lands on the Outer Continental Shelf. For the BLM to meet its commitment for an Alaska Natural Gas Transportation project, the BLM will need to: • Support the Federal Energy Regulatory Commission in the conduct of the National Environmental Policy Act process • Process a right-of-way to TransCanada with full cost recovery to BLM • Pre-grant surveys and post-grant right-of-way authorizations and actions • Take the lead for compliance of constructions, operations, maintenance, and termination under a Federal grant of right-of-way • Work with other land management bureaus with regard to interests in lands subject to right-of-way rules of the Mineral Leasing Act. • As necessary: prepare Material Sales Contracts and Temporary Use Permits Fish and Wildlife Service (FWS) is responsible for conserving, protecting, and enhancing fish, wildlife, plants, and their habitats. The FWS has principal trust responsibility to protect and conserve migratory birds, threatened and endangered species, certain marine mammals, and inter-jurisdictional fish. The FWS manages the National Wildlife Refuge System (NWRS). Applicants for new pipeline construction projects are required to consult with or obtain approvals from the FWS on projects potentially affecting any of these resources. The FWS also consults on projects potentially affecting fresh water or marine resources and water quality. In addition, the FWS may authorize use by permit for areas within the NWRS. Geological Survey (USGS) is responsible for providing reliable scientific information to describe and understand the Earth; minimize	

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loss of life and property from natural disasters; manage water, biological, energy, and mineral resources; and enhance and protect our quality of life. The complex environment in which we live and work demands an understanding of many interrelated natural systems. The USGS environmental science is focused on understanding the physical, chemical, and biological processes at work in those natural systems and how those processes are affected by human activities on the landscape. The USGS seeks to provide the understanding and scientific information needed to recognize and mitigate adverse impacts and to sustain the health of the Nation's environment. Minerals Management Service (MMS) is responsible for managing the ocean energy and mineral resources on the Outer Continental Shelf and Federal and Indian mineral revenues to enhance public and trust benefits, promote responsible use, and realize fair value. National Park Service (NPS) is responsible for administering the National Historic Landmarks (NHL) Program and Section 6(f) of the Land and Water Conservation Fund Act (LWCF), and serves as Interior Department lead on Section 4(f) of the Transportation Act reviews. The NPS serves as an official interested party throughout the Section 106 consultation process to ensure the integrity of National Historic Landmarks. Generally, NPS prepares the Department of the Interior comments on Section 4(f) LWCF evaluations prepared by the U.S. Department of Transportation (DOT), to seek the protection of public (Federal and non-Federal) recreational lands, including parks and wildlife refuges, in the planning of DOT proposals. Finally, NPS approves conversions under Section 6(f) of the LWCF. Office of the Secretary -Alaska Field Office serves as a focal point for the Secretary of the Interior, to the State of Alaska, Alaska Native community, and the general public in developing coordinated Federal and State approaches to planning for "the general economic development of the State and long	

COMMENT	RESPONSE
range conservation and use of its natural resources." The office assists in the management of Federal public lands with a diverse mix of natural resources unmatched in any other single state or geographic region in the Nation. The office assists the Secretary of the Interior in carrying out management responsibilities in Alaska. Office of Environmental Policy and Compliance (OEPC) provides National and Regional leadership and direction in the coordination and development of environmental policy and program evaluation. The OEPC provides independent environmental and technical advice to the Secretary, Deputy Secretary, the Assistant Secretary - Policy, Management and Budget, and senior Departmental officials on policies, programs, and individual actions affecting natural resources and environmental quality. The OEPC Headquarters and Regional offices (including the Alaska Regional Office) provide for a coordinated and unified approach and response to environmental issues that affect multiple bureaus to ensure that the Department of the Interior speaks as one entity with respect to those issues. In addition, OEPC provides guidance for the Department's compliance with the full range of existing environmental statutes, executive orders, regulations, and other requirements. The following are comments regarding the TransCanada application. General Comments:	
Comment 1: The MMS conducts a leasing program in Outer Continental Shelf areas adjacent to the North Slope of Alaska. The purpose of the OCS program is to facilitate petroleum exploration and development. Production from the OCS is intended to provide income to the Federal government and a supply of oil and gas to domestic consumers. Oil development can use the existing Trans-Alaska Pipeline System and tanker system to market. However, a significant natural gas development requires the construction of a transportation system. It is very important to the OCS program that	The State of Alaska strongly agrees that access to the pipeline from federal leases is essential.

COMMENT	RESPONSE
future lessees have fair access to both oil and gas transportation systems. Previous concerns regarding access for future shippers were addressed by the TransCanada proposal. Although the discussion regarding pipeline capacity expansion was minimal, it is sufficient given the preliminary stage of the application process and demonstrates the intent to provide access to the pipeline under reasonable terms. Also, it is understood that the engineering details satisfactory to new shippers will eventually be developed.	
Comment 2: The description in TransCanada's application for post-construction regulatory controls necessary to ensure operational safety, environmental protection, and functional reliability of the proposed pipeline throughout the life of the system is limiting. The preconstruction elements of the TransCanada application provide confidence to agencies that a robust pipeline system may be regulated through their authorities. TransCanada cited major United States' regulatory approval requirements, committed to use a fully integrated design approach (performance monitoring and maintenance practices considered integral to design and construction), and subscribe to a design methodology which recognizes necessary standards, regulations and design criteria covering permafrost effects, seismic hazards, and slope stability. Taken collectively, these elements demonstrate TransCanada's commitment to "develop and implement an effective regulatory strategy to manage these often complex regulatory processes, many of which will be undertaken contemporaneously." However, coordination of these authorities throughout the entire life of the system, both in Alaska and with their counterparts for the Canadian sections of the pipeline, will require future collaboration by many State and Federal agencies. A coordinated effort is needed to assure the long-tern1 operational safety, environmental protection, and functional reliability of the proposed pipeline system.	Coordination is important to the long-term operational safety, environmental protection, and functional reliability of TC Alaska's natural gas pipeline system. The Administration is in contact many state, U.S. federal, and Canadian federal agencies to assure that permitting processes proceed efficiently and in a coordinated fashion. Key to those efforts have been the guidance and direction of Drue Pearce, Federal Coordinator of the Office of the Federal Coordinator for Alaska Natural Gas Transportation Projects. Additionally, AGIA i at AS 43.90.250 provides for the an Alaska Gasline Inducement Act coordinator in the Office of the Governor. Working with the Office of the Federal Coordinator for Alaska Natural Gas Transportation Projects, one of the central duties of the Alaska Gasline Inducement Act coordinator will be to perform the coordination tasks identified in the comment.

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Comment 3: The BLM continues to survey boundaries of land title, and in the process, navigable waters are meandered and such information may be relevant to the application in determining the permitting entity regarding navigable waters.	Information noted.
Comment 4: The TransCanada application information is limiting as to whether any existing facilities (e.g., mineral materials, camp sites, work pads) of the Trans-Alaska Pipeline System would be used or if new facilities would be constructed in proximity to the Trans-Alaska Pipeline System. Additional information would be requested by the BLM-Joint Pipeline Office in the Federal process regarding the use of existing facilities to ensure the safety and integrity of the Trans-Alaska Pipeline System in relation to an adjacent natural gas pipeline.	Comment Noted. Appropriate information will be provided upon request.
Comments Specific to TransCanada Application Document: Appendix PI, Major U.S. Regulatory Approvals:	
Comment 1: The U.S. Fish and Wildlife Service has responsibility for issuing permits to Federal and State agencies and private parties for actions which would involve use of FWS administered lands. If the route involves lands under the jurisdiction of the FWS, there could be an additional permit required.	Comments regarding the TC Alaska application have been noted.
Comment 2: Section 7, of the Endangered Species Act requires consultation with the U.S. Fish and Wildlife Service. Although it is not a regulatory action that results in a specific permit, it is a requirement.	
Appendix G: List of Stakeholders:	
Comment 1: Under the heading of "Federal Government" is the entity "Southeast Conference." This entity is not a Federal government agency. The Southeast Conference is a non-profit corporation with membership from municipalities, business, government agencies, organizations, and	Additions and corrections to the stakeholder list are noted and appreciated..

COMMENT	RESPONSE
individuals located or doing business in Southeast Alaska. Alaska legislators who represent Southeast Alaska are automatically considered members. Southeast Conference is the State-designated Alaska Regional Development Organization (ARDOR), the Federally-designated Economic Development District (EDD), and the Federally-designated Resource Conservation and Development Council (RC&D) for Southeast Alaska (www.seconference.org)	
Comment 2: The Federal agency Bureau of Indian Affairs should be added to the list of stakeholders because of its trust responsibilities to Alaska Natives and tribal organizations.	TC Alaska will work with FERC during the environmental review process to determine the complete list of stakeholders.
Comment 3: The Bureau of Land Management continues to process land title transfers to individuals, Native Corporations, and the State of Alaska. In addition, there will continue to be some Native allotment applications that were once closed that will be reinstated for processing. Due to these land title transfers, the list of stakeholders will change periodically throughout the course of the project. The BLM will provide updates as land status changes in the right-of-way application processing.	The State of Alaska appreciates BLM providing updates of land status changes.
Comment 4: Since stakeholder matters are not always land based, it is suggested that the Stakeholder list include the list of recognized Tribes in Alaska.	
Responses to the State of Alaska Questions to DOI: The Department of the Interior is providing responses to the questions that the State of Alaska asked regarding the Bureau of Land Management, National Park Service, and Fish and Wildlife Service processes and approaches for granting rights-of-way.	Responses to the State of Alaska's questions have been noted.
Bureau of Land Management: Question 1: Confirm that it will use the same evaluation criteria and processes for commenting on NEPA process as are used in the lower 48. Response: The BLM will participate with FERC	

COMMENT	RESPONSE
to develop the appropriate scope of the project to ensure the NEPA work they do fulfills BLM's requirements for issuance of a right-of-way. Question 2: Confirm that BLM's approaches and standards for granting rights-of-way in the Lower 48 will continue to be used for purposes of granting a right-of-way in Alaska for affected Federal lands. Response: The BLM will follow the Mineral Leasing Act, as amended, Public Law 108-324, 43 CFR 2880, Memorandum of Understanding dated June 2006, related to an Alaska Natural Gas Transportation Project, and other pertinent legal authorities. National Park Service: Question 1: Confirm that the same standards for granting rights-of-way in Lower 48 will be applied to any park land affected by any Alaskan pipeline project. Response: In the lower 48, the National Park Service does not have statutory authority for granting oil or gas pipelines, so an act of Congress would be required to provide such authority. Alaska is different because of the Alaska National Interest Lands Conservation Act (ANILCA). Title XI of ANILCA (sections 1105 and 1106(b)) addresses this situation and provides a process for application and processing facilities (e.g., oil or gas pipeline). Title XI of ANICLA continues as a legal authority to the extent it has been amended by the Alaska Natural Gas Pipeline Act of 2004. Fish and Wildlife Service: Question 1: Confirm that the same standards for participation in NEPA processes in the Lower- 48 will be applied to any Alaska project. Response: The U.S. Fish & Wildlife Service confirms that the same standards for participation in the NEPA processes in the Lower 48 would apply to any Alaska natural gas pipeline project. If you have any questions of the Department, please contact Ashley Banister, (202) 208-4177 Sincerely,	

COMMENT	RESPONSE
James E. Cason	

U.S. Department of Transportation - Pipeline and Hazardous Materials Safety Administration - Carl Johnson, Administrator 3/05/08 (227K)

Dear Messrs. Irwin and Galvin:	
The Pipeline and Hazardous Materials Safety Administration (PHMSA) appreciates the opportunity to provide comments on the TransCanada Alaska Company, LLC proposal for a license to construct an Alaska natural gas pipeline project pursuant to the Alaska Gas Inducement Act (AGIA). Enclosed are responses to your questions concerning PHMSA's role in overseeing construction and operation of the proposed Alaska natural gas pipeline. We have also enclosed a short explanation of PHMSA's general mission and authority.	Comment noted.
We have worked closely with the Office of the Federal Coordinator (OFC) over the past months to provide information on pipeline safety, environmental performance, and reliability. We look forward to continuing to support both the OFC and the State of Alaska as this project progresses. PHMSA does not issue any permits for the construction and operation of gas pipelines. Rather, our role is to ensure all gas pipelines fully comply with the federal gas pipeline safety regulations at 49 CFR Part 192. This means that the pipeline design, materials, construction, operations, and maintenance must conform with the technical requirements in our regulations and the more than 60 national technical standards that are incorporated by reference.	
At this point in the process, we have no specific issues with the very preliminary TransCanada technical proposal. We are confident that any pipeline safety-related design or construction issues that arise during the project are very manageable and would not cause any PHMSA regulatory delays. We will engage with TransCanada and other	

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agencies as technical issues arise during all phases of the project. We anticipate addressing any technical safety compliance issues during the pre-front end engineering design, front end engineering design, construction, and startup phases of pipeline construction. PHMSA field personnel will monitor construction as it proceeds, backed up by the PHMSA engineering staff and consultants as required. TransCanada already operates thousands of miles of gas pipeline under PHMSA's oversight and we have no reason to question the company's capability to safely operate the proposed pipeline. PHMSA also has a longstanding and effective working relationship with the National Energy Board (NEB), the Canadian regulator, including an agreement "to enhance cooperation and coordination . . . for the purpose of improving pipeline safety" in both nations. We will work closely with the NEB to resolve any design and technical issues that may arise during construction of this crossborder pipeline. I hope the enclosed comments answer many of your questions. We are available for consultation, regulatory or technical, at any time and look forward to working with OFC, the State of Alaska, and TransCanada. As additional questions and concerns arise, please feel free to contact me at (202) 366-4433. Sincerely yours, Carl T. Johnson Enclosures PHMSA Comments in Response to Questions from State of Alaska on TransCanada's AGIA Proposal February 8, 2008 1. Will any pipe diameter, yield strength (e.g., X-80 or X-100 pipe) and wall thickness be deemed acceptable so long as it complies with 49 CFR Part 192? Response: Yes. The U.S. segments of TransCanada's proposed line will be subject to 49 CFR Part 192, which prescribes minimum	

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standards for the design, construction, testing, and operation of natural gas transmission pipelines. The Part 192 requirements incorporate the industry standard API 5L, the national standard for pipe design, materials, and manufacturing quality. Compliance with API 5L may be demonstrated with a variety of pipe and material specifications (e.g., welds, valves, pipe supports, etc.). TransCanada's AGIA proposal indicates that the company plans to begin the initial engineering design phase of the project in the second quarter of 2008. PHMSA is prepared to confer with the applicant before and during the design phase in order to anticipate and address compliance issues, including material specifications. According to its AGIA proposal, TransCanada intends to use X-80 pipe. As part of a complete design this pipe will be acceptable to PHMSA, provided the pipe is demonstrated to satisfy API 5L requirements. In addition to reviewing the applicant's designs, PHMSA will check records and monitor construction to ensure that all materials meet the requirements. It is too early in the process to speculate whether alternative pipe (e.g., X-100 steel pipe) would be acceptable. Although our existing regulations do not permit use of X-100 steel pipe, PHMSA will consider alternative steel pipe with proven metallurgy, chemistry, and toughness characteristics through its Special Permit authority. In accordance with our Special Permit procedures (49 CFR §190.341), PHMSA may waive existing requirements based on a finding that the waiver is not inconsistent with safety. Issuance of a Special Permit requires a detailed application, complete technical justification, and compliance with additional safety requirements. Our Special Permit procedures also require public notice and comment. PHMSA is also active in supporting the development of advanced steel pipe technology. PHMSA's Research and Development (R&D) program is cooperatively funding four projects that address high-strength steels. Each of these projects addresses a different technical concern. If an operator chooses to use any of these	

COMMENT	RESPONSE
technologies, it may need to apply to PHMSA for a Special Permit supported by a detailed technical justification. More information on each of these projects is available on our website as summarized below: 49 CFR Part 192 - Subpart C -Pipe Design Project Title: Design, Development, and Testing of Optimized Composite "Soft Crack Arrestors" -Now underway. Researcher: Engineering Mechanics Corporation of Columbus http://primis.phmsa.dot.gov/matrix/PrjHome.rdm?prj=228 Per ANSI/ASME B31.8, pipeline designers have the option of selecting materials with adequate toughness to arrest a crack in the pipe body or to use mechanical crack arrestor devices to prevent this mode of failure. For newer large diameter pipeline projects with higher-grade steels (X-100) and rich natural gases, it is increasingly more difficult to be able to arrest an axial propagating crack by pipe body toughness. 49 CFR Part 192 - Subpart E - Welding of Steel in Pipelines (two projects) Project Title: Hybrid Laser/GMAW of High Strength Steel Gas Transmission Pipelines - Now underway. Researcher: Edison Welding Institute (EWI) http://primis.phmsa.dot.gov/matrix/PrjHome.rdm?prj=219 Project Title: Hybrid Laser Arc Welding (HLAW) System Development for Pipeline Construction - Now underway. Researchers: BMT Fleet Technology Limited & Intelligent Optical Systems http://primis.phmsa.dot.gov/matrix/PriHome.rdm?prj=222 49 CFR Part 192 - Subpart G - General Construction Requirements Project Title: Integrity Management for Wrinklebends and Buckles -Completed final report now being reviewed by PHMSA engineers. Researcher: Battelle Corporation http://primis.phmsa.dot.gov/matrix/PrjHome.rdm?prj=164	Comment Noted

COMMENT	RESPONSE
2. Can PHMSA confirm that an Alaskan pipeline will not be treated differently than those in the lower-48 states with respect to external pressures and loads (e.g., frost heave, seismic activity, and permafrost conditions) as provided in 49 CFR §192.103 and 192.317? Response: Yes. PHMSA will hold an Alaskan gas pipeline to the same requirements, including the standards in 49 CFR §§192.103 and 192.317, applicable to gas transmission pipelines in the Lower 48. In all cases, the operator must demonstrate through technical calculations and testing that a proposed pipe can withstand all stresses and loads imposed during transportation, construction, and operation. This necessarily means that differences in site conditions may require different engineering solutions and integrity management programs. The design of pipelines in permafrost may be one such condition. If any unique feature or technical design in an Alaskan gas pipeline is required to meet the forces imposed on it by the arctic environment, PHMSA will work with the pipeline operator and the State to evaluate measures that maintain safety, operational efficiency, and environmental protection. TransCanada's proposal indicates it may use strain-based design procedures for the Alaskan gas pipeline. This approach would require a change in PHMSA's 49 CFR Part 192 regulations (which require stress-based design procedures) or approval of a Special Permit. Strain-based design procedures are accepted under Canadian pipeline safety standards, and PHMSA has worked with the Minerals Management Service (MMS) on a joint study of strain-based design of pipelines. The study report was completed in 2003 and is available at http://www.mms.gov/tarprojects/434/434AA.pdf .	

U.S. Environmental Protection Agency - Keith Mason, Senior Regulatory Impact Analyst and designated Alaska natural gas contact, Office of Policy Analysis and Review, Office of Air and Radiation 3/05/08 (228K)

COMMENT	RESPONSE
Dear Commissioners Irwin and Galvin: The U.S. Environmental Protection Agency (EPA) appreciates the opportunity to review the TransCanada Alaska Company's application for a license to construct a natural gas pipeline. EPA will act as a cooperating agency with the Federal Energy Regulatory Commission (FERC) during the development of the Environmental Impact Statement (EIS) associated with a permit application under Section 7 of the Natural Gas Act for a natural gas pipeline in Alaska. We believe the June, 2006 "Memorandum of Understanding Related to an Alaska Natural Gas Transportation Project" will provide for a coordinated federal role when an application is submitted to FERC pursuant to the Natural Gas Act. EPA responsibilities relevant to the pipeline permitting process include, but are not limited to: reviewing and commenting, under Section 309 of the Clean Air Act (CAA), on the environmental impacts of federal actions that are subject to the National Environmental Policy Act's requirement to prepare an EIS; the authority to participate in the Section 404 Clean Water Act (CWA) permit process; the authority to issue CWA Section 402 National Pollutant Discharge Elimination System permits; Oil Spill Prevention and Response requirements under the CWA, the authority to review state issued CAA Title V operating permits; and Tribal consultation, as appropriate. EPA headquarters' Office of General Counsel, Office of Federal Activities, Office of Water, Office of Air and Radiation, and Office of Solid Waste and Emergency Response in Washington, our Pacific Northwest Regional Office (Region 10) in Seattle, and our Alaska Operations Office will all be involved in the review. The Alaska Oil and Gas Sector team will continue to facilitate EPA Region 10 involvement in the Alaska Natural Gas Pipeline project to ensure integrated and collaborative actions spanning all agency programs. We look forward to working with the state of Alaska, its applicants, and our federal partners. Thank you for the opportunity to review the	All environmental reviews from all federal agencies involved with a proposed Alaska gas pipeline project will be consolidated under one EIS with FERC as the coordinating agency. As part of the NEPA process, impacted agencies will have the opportunity to take part in the NEPA scoping process as well as comment on a draft EIS.

COMMENT	RESPONSE
TransCanada application. Please feel free to contact me if you have any questions or concerns. Sincerely yours, Keith Mason	

INDUSTRY

COMMENT	RESPONSE
Alaska American Federation of Labor, Congress of Industrial Organizations- Vince Beltrami, President 3/04/08 (171K)	
On behalf of the Alaska AFL-CIO I would like to take this opportunity to commend the governor and her administration on engaging in a process to build a framework to move a gas line project concept forward which has been refreshingly open, despite the several and varied industry critics who have come out of the woodwork in opposition. Whether or not AGIA is the best process to get a line built remains to be seen, but it is without a doubt the greatest effort that has ever existed in our state to move forward a project that takes the concerns of all Alaskans into consideration. In light of last evening's news where former chief of staff to Governor Murkowski, Jim Clark has admitted guilt in regards to circumstances related to the former administration's efforts in conjunction with a selfishly driven unethical company, breeching the public trust, this reinforces Governor Palin's AGIA process as being the right approach to prevent a similar outcome. After meeting with TransCanada, it is clear that the TransCanada team made every effort to meet the varied desires of a state desperate to get its gas to market. The flexibility to alter their project to meet the wishes of the state are commendable and well thought out. The risk to TransCanada's financial exposure should the three producers not commit gas in an open season shows their commitment to bear the brunt of $100 million, and certainly justifies their willingness to accept the state's offer to provide $500 million in guarantees, on a $600 million endeavor which does not guarantee success or commencement of a construction project. The only weakness in their proposal, and of course it is unavoidable, is that it relies on the commitments of all three major producers in order to be viable. Unfortunately, while I believe one or more of the major producers really do want to get our gas to market, we as a state have been led down the path of lackluster commitments in the past. And in fact	Comments noted

COMMENT	RESPONSE
the AGIA process did get one of the big three to lay some of their cards on the table as well. I commend Conoco-Phillips for making a proposal. However, AGIA is the law that was passed nearly unanimously, and accordingly a process the legislature overwhelmingly approved as the methodology to move a project forward. A criticism I have heard is that it is not a competitive process when only one successful applicant emerges. That is utter hogwash. Every competitive bid process I have ever witnessed results in only one successful bidder. TransCanada met every must have the AGIA process laid out, and built the flexibility in their project to construct an LNG line if the transcontinental approach is not viable for whatever reason. Because the several other applicants did not meet the minimum requirements set forth in AGIA does not mean the process was not competitive. Quite the contrary, it means that TransCanada dotted all their i's and crossed all their t's better than any other applicant. Accordingly, as long as AGIA is the law, the process should be honored and allowed to run its course. From the readings of legal opinions posted on the AGIA website it is obvious that TransCanada's application is and has been the only unconditional and fully compliant application submitted within the requirements of AGIA and should be thusly considered. Thank you for consideration of my comments	

Alaska Gasline Port Authority- Bert Cottle, Chairman 3/06/08 (280NK)

COMMENT	RESPONSE
As a result of the AGIA process, Alaska now has, for the first time, all the information necessary to compare the viability and benefits of the Trans-Canadian pipeline with an All-Alaskan pipeline to Valdez for export of gas not needed in Alaska. We thank you for all your hard work in this process.	
We bring to your attention the following significant benefits of the All-Alaska line supported in the application we submitted to your Administration on December 18, 2007 in response to their Request for Clarifying Information: 1. Earliest gas to Alaskans;	Comments Noted

COMMENT	RESPONSE
2. Highest well head value for Alaska's gas – value added industries / jobs; 3. Project decisions made in Alaska; 4. Smaller size (2.7 bcf) project does not require all three producers' participation; 5. Senior project permits, ROW's, and licenses already in place; 6. Highest likelihood of being built because of: (a) smallest volume of gas required; (b) premium market for Alaska's gas; (c) does not require all three producers to participate. 7. All jobs (pre-construction, construction, operation, maintenance) remain in Alaska; Thank you again for your continued efforts to commercialize Alaska's gas to the maximum benefit of Alaska.	

Anadarko- David Anderson, Manager, International Commercial Development 3/06/08 (252K)

COMMENTS OF ANADARKO PETROLEUM CORPORATION ON JOINT APPLICATION OF TRANSCANADA ALASKA COMPANY AND FOOTHILLS PIPE LINES LTD FOR LICENSE UNDER THE ALASKA GASLINE INDUCEMENT ACT On November 30, 2007, TransCanada Alaska Company, LLC ("TC Alaska LLC") and Foothills Pipe Lines Ltd. ("Foothills") (hereinafter collectively referred to as "TransCanada") submitted a joint application for a license ("Application") to construct an Alaska natural gas pipeline project ("Project") in accordance with the Request for Applications ("RFA") issued by the Alaska Commissioner of Natural Resources and the Alaska Commissioner of Revenue (hereinafter jointly referred to as the "Commissioners") pursuant to the Alaska Gas Inducement Act ("AGIA"). Notice of the Application was issued by the Commissioners on January 4, 2008. In accordance with the Notice and AS 43.90.180, Anadarko Petroleum Corporation ("Anadarko") hereby submits its Comments on the Application for the Commissioners' consideration. COMMENTS Anadarko is greatly encouraged by the Application and considers both the AGIA and TransCanada's response to the AGIA to be positive steps in the development of a Project. Overall, Anadarko is pleased with the	

COMMENT	RESPONSE
Application and believes that it reflects TransCanada's capability for the task at hand. Anadarko is especially pleased with TransCanada's diligence in attempting to accommodate not just the needs of the established North Slope Producers, but the explorers in Alaska as well. Indeed, the proposed design of the pipeline and many of the terms and conditions of the Application, such as the bi-annual open season provisions and the rolled-in rate treatment for expansion projects, will encourage the exploration and development of Alaska's natural gas resources. Given the length and complexity of the Application, however, Anadarko has not been able to come to a full understanding all of its provisions during the comment period. Moreover, while TransCanada arguably may not need to justify all aspects of its proposed pipeline at this stage, the lack of a full explanation for many complex provisions and other aspects of the proposal do not permit a complete analysis of the Application at this time without the need for substantial briefings by TransCanada.	
As a result, Anadarko hereby seeks the Commissioners' understanding and appreciation that Anadarko desires to reserve the right to provide any further comments or concerns on any issues arising out of the Application when the appropriate filings are made with FERC and the NEB. Anadarko hopes that the State of Alaska and the Commissioners would also reserve the State's rights to raise further issues and concerns as they come to light in due process, or as they are raised by other stakeholders. In these comments, Anadarko identifies several issues for the Commissioners' consideration, concentrating on those issues most significant to explorers. Anadarko also identifies certain provisions that FERC and/or the NEB may find troublesome. Generally, however, Anadarko wishes to express its support for TransCanada's Application.	By issuing a license to TC Alaska, the State will not be endorsing or binding itself to any of the proposed commercial terms for service. The State reserves the right to represent itself before the FERC and NEB, and any other agency, and take positions in support of its best interests.
1. Development of Precedent Agreement As a part of the process toward developing the Precedent Agreement that will be offered to	Comment Noted. The commitment to pipeline access to explorers such as Anadarko is evidenced in AGIA's requirements that the

COMMENT	RESPONSE
bidders in the Open Season, the Application states that TransCanada will meet with “interested stakeholders” to “develop a mutually acceptable Precedent Agreement.” TransCanada does not state with whom it intends to meet in the process of developing the terms and conditions of the Precedent Agreement but, undoubtedly, ConocoPhillips, ExxonMobil, and BP Alaska will be among those to be consulted. An obvious concern of explorers is that the structure and terms of a Precedent Agreement negotiated with these three companies will not favor their competitors, like Anadarko. Structuring a Precedent Agreement with the North Slope Producers that will be used for all bidders on the Project could result in explorers being disadvantaged. Therefore, Anadarko believes that TransCanada should be encouraged to develop the terms and conditions of its Precedent Agreement through an open and transparent process incorporating the participation of all interested parties and stakeholders and without prejudice in favor of the major North Slope gas reserves holders. This could actually expedite the process of FERC approval – a required step before the holding of an open season—because it will, hopefully, result in an unbiased agreement that meets the needs of all potential shippers. To facilitate a level playing field, TransCanada’s Precedent Agreement should be developed without undue influence of any particular prospective bidder, or class of bidders in the Open Season.	licensee perform biannual open seasons, propose rolled-in rates, and commitment to expand the pipeline in reasonable engineering increments. The Commissioners take note of Anadarko’s suggestion that explorers be included in the development of precedent agreements.
2. Bids Submitted After Close of the Open Season TransCanada’s Application appears to include a pre-determination that it will not consider any bid tendered after the close of the open season. The Application states that TransCanada will consider all bids “received prior to the expiry date of the Open Season” thereby precluding consideration of any bid received after such date. TransCanada states as the reason for this limitation its concern that allowing later bids “might discourage participation by potential shippers in the initial Open Season and thereby … defer	Comment Noted. This matter was discussed in some detail in the FERC Order 2005-A. Because any open season procedures proposed by TC Alaska will be subject to review and approval by the FERC, that is the most appropriate and effective forum for raising this issue.

COMMENT	RESPONSE
development." Actually, TransCanada's premature decision to preclude consideration of late bids is more likely to defer development of the Project than allowing such late bids to be considered within the parameters of the regulations governing the conduct of open seasons. FERC rules require a project sponsor to consider bids tendered after the expiration of the open season and preclude the rejection of such bids unless such bids cannot be accommodated due to economic, engineering, or operational constraints or where accommodating such requests would otherwise adversely impact the timely development of the project. Under the FERC rules, it is clear that this determination must be made at the time that the late bid is submitted, not before the open season is even held. As FERC explained in its Order on Rehearing, this provision was added to the regulations "in recognition of the possibility that an appreciable amount of time might pass between the close of the open season and the project sponsor's finalizing the details of the proposed pipeline design and associated development costs, given the size and scope of an Alaska natural gas project." And, during that time, FERC continued, "it is possible that producers of Alaska natural gas who were not in a position to commit to long-term capacity commitments during the open season, might then be in a position to request capacity consistent with the open season notice (except, of course, that the bid is tendered out of time). We felt it proper to require the project sponsor to consider such a request." TransCanada's Application would truncate the entire process by making that determination before the open season is held. FERC is clearly of the view, that to the extent that late bids can be accommodated without adversely impacting the project's development, it is in the project sponsor's economic interest to do so. It is important to recognize that when FERC formulated this view, TransCanada's position on the issue had already been fully argued to FERC in the course of the rulemaking proceedings on the conduct of open seasons for the Project. The North Slope Producers, in particular, had argued strenuously against this	

COMMENT	RESPONSE
regulation, arguing, among other things, that to allow late bids will discourage participation by potential shippers in the open season process. Each of these arguments was considered by FERC when it promulgated the final rule. The relevant regulation, which is final and no longer subject to judicial review, precludes the project sponsor from predetermining that it will not accept bids that are submitted after the close of the open season. The reason was clearly stated by FERC in its Order on Rehearing: "Without the late bidder provisions of section 157.34(d), late-developing prospective shippers would have no formal way of seeking capacity on the pipeline after the open season ends. As revised herein, the Commission believes that the late bidder provision is a fair and necessary addition to the open season process for an Alaska natural gas transportation project." Under the Application's aggressive timeline for an initial open season, FERC's view is all the more reasonable; there may be a significant period of time between the initial open season and commencement of construction of the pipeline, and many potential shippers may not be ready to bid when TransCanada commences the open season. There should be no reason to establish a rule barring late bids if they can reasonably be accommodated. The threat of non-participation in the Open Season by the North Slope Producers (as was clear from their rehearing applications filed with FERC on the open season regulations) should not be a basis for disallowing late bids. To encourage exploration and development, consistent with the AGIA and ANGPA, and to better ensure favorable review by FERC, TransCanada should accept late bids if they can be reasonably accommodated.	
3. Interruptible Transportation Service TransCanada has clarified that no interruptible transportation service will be offered on the Project. Indeed, the Application seems to commit all of the capacity on the system, including any capacity beyond that bid on in the open season, to the Initial Shippers as authorized overrun service. If in fact it is TransCanada's intent to reserve all excess	The tariff and all services offered by TC Alaska on this project will be subject to FERC and NEB review and approval. Any requirement to offer interruptible transportation service is best addressed before these two regulatory agencies after TransCanada actually proposes its tariff, rate schedules, general terms and conditions, etc.

COMMENT	RESPONSE
capacity to the Initial Shippers, Anadarko objects to such an approach in that such Initial Shippers would gain substantial economic advantage over other firm shippers making long-term commitments to the Project. In order to satisfy the mandate set forth in the Alaska Natural Gas Pipeline Act of 2004 and FERC's Order 2005 that the pipeline must be structured to encourage the exploration and development of new Alaskan natural gas resources, Initial Shipper's should not be afforded reservation of excess capacity. Excess pipeline capacity should be made available to all firm shippers proportionally as authorized overrun service. Furthermore, if it is TransCanada's intent that such authorized overrun service be made available without any incremental fees (e.g., such services are part of the firm service tariff), the Initial Shippers would be afforded a substantial economic benefit advantaging them vis-à-vis other firm shippers and explorers. TransCanada has provided little explanation for the failure to offer interruptible service, stating only that it has determined that offering interruptible service other than authorized overrun service in the initial years could make it more difficult to obtain financing. However, offering interruptible service is a general pre-requisite for a federally-certificated open access interstate pipeline. The Commissioners should encourage TransCanada to offer further explanation for its decision not to offer interruptible service, as well as further clarification as to how the authorized overrun service will be allocated; whether or not a separate fee will be assessed for such service; what the service fee will be (if applicable); and how such revenues will be reconciled with TransCanada's 100% load factor tariffing approach (if applicable).	
4. Preferences To Negotiated Rate Shippers Anadarko notes that it is possible to read Section 2.2.3.7(7) of the Application to propose valuing negotiated and recourse rates differently for purposes of allocating capacity in the event of over-subscription. Specifically, Section 2.2.3.7(7) states that in the event of over-subscription in the Open Season,	Open season procedures proposed by TC Alaska will be subject to review and approval by the FERC, we believe this forum is the most appropriate place to raise this issue.

COMMENT	RESPONSE
capacity will be allocated between Recourse Rate Shippers and Negotiated Rate Shippers on a present value ranking. To the extent that Anadarko's interpretation of this provision is correct, the capacity allocation would run counter to federal regulatory policy, which requires a pipeline to give equal value to a recourse rate bid and a negotiated rate bid, whether or not the negotiated rate bid is higher than the recourse rate bid. Term differentiation is permissible, but not rate differentiation. To prevent any delay at the federal level, it may be advisable for TransCanada to clarify this provision. TransCanada could restate Section 2.2.3.7(7) to provide that in determining the present value of a recourse rate bid and a negotiated rate bid, a negotiated rate bid will be valued no higher than a maximum recourse rate bid.	
5. Ownership Opportunity for Anchor Shippers	
TransCanada proposes to offer an ownership position to those shippers obtaining a minimum threshold capacity level in the initial Open Season and whose volume commitments, in aggregate, meet the minimum 3.5 Bcf/d firm shipping commitment. However, TransCanada does not specify the requirements for ownership or the related terms and conditions. For example, it is unclear what minimum individual threshold capacity level will qualify the Shipper for an ownership position. The timing of the election for the ownership option is also not explained. The ownership provision is a critical one and it will have an impact on the manner in which service is taken on the pipeline and may affect financing arrangements. As a result, Anadarko believes that TransCanada should be encouraged to specify the criteria that will be used to make decisions on the ownership.	It is encouraging that TC Alaska has proposed to offer an ownership position to anchor shippers. The terms of this participation are best left to a negotiation between the prospective shippers and TC Alaska. Although the State will reserve its right to participate in these discussions if and when appropriate.
6. Transportation Rates TransCanada proposes a cost-based Recourse Rate for the Alaska Section of the Project of $1.06/mmBtu in constant 2007 dollars, exclusive of fuel and any allowance for lost or unaccounted for gas. The rate is calculated assuming 25-year service	The terms of the proposed Precedent Agreements are as one commenter stated, "… perhaps best viewed as an opening offer…" The concerns referred to in this comment will be subject to lengthy negotiations by very sophisticated prospective

COMMENT	RESPONSE
agreements, a 100% load factor authorized overrun rate and an initial rate base of approximately $11.7 billion, exclusive of the $500 million of State reimbursement dollars. The capital structure, as required by the AGIA, is proposed to be 70% debt and 30% equity. Expansions are projected to be capitalized with 60% debt and 40% equity. The cost of debt is projected to be 4.70% for the portion of the debt that is guaranteed by the federal loan guarantee, and 6.20% for the balance of the project debt. The rate of return on equity is proposed to be set according to a formula which will be reset each year to reflect the then current yield of the U.S. 10-year Treasury Note at the beginning of the calendar year plus 965 basis points. A key consideration is whether the TransCanada-proposed rates are consistent with the goals of the AGIA to encourage the exploration and development of North Slope natural gas resources and the transportation of such resources to markets. A number of aspects of TransCanada's rate proposal, such as the reasonableness of an ROE that "floats" by annually tracking U.S. Treasury Notes, are not fully explained and Anadarko may not support them in the final analysis. Another example is the treatment of the State of Alaska's contribution of $500 million in the rate base; TransCanada states that this amount will be excluded from rate base, but it is unclear if TransCanada means that this amount will be used to reduce costs included in rate base, as Anadarko believes it should be. At this point in time it would be premature for Anadarko to provide a detailed critique of the rate proposal in the Application. However, Anadarko does believe that the risk premium proposed for this project is unnecessarily high and will result in excessive rates. Anadarko notes that U.S. Treasury Notes are currently trading at historically low levels. Under TransCanada's floating ROE approach, TransCanada's ROE has little to no downside. Even if U.S. Treasury Notes again briefly touch all-time lows of one percent (1%), TransCanada's ROE would be a very attractive 10.65%. However, in the converse, if U.S. Treasury Notes revert to historical norms, TransCanada could enjoy extraordinary	shippers and review and approval by the FERC. . The combination of these negotiations and this regulatory oversight will in the Commissioners' opinion satisfactorily resolve these types of issues.

COMMENT	RESPONSE
returns on equity well in excess of 15%. As noted above, TransCanada proposed to base its rates for service on an ROE that is equal to the yield on the U.S. 10-year Treasury Note plus 965 basis points. At the present time, TransCanada estimates that this formula will produce an ROE of approximately 14%. Although the Application does not specifically address the risk factors considered in arriving at the ROE formula, it is clear that it is based on the assumption that the Project faces considerable risk and that the formulation uses a risk premium approach rather than the discounted cash flow analysis usually favored by FERC. The risk faced by TransCanada will be an issue in the FERC certificate proceeding on any Alaska natural gas pipeline project, and to justify its proposed rate premium, TransCanada will have to specifically quantify its risks. Under FERC policy, the business and financial risks faced by a pipeline are considered in comparison to other pipelines, and a proposed ROE will be adjusted upward and downward within a "zone of reasonableness" as FERC considers appropriate. With respect to pipelines in the Lower 48 States, FERC generally employs a starting presumption that all pipelines face similar risks. When considering a pipeline's proposed ROE, FERC assumes that pipelines generally fall into a broad range of average risk, absent "highly unusual" circumstances that indicate an "anomalously high or low risk" as compared to other pipelines. Unless a party makes a very persuasive case in support of the need for an adjustment, FERC has stated that it will set the pipeline's ROE at the median of the range of reasonable returns. Factors bearing on the business and financial risk of a pipeline can include the pipeline's capital structure, the pipeline's competitive position, the potential markets for the pipeline, the amount of the pipeline's capacity currently subscribed under long-term contracts, the volumes of interruptible transportation moving on the pipeline, and the credit risk of the pipeline's customers. It is recognized that the proposed Project will be one of the largest project-financed pipelines in the world. It is also recognized that the Project will have a	

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long lead time and will face environmental issues that are normally not faced by pipelines in the Lower 48 States. At the same time, certain risks commonly faced by pipelines in the Lower 48 States will not be faced by the Alaska pipeline project. For example, the potential markets for Alaska natural gas are well-documented. In addition, due to the expected decline in indigenous gas production in the Western Canadian Sedimentary Basin and the growth of Albertan natural gas demand, this project is of critical strategic importance to TransCanada in terms of offsetting declining throughput on its existing transcontinental pipeline system. Other risks commonly faced by a pipeline in the Lower 48 States will be significantly mitigated, if not eliminated, under the proposals in the License Application. For example: • TransCanada will be reimbursed under its proposal by the State for up to 50% of the costs it incurs during the Open Season Period and 90% of the costs it incurs during the Certification Period. • TransCanada may be eligible for federal loan guarantees of up to $18 billion, as provided by section 116 of the Alaska Natural Gas Pipeline Act of 2004. • TransCanada proposes to use loans secured by these loan guarantees not only to reduce the cost of debt but also, if permitted by the Department of Energy, to pay for cost overruns. The cost of debt and debt service will be fully recovered from the Shippers on the pipeline under TransCanada's rate proposal. • With respect to the "incentive rates," which could increase or decrease its ROE by up to 2% depending upon capital cost performance, TransCanada will require shippers to pay the full, unadjusted ROE until the capital cost overrun loan is serviced. • Shippers' rates will be designed using a levelized rate methodology that recovers 100% of the capital costs; • TransCanada does not propose to offer interruptible transportation service on the Alaska pipeline and, therefore, will not be at risk for recovery of costs that are normally allocated to interruptible transportation; nor will	

COMMENT	RESPONSE
TransCanada be required to credit overrun revenues to the firm shippers under its proposal; • All the contracts for service on the Alaska pipeline will be long-term contracts, with terms of 25, 30, or 35 years, thus mitigating the possibility that the costs of the pipeline will not be recovered from the Shippers; and • TransCanada's ROE would "float," as it will reset annually to track movements in the current yield for the U.S. 10-year Treasury bill, thereby mitigating the harm from guessing wrong in its certificate application. In light of the mitigating factors, the ROE included in the TransCanada rates should be lowered, despite the scope of the Project. This is particularly true in light of TransCanada's proposal to require shippers to pay for cost overruns and to pay the unadjusted ROE until loans underpinning the overruns are serviced, which will shift much of the risk it could otherwise face to shippers on the pipeline. Moreover, transportation rates founded on an excessive ROE arguably contravene the goal of the Alaska Natural Gas Pipeline Act to encourage exploration and development. Finally, the high level of the risk premium may delay proceedings at FERC. Lastly, we question the rationale for the proposed 60%/40% debt-equity structure for pipeline expansions. It would seem that there is less commercial risk in pipeline expansions than would be the case for initial construction of the pipeline. In addition, we believe that expansions supported by firm transportation agreements should be able to attract private debt funding at or above the 70%/30% debt-equity structure proposed for the initial pipeline construction. Inasmuch as the equity portion of capital will be substantially more expensive than the anticipated debt component, a 60%/40% debt-equity structure for expansions seems unnecessarily punitive. This point again goes to the U.S. Congress' mandate that the pipeline be structured in such a manner as to encourage the exploration and development of Alaska's natural gas resources. 7. National Energy Board (NEB) Although Anadarko's comments above are	

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somewhat FERC centric, we believe that many of the concerns raised herein will also be pertinent to the NEB's review and approval of this critically needed North American infrastructure project.	
CONCLUSION Anadarko appreciates the work of the Governor's office, the Commissioners, and TransCanada in developing a potentially viable proposal for the Alaska natural gas pipeline that will encourage exploration and development of natural gas resources. Although Anadarko has identified a few, isolated issues in the Application that it believes could be improved; Anadarko fully supports TransCanada's Application in principle. Anadarko thanks the Commissioners for the opportunity to comment on the TransCanada Application and respectfully requests that the Commissioners consider these comments as it goes forward in its review of the Application. Respectfully submitted, ANADARKO PETROLEUM CORPORATION David D. Anderson Manager, International Commercial Development	Comment Noted

BG North America- David Keane, Vice President, Policy & Corporate Affairs 3/05/08 (231K)

Response to TCPL Pipeline AGIA Application	
1.0 Project description & Development Plan (RFA Sections 2.1-2.2.1) 1.1 The TCPL application mentions that there will be one custody transfer gas metering station in Alaska; this will be located at the outlet of the gas treatment plant (GTP) and at the beginning of the people system. How will TCPL ensure gas that is added along the pipeline route (i.e., Foothills): a) processed or treated correctly; and b) metered?	The proposed pipeline will be an open access pipeline regulated by the FERC and subject to the open season requirements of AGIA. The combination of those requirements and the expectation that TC Alaska will maximize the value of its investment should ensure that new suppliers are provided appropriate access to the pipeline.
1.2 TCPL should provide more analysis to support the claim in the application that "TCPL expects there would be available capacity in the existing gas infrastructure downstream of Boundary Lake for the transportation of a portion of the initial Alaska gas." What is the anticipated available capacity for different off-take points?	TC Alaska has proposed a plan (section 2.2.3.2 (2)) to expand its existing system as necessary. Additionally, the commercial negotiations between potential shippers and TC Alaska will likely require that this capacity is available at an acceptable rate.

COMMENT	RESPONSE
1.3 What are the incremental costs (tariff & fuel) to move the gas to each of the markets reference in the application? (e.g., Pacific Northwest & California, Midwest/Chicago, Northeast/ New York and all Canadian markets east of Alberta)?	These costs will vary based on changing supply and demand conditions and are best provided by the individual pipelines providing service to the specific markets.
1.4 How can TCPL include the GTP as part of the binding open season based on a "conceptual design" of the facility with most assumptions remaining unknown? 1.5 If the GTP is undertaken by a third party, and such notification is not given until 30 days prior to issuing notice for the Open Season, how will TCPL ensure that the schedule for the GTP aligns with the November 2017 initial gas date?	The details of the GTP will be an important part of any discussions and negotiations between the ANS producers and TC Alaska. TC Alaska has stated (section 2.2.3.12) that it believes that the ANS producers are the most logical parties to construct and operate the GTP. TC Alaska has proposed an approach that provides the maximum opportunity for those parties to design and construct the GTP utilizing the existing Central Gas Facilities for Prudhoe Bay. TransCanada Corporation has further agreed that if this approach does not work, it is prepared to construct the GTP itself.
1.6 If the Open Season volumes are not sufficient for a large line through Canada, but satisfies the LNG requirements, when would TCPL expect to initiate the open season for the pipeline to Valdez? Would TCPL also hold an open season for the LNG facility?	These matters are best addressed by TC Alaska as part of its responsibility to conduct open seasons under AGIA. TC Alaska has indicated a willingness (section 2.2.3.13) to address requests for deliveries of gas to an LNG facility at Valdez.
1.7 If a shipper requested pipeline transportation services to Valdez during the Open Season what in service date do TCPL envisage for this service?	This will depend upon factors not currently known and be subject to negotiations between TC Alaska and shippers requesting such service.
1.8 Why is most of the staff to be located in Calgary after receipt of the license and the Open Season? It seems like the project will have deliverables, tasks and issues that would be best managed and completed if there were operations in Alaska, including the initiation of hiring project team members and responding to local government relation questions.	Under Section 2.2.5, TC Alaska commits to establishing a local headquarters after a successful Open Season with key project management and commercial functions in Alaska for the project pursuant to the requirements of AGIA. It states that "details regarding the final physical location, size and specific staffing levels will be determined once the AGIA license has been issued, and will be commensurate with the level of work being performed through each subphase. Functions within the PMT would be managed in the location where the majority of the work is being executed."
1.9 The Development Plan envisages that a reconnaissance of the entire route will be	This is a matter that will be determined by TC Alaska in its development plan. See comment

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undertaken prior to the Open Season, but it is unclear if this is a physical examination of the route or merely a desk top exercise. If an on-site reconnaissance is to be undertaken how will the survey/ engineering teams be supported in Alaska if there is no project office established in Alaska for this phase of the project?	for 1.8 above regarding the project office.
1.10 How will TCPL fill the roles identified prior to the Open Season? Will any of these be Alaskans?	Under Section 2.3.4 TC Alaska has committed to the Alaska Hire requirements of AGIA including "…to the maximum extent permitted by law to hire qualified residents from throughout the State for management, engineering, construction, maintenance, and other positions on the Project."
1.11 Only one operation and maintenance center is noted for the Alaska section of the pipeline. What emergency response depots/facilities will be available along the pipeline in addition to this operation and maintenance center?	We expect TC Alaska to comply with all regulatory requirements as well as its own staffing policies for facilities along the pipeline route.
1.12 Given the proposed pipeline maximum allowable operation pressure (MAOP), diameter, steel grade etc, does TCPL consider that full scale pipe testing will be required to satisfy local regulators?	TC Alaska will be required to meet all applicable testing requirements of the regulators/authorities having jurisdiction over this project.
1.13 Given the risk and complexity of the project how confident are TCPL that a fixed price EPC contract can be obtained?	This is a matter that is best determined by TransCanada Corporation as the project progresses and outside the scope of the commissioners' analysis.
1.14 The Development section of the proposal addresses separately the Environmental and Engineering Activities. Please provide additional information on how these two disciplines are to be integrated during project Development and Scope definition.	TC Alaska's plans are discussed in sufficient detail in Sections 2.2.1, Section 2.2.2, and elsewhere in their application for the commissioners and their independent experts to make a reasonable judgment about TC Alaska's ability to develop and execute this project. See discussion of this in Chapter 3 of the Finding.
1.15 Project Management Directors are stated as 'being accountable for the project management of all technical work, but the Director of Project Services has significant accountability for engineering on the Project. Please clarify line responsibility for the	See response for 1.14

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technical aspects of the project.	
1.16 The class 4 cost estimate will be finalized prior to the closure of the Open Season. Is it also the intent to provide a more detailed schedule based on an analysis of schedule risk?	This is best addressed by TC Alaska in its discussions with potential shippers prior to the Open Season.
1.17 Significant areas of rock that will require blasting can be anticipated on the project. However, no mention of this blasting has been included in the proposal. What assumptions have been made with regard to the impact of these blasting activities on cost, schedule and the environment?	Our engineering experts have conducted an independent analysis of cost estimates and ranges which take into consideration these types of contingencies. This information was used in our deliberations and analysis of TC Alaska's application.
1.18 What will be the impact on your proposal (e.g. schedule, design) if regulatory acceptance of Legal Subdivision design methodologies is not forth coming?	Our engineering experts have also conducted an independent analysis of the proposed design and schedule including a number of contingencies and potential problems. This was used as the basis for its deliberations and analysis of the TC Alaska application.
2.0 Stakeholder Management Plan (RFA Section 2.2.2) 2.1 Overall approach to the Stakeholder Issues Management Plan BG Group considers the issues associated with a project of this scale, set in the environmental, social, political, economic and cultural context of Alaska, to be significant, diverse and, in some cases, controversial. The issues have the following characteristics: • They are diverse, yet interlinked; • They will play out at various levels: local, state, regional, national and global; and • They will be perceived in different ways by different stakeholder groups. BG Group believes the only way to develop a project of this type is to secure and maintain a 'social license to operate' from specific-issue stakeholders, and from the people of Alaska as a whole. This will require proactive, 'best-in-class' stakeholder engagement and an approach to managing issues in a way that at least addresses, if not answers, the concerns of all stakeholder groups.	TC Alaska's Stakeholder Issues Management Plan is discussed in detail in Section 2.2.2 and Appendices B-9 and G of its application. While there are many different viable approaches to accomplish the objectives of this section, TC Alaska has provided sufficient detail in its application for the commissioners to their determinations.

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The approach outlined in the TCPL bid sets out a communications program for the project, rather than the kind of integrated stakeholder issues management plan envisaged by BG Group as necessary to secure broad support amongst Alaskans for the project. The steps set out relating to identification of stakeholders, disclosure of information and consultation have proven effective for less high-profile oil and gas developments in the region, as the bid points out with reference to various TCPL experience. However, BG Group believes it will be necessary to engage with stakeholders in a more thorough manner from the outset of this project to develop a robust understanding of the issues involved and put on place policies and management plans to address these issues. Elements of such an approach are discussed below. We are concerned that "TCPL would initiate the implementation of the Stakeholder Issues Management Plan within six months of the completion of a successful open season." Furthermore, it is based on a set of principles, around which specific actions can be developed in consultation with stakeholders. These principles may include, for example, a commitment to consultation, participation, partnership, transparency and sustainability.	
2.2 Stakeholders and issues of concern During BG Group's consideration of an application under AGIA, we conducted face-to-face meetings with various key stakeholders, including state and local government officials, labor union representatives, environmental activists and Alaska Native leaders, to identify the groups that could be counted as Alaska stakeholders and identify the issues related to the proposed gas pipeline that were of most interest to them. Strategies were mapped out for engagement with every level of government, landowners, Alaska Native groups, directly affected communities, non-government organizations, contractors and suppliers, universities and technical organizations, organized labor, news media, and resource developers. We are concerned	See response for 2.1 above.

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that the stakeholder identification for the TCPL bid is narrow in scope and should be broadened to be more inclusive. The issues of concern to the stakeholders fell into the broad categories of environmental issues, economic issues, social issues, and safety and security issues (see appendix). BG Group believes that categorizing issues in this way provides a useful framework for an appropriate assessment and understanding of the issues, as well as consideration of effective management planning. The issues listed in section 8 of TCPL's Stakeholder issues Management Plan, for example, require further analysis and categorization to inform a strategic approach to issues management. BG Group would also advocate carrying out a strategic impact assessment, alongside the regulatory Environmental Impact Statement, to provide the highest level of assurance possible to stakeholders and build relationships between the project and its stakeholders.	
2.3 Issues Management BG Group believes that addressing individual issues in isolation is not an effective approach to managing the range of issues associated with a project of this type. Rather, the management plan should be integrated, consisting of various key components, all of which should be underpinned by effective stakeholder engagement. The key components identified during preliminary consultations by BG Group included: • Environmental and social impact management: based on the EIS and strategic assessment, rigorous and stringent plans for management and mitigation of potential social and environmental impacts, in consultation and participation with stakeholders; • Biodiversity and conservation: going beyond impact management, a biodiversity and conservation plan so that the-project can contribute, as a partner, to the conservation priorities within it's area on influence; • Alaska hire: of key concern to all stakeholders BG Group- spoke to, this	See response for 2.1 above.

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would include an approach to maximizing Alaska Native hire and in-state training. Ref section 2,3.4; • Directly affected communities: forging long term relationships with local communities, including developing appropriate benefits-sharing packages in partnership with communities and their representative bodies; • Economic diversification: looking beyond the immediate supply needs of the project to address broader sustainable development priorities, locally and nationally. A significant aspect of this work would be focused on Alaska Native development Priorities. Such an approach requires dedicating adequate resources, including a manager to lead each component, and an overall SIMP manager to coordinate activities. The investment costs should be at least comparable to existing socio-economic and environmental management initiatives of oil and gas companies in Alaska.	
BG Group is prepared to share initial stakeholder issues management planning carried out in 4Q 2007 with TCPL / State of Alaska with a view to contributing to the successful realization of the gasline project.	The commissioners welcomes BG's offer to share its work in this area and encourages it to do so. The open season procedures and requirements will be subject to review and approval by the FERC and will provide ample opportunity to raise issues such as this for ultimate disposition.
3.0 Commercial Plan (RFA Section 2.2.3)	
3.1 Why should a prospective shopper have to demonstrate "access to gas" if the shipper meets the credit tests? If a shipper can pay for capacity, it should be of no concern to TCPL that the shipper is taking utilization risk.	See response for 3.1 above.
3.2 Using volume to compute NVP disadvantages small shippers. NVP should be judged on the basis of NPV per unit of throughput reserved. Maybe this is academic since the pipeline will be sized to meet the market, and capacity allocation is unlikely. Nonetheless, smaller shippers should not be	

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disadvantaged. It also appears that TCPL does not intend to allow bidding on rates. Shippers pay either the traditional cost of service rate of the “negotiated” (really, levelized) rate.	
3.3 Requiring a shipper to have a tangible net worth that is equal to or greater than its proportional share of the pipeline rate base is unusual, as is TCPL’s ability to force a creditworthy shipper to post collateral equal to the difference between the shipper’s tangible net worth and its proportional share of the rate base. Requiring an uncreditworthy shipper to post collateral equal to its proportional share of rate base is aggressive but there is some support for this position in FERC case law. Typically, BBB-/Baa3 appear more reasonable level of creditworthiness.	The terms of the proposed Precedent Agreements are as one commenter stated, “… perhaps best viewed as an opening offer…” The concerns referred to in this comment will be subject to lengthy negotiations by very sophisticated prospective shippers and review and approval by the FERC. . The combination of these negotiations and this regulatory oversight will in the commissioners’ opinion satisfactorily resolve these types of issues.
3.4 Continuing to invoice a shipper during a suspension of service violates FERC policy.	See response at 3.3.
3.5 Recomputation of rates following TCPL’s decision to terminate a customer shifts credit risk to shippers, when it is TCPL that made the initial decision on creditworthiness, and the decision to terminate. TCPL should bear the risks associated with its own business judgments. Plus, TCPL claims the right to seek damages equal to all remaining payments. Recomputation of rates is potentially a double recovery for TCPL.	See response at 3.3.
3.6 Shippers should not bear development costs if precedent agreements are terminated by TCPL due to their failure to satisfy its conditions precedent.	See response at 3.3.
3.7 TCPL appears to have imposed undue restrictions on capacity release. Creditworthiness should not be a constraint on the ability of a party to be a replacement shipper; it should only be a condition to the discharge of the obligations of the original shipper in the case of permanent release. TCPL’s consent should not be required for a permanent release, and assignment prior to the in-service date should be subject only to customary industry conditions.	See response at 3.3.

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3.8 An unqualified obligation to pay reservation fees in the event of interruptions violates FERC policy. Proving make-up rights on an interruptible basis is not an adequate substitute and may violate FERC policy (if TCPL gives priority to these interruptible volumes). Furthermore, suspension of reservation fees should not be the exclusive remedy in the event of an interruption that is not excused by force majeure.	See response at 3.3.
3.9 The proposal on rate of return on equity is not consistent with FERC policy for development of recourse rates (i.e., an annual adjustment based on movement in Treasury notes).	See response at 3.3.
3.10 The proposal to "flow through" opex costs and taxes is not consistent with FERC policy for development of recourse rates.	See response at 3.3.
3.11 The proposal for cash working capital element is not consistent with typical pipeline experience.	See response at 3.3.
3.12 The offer for a rate of return ion equity (ROE) adjustment if capital costs exceed Base Capital Cost puts a lot of pressure on the determination of a Base Capital Cost. This would need to be subject to full open book scrutiny by shippers. Also it is not clear what the proposed treatment is of impudently incurred capital costs. After five years would TCPL get full ROE on these as well?	See response at 3.3.
3.13 Although it appears under the "Negotiated Rate" heading, the proposal for and ROE that gets predetermined every year is apparently an element of TCPL's recourse rate proposal as well (see cross reference on page 65 to section 2.2.3.7(1)). This is inconsistent with FERC ratemaking policy and TCPL has not explained why, with the benefits of a state subsidy and federal loan guarantees, it also needs a preferential approach to ROE.	See response at 3.3.
3.14 How does the treatment of all of Alaska as one zone meet the state's requirement for	

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distance sensitive rates for intrastate deliveries?	See response at 3.3.
3.15 It is not clear what TCPL means by a “surcharge” to pay for capital cost overruns. Like any other pipeline, if they want to reflect a capital cost in rates other than the one reflected in the initial rate, they should have to file a rate case and open all elements of cost up for review. What plan is there for rate reductions in the event the ultimate costs are less then the cost reflected in the initial rates?	See response at 3.3.
3.16 What are the potential tolls/tariffs, revenues and benefits if 3.5 bcf/d is subscribed during the open season?	See response at 3.3.
3.17 Is the incremental facility to be constructed by Foothills Pipeline of $1.4 billion included in the overall costs figures?	TC Alaska explains how the $1.4 billion of incremental facilities downstream of Boundary Lake will be handled in Section 2.2.3.2 (2) of the application. In short, these costs will be rolled into the Alberta System tolls which TC Alaska estimates at $.12 - .17 per mmBtu.
3.18 What is the fuel cost percentage for the line down to Boundary Lake?	Estimated fuel cost percentages are provided in Section 2.10.1. of the application. Chapter 3 of the Finding discusses gas reserves and resource assumptions used in our analysis.
3.19 How can TCPL expect to have a successful open season from the ANS producers when there is currently only 24 tfc of proven natural gas reserves in Prudhoe Bay, which is significantly less then what is required to commit and finance over 30 year period (e.g., minimum of 38 tcf for 3.5 bcf/d)?	TC Alaska’s financial plan is discussed in Section 2.8 of the application. The information provided in TC Alaska’s economic model assume a 4% depreciation rate or 25 year life. Financing terms and conditions will likely be negotiated at the appropriate time by TC Alaska and the lenders based on factors beyond the proven reserves at Prudhoe Bay.
3.20 What assumptions has TCPL made regarding the Point Thomson reserves (e.g., timing, reserve volumes, quality)?	See response for 3.19 above.
3.21 What is the minimum threshold volume for a shipper to consider equity ownership in the project?	This is a term that will likely be negotiated

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3.22 How much of the equity ownership of the project will TCPL make available in total?	between TC Alaska and potential shippers. See response for 3.21 above.
3.23 Describe the rates and financial implications if shippers elect to deliver within the State of Alaska (e.g., Fairbanks, Delta Junction, Anchorage, Valdez)?	TC Alaska's commitment to in-state service is described in Section 2.2.3.9 of the application. The rates and financial implications of this service will be reviewed and approved by the FERC.
3.24 What happens if the project receives all permits and authorizations on the US/Alaska section but experiences delays in the receipt of the Canadian authorizations?	The commissioners are advised by Canadian legal counsel on potential delays and issues requiring Canadian authorizations. This advice was used in developing the schedule ranges used in analysis of the TC Alaska proposal.
3.25 What is the likelihood that the regulations will be changed by the Alaska Energy Utilities Board for allocating the extraction rights to receipt shippers rather than export delivery shippers?	Assuming the question was intended to address the Alberta Energy Utilities Board, see the comment above for 3.24.
4.0 Regulatory Plan, Local Project HQ Plan, Execution Plan (RFA Sections 2.2.4-2.3)	
4.1 TCPL does not address whether the Bureau of Land Management right of way would be subject to the existing Yukon Pacific Corporation right of way. How will this issue be resolved?	TC Alaska describes its rights-of-way plan for Alaska in Section 2.2.4.2 of its application. Any prior grants of ROW should be identified and handled by the granting agency; i.e., the BLM in this case.
4.2 What assumptions has the regulatory plan made regarding the FERC pre-filing process?	TC Alaska has committed to use the FERC pre-filing process in Section 2.2.4.3 of the application.
4.3 Why complete the FERC per-filing procedures by 10 June 2010? It would appear that this could be achieved sometime in mid 2008 after receipt of the AGIA license and initial consultation reviews with FERC.	See response at 1.18.
4.4 What assumptions have been made with regard to the permitting schedule outlined in the application?	See response at 1.18.
4.5 The construction contract strategy section of the Execution Plan states that local firms	

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will be given preference were they can provide services on a competitive basis- does this statement imply that to achieve preference local contractors will have to provide the lowest cost for the scope of services tendered?	TC Alaska has committed to meet the all of the Alaska hire requirements of AGIA. TC Alaska is not required to hire local contractors that are not qualified or competitive with Outside contractors.
4.6 The execution plan does not have a lot of details on actual work to be performed, resources required, work processes to be followed and general interface management of the various areas. Work described could be done for "any" generic pipeline project compared to a very challenging and complex project in extreme conditions covering two different countries. What is TCPL's plan regarding a more detailed execution plan to provide assurances to shippers and investors that the schedule and cost can be achieved for such a challenging and complex project?	TC Alaska has provided its detailed execution plan in Section 2.3 of the application. The details that you are referring to are typically developed during the FEED and detailed engineering and design phases of the project.
4.7 The detailed Engineering Plan includes items within the scope activities that would appear to be required to support the permitting process – which of the activities described will be undertaken during the Development Phase?	TC Alaska has provided for detailed engineering in both the Development and Execution phases. It has indicated that it will perform all of the necessary detailed engineering necessary to support the permitting process.
4.8 The mobilization of equipment etc. for the GTP is stated as using the existing dock at Prudhoe Bay. What utilization window is available for this and how will this impact existing operations at Prudhoe Bay?	Our engineering experts have considered the requisite sea lifts at the Prudhoe Bay dock in developing the project's schedule range which was used in our analysis and the subsequent deliberations.
4.9 The statistics indicated for use in monitoring of Safety Performance are all 'lagging' indicators. What 'leading' indicators would TCPL propose to use on the project?	TransCanada Corporation's submission of historical safety performance is directly responsive to 2.9.1 of the RFA which specifically requested historical data. Leading indicators were not requested.
4.10 Are TCPL's tools to manage capital costs and projects manual or automated? What time lag would exist between execution and expenditure of work and the availably of cost and schedule reports to the Project and TC's Senior management?	Based on the information provided in the application, our engineering experts believe TC Alaska and its contractors will be utilizing very high quality automated systems to plan and manage costs and schedule for this project.
5.0 Operations Plan, Project Cost Estimate, Project Schedule (RFA sections 2.4-2.6)	

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5.1 Will the pipeline have a real time leak detection system in the addition to Leak Detection and Repair program described in the Operational Plan?	TransCanada Corporation has established itself as a world class operator of natural gas pipelines in North America. The commissioners believe that it will continue its record of outstanding performance in addressing these types of issues. Information on these types of issues was not specifically requested in the RFA.
5.2 Operations plan does not include how audits and inspections will be handled. How will this be addressed?	See response for 5.1 and 5.2 above.
5.3 Operations plan does not describe the overall operations maintenance organization, indicate resources and operational service requirements or provide details of opportunities and training available to Alaskans.	See response for 5.1 and 5.2 above.
5.4 The Operations Plan states that monitoring, operation and control of the project will be with in TCPL's Control Center –where the control center is located and what monitoring, operation and control will be undertaken in Alaska?	See response for 5.1 and 5.2 above.
5.5 What is TCPL's system for 'Process Safety Management' during the life of the project and during periods of expansion activity?	See response for 5.1 and 5.2 above.
5.6 The application provides 2007 cost estimates that are based on a class 5 estimate. Class 5 costs estimates typically reflect a project that is not very well defined or understood (0 to 2 % of definition understood). Given the amount of work that TCPL and Foothills have done over the past 25 years in Alaska, why was this class estimate used?	We cannot address why TC Alaska categorized its estimate as Class 5. Our engineering experts did not use TC Alaska's estimated costs as the basis for the economic evaluation of their Application. See Chapter 3 of the Findings for more discussion of this area.
5.7 Does the cost estimate for the Development Phase of the Alaska Section include the cost of agency/regulatory fees to support the permitting process?	Our engineering experts did include these costs in developing their own independent cost estimate range for the Development Phase.
5.8 For the cost estimate for the Execution phase please indicate the split between the Owners costs and those for the EPCM (EPC) contracts. Projects Management costs etc are stated as being based on project specific	This information was provided by TC Alaska on February 25, 2008, in response to a

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organizational charts—please provide these.	request for additional information by the State and was posted on the AGIA Web site.
5.9 Why was the Class 4 recommended for the binding open season? Is this typical for pipeline projects completed in challenging and complex geography?	Our commercial and technical experts believe that TC Alaska will be required to address the accuracy level of its cost estimates for the Open Season with potential shippers during that process. TC Alaska should be highly motivated to provide the best available cost estimates to secure credible commitments from potential shippers.
5.10 Why is the binding open season happening prior to FEED?	In this type of project, FEED cannot progress very far without the scope/size of the project being defined. Page 2.6-3 of the application indicates that Pre-FEED continues throughout the Open Season process.
5.11 The timeline is conditional on the license being issued on 1st April 2008. What will be the overall impact on the timeline if the License is issued at a later date?	Our engineering experts have assumed in their analysis that the timeline was delayed day-for-day for each day the award of the license was delayed. TC Alaska has indicated the same in its application.
5.12 Procurement activities are shown as continuing up to the completion date for construction – please provide details of what procurement activities are anticipated to take place during the last year of this activity.	Our engineering experts have stated that it is common for the procurement of minor materials, commissioning materials and spare parts to continue throughout the project.
5.13 Commissioning activities are shown on the overall project schedule as extending beyond the proposed start up date for commercial operations—what commissioning activities are envisaged after commercial start up and what system capacity will be available at commercial start up?	Our engineering experts believe that the commissioning of some of the GTP and compressor stations will continue after the initial APP startup. This has been considered in their analysis.
5.14 If available capacity at commercial start-up is less then bid for at Open Season how will this be allocated until full capacity is available?	This type of question is typically addressed in the negotiations between TC Alaska and potential shippers in the open season process.
5.15 The proposal states that TCPL utilizes risk acceptance standards of safety, environmental and social risks—please provide details of these acceptance standards.	TC Alaska has fully addressed these standards in (confidential) Appendices B-11,

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	B-12, and E of the application.
5.16 Given the number of risk which have been identified as having a cost and schedule impact what is the assessed probability that the project cost and schedule included in the proposal can be achieved?	Our engineering experts have independently developed cost and schedule ranges that were used in their analysis, not the specific cost/schedule information supplied.
6.0 Technical Viability (RFA Section 2.10.2)	
6.1 Please confirm that no redundancy of equipment is envisaged to be installed at the intermediate compressor and chilling station other than upstream of Kluane Lake and at the end of the Yukon—BC section.	Our engineering experts have assumed no redundancy of equipment, other than electric power generation, in their analysis. This will likely be an area of discussion between TC Alaska and the potential shippers during the open season process.
6.2 Please confirm that the compressor station at the head of the pipeline is included within the GTP development cost and has been budgeted as such.	The initial 2500 psig into the pipeline at the North Slope is provided by the GTP and was included in the cost analysis.
6.3 Given the above assumptions what is the target availability for the pipeline system at design capacity?	This is an area that will be addressed by TC Alaska during the open season and in negotiations with the shippers.
Appendix: Summary of Stakeholder Issues identified by BG Group during consideration of submitting a bid under AGIA	BG's summary of Stakeholder Issues will be provided to TC Alaska for future reference and use as appropriate.
Environmental Issues- Potential impacts on Alaska's biodiversity, including endangered/native species, as a result of infrastructure development and operations, including: • Pipeline construction, including river crossings • Road construction/upgrades • Marine terminal construction • Emissions and discharges • Materials consumption • Introduction of non-native species Potential indirect impacts associated with the project's environmental footprint, including impacts on subsistence and other natural resource use. Potential impacts on climate change both positive (accessing Alaska's gas can deliver beneficial impacts of improved air quality and lower carbon emission where this supply replaces the use of other fossil fuels) and	

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negative (enabling further exploration and production of Alaska's hydrocarbons). Concern about encroachment into designated wilderness areas as a result of the opening up of Alaska for further gas-related development. Potential opportunities for biodiversity and conservation as a component of the project's issues management approach (see below). Economic Issues- The macro-economic impact on the State of Alaska through the revenues that will flow from the development of the State's gas reserves (the Alaska Permanent Fund will also be a beneficiary of theses revenues). The need for Alaska to diversify its economy beyond sectors associated with the oil and gas industry, to ensure the economy has a healthy, sustainable future long after the development of the State's hydrocarbons. Employment and other economic opportunities for Alaskans as a result of the project's labor requirements, capital investment and operational expenditure, including: • A large construction workforce; • Long-term employment directly associated with the project; • Opportunities for Alaska business to supply goods and services to the project; and • Indirect employment and other business opportunities throughout the supply chain. Issues associated with these opportunities include: • The need for BG and stakeholders to maximize opportunities through proactive management (see below); • The potential for an influx of people from outside Alaska seeking employment, and associated 'boom and bust' impacts; • The potential for the project to affect the supply and demand balance of the existing labor market in Alaska; and	

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• The development of Alaska's domestic gas supply in association with the project. Social Issues- Potential impacts on communities as a result of the project's infrastructure development and operation, including: • Impacts arising from land access and rights of way; • Construction workforce impacts; • Potential community health and safety issues associated with traffic, noise and emissions; • Potential impacts in the Port of Valdez from LNG shipping access; • Demands on local infrastructure and public utilities; and • Socio-economic impacts, for example local inflationary pressures Potential development benefits for the people of Alaska, through the economic opportunities created and project's wider contribution to the sustainable development priorities of stakeholders. Benefits to the Alaska Native community, through the project's commitment to addressing the specific concerns of this important and diverse constituency in partnership with communities and Alaska Native representative groups. Security and Safety- Safety and security issues regarding the pipeline, natural gas liquefaction plant and the marine transportation of LNG are important and will be addressed in safety and security plans that BG will prepare in conjunction with State and Federal authorities. Most of the pipeline will be buried and not subject to deliberate acts or unintentional mishaps. Specific issues to be addressed for the remaining facilities are: • Potential risk to the public due to terrorists attacks on the LNG facility, pipeline, and/or ship; • Accidental incidents the facility, pipeline and/or ship resulting in the	

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release of natural gas, either as a vapor or as a liquid; • Exclusion zones related to LNG ships while in transit and how these zones may impact commercial as will as sport fishing; • Exclusion zones around the LNG plant and how these zones might impact the public; • Whether the local, municipal or state authorities have the necessary resources and equipment to insure public safety; and • The risks to wildlife in the event of an accidental or intentional release of natural gas either as a vapor or as a liquid. BG is committed to providing full assurance to all stakeholders, particularly those located in close proximity to the project infrastructure, that the project is designed, developed and operated to the highest standards on safety and security to ensure that all potential risks to community health and safety are sully mitigated and appropriate emergency response planning is in place.	
BP- Angus Walker, Senior Vice President Gas & Midstream Alaska 3/06/08 (307K)	
Comments on TransCanada's Application BP has serious concerns with the potential award of an AGIA license to TransCanada. Award of an AGIA license to TransCanada would expose the State of Alaska, potential future shippers, and potential partners to significant risks. BP also believes that TransCanada's application violates a number of the requirements of AGIA. Awarding a license to TransCanada would delay, if not prevent, the project. These concerns are outlined further below.	
ANNGTC Withdrawn Partner Liability. Although not disclosed in TransCanada's application, TransCanada potentially faces a multi-billion dollar liability to withdrawn partners associated with an earlier attempt to advance an Alaska gas pipeline project. This liability exposes shippers, including the State,	The commissioners have been advised on and considered this issue. TC Alaska has addressed this issue in supplemental answers and filings (on the AGIA Web site) and in recent testimony provided to the legislature. This issue has been considered and is

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and those that might partner with TransCanada to multibillion dollar claims. TransCanada failed to adequately disclose this liability in its application. The fact that TransCanada has subsequently disclosed this liability, along with its affiliate relationships and its organizational structure, after its application was found to be conforming does not resolve this issue.	addressed in Chapter 3 of the Finding. To the extent that it is an issue, it is reasonable to assume that it that it will be satisfactorily resolved by the appropriate parties through litigation, rulings by the appropriate regulatory agencies, and negotiated agreements. It should not prevent the project from moving forward on the schedule developed by our engineering experts.
Imposition of Requirements on State of Alaska. By imposing requirements on the State or providing contingencies, TransCanada's application conflicts with the AGIA Request for Application's prohibition against such conditions. Examples of those conditions include, but are not limited to: • The State work jointly with TransCanada to seek authorization to use the federal loan guarantee to fund cost overruns; • The State work jointly with TransCanada to establish a mechanism through which the federal government would assume some or all of the initial risk of the project by acting as a bridge shipper; and • TransCanada will "rely" on the State to negotiate upstream fiscal terms with potential shippers.	TC Alaska did not condition its application. As TC Alaska has explained in its testimony to the legislature and subsequent filings to the state, these are suggestions for dealing with some of the expected challenges presented by this project.
Not only do these conditions conflict with the AGIA bid requirements, but if accepted by the State, they could expose the State to claims by TransCanada if the State does not perform.	The identified language from TC Alaska's Application merely contains suggestions, not conditions or requirements. Thus, the premise of BP's comment is incorrect.
No Commitment to Build Line No License to Review. Contrary to popular belief, TransCanada has not committed to build a pipeline. In fact, TransCanada's application provides that its Board of Directors retains sole discretion to determine whether or not it will build a pipeline. Additionally, the actual proposed AGIA license is not included in any of the public documents, so one cannot discern what other conditions may be placed on any of TransCanada's commitments.	The commissioners' have found that TC Alaska made the commitments required by AGIA and has not conditioned those commitments.

COMMENT	RESPONSE
Foothills Rights Under the Northern Pipeline Act (NPA). TransCanada's subsidiary, Foothills, would have to expend significant work to bring their certificates current as Canadian environmental laws have evolved, aboriginal rights have been established, and physical development along the certificated route has occurred. These developments suggest that Foothills rights under the NPA are of little or no value to the project, and may actually result in additional cost and delay.	Canadian counsel advise that reliance by Foothills on its NPA authorization is probably valid. The issue of litigation and delay is addressed in the schedule analysis.
Dempster Lateral. The possible imposition of additional cost associated with the Dempster Lateral specified in the NPA on Alaska shippers (including the State) would reduce the netback realized for Alaskan gas brought to market. The NPA requires that Alaska shippers pay not less than two-thirds of the cost of service for a pipeline in Canada from Dawson to Whitehorse, if built, for the benefit of Mackenzie Delta gas (NPA Schedule 1 paragraph 6). The resulting netback to shippers, including the State, will be reduced by this additional cost, estimated at over $1 billion.	The commissioners have been advised by Canadian legal counsel regarding potential issues associated with constructing the proposed pipeline through Canada. Counsel advised that the Mackenzie Valley Pipeline (the proposed alternative to the Dempster Lateral) has been subject to extensive regulatory and environmental processes over the past number of years and is currently awaiting a decision with no reference to the possible construction of a Dempster Line.
Legal Entities Not Described. TransCanada references their intent to use the NPA in Canada by virtue of their ownership of entities that hold rights under the NPA. However, no detail is provided in the application as to these affiliated entities.	TC Alaska describes in sufficient detail in Section 1.3 of the application the applicants that are proposing to build this project.
Cost Estimate Quality at Open Season. TransCanada will have at best a "Class 4" cost estimate available at open season. This is a cost estimate with significant uncertainty, meaning that shippers will be asked to make binding commitments to a service with a low quality cost estimate. A "Class 3" cost estimate would provide much greater assurances and help minimize risks to shippers, including the State.	Comment noted. It is consistent with the normal commercial development of a project of this type, to provide potential shippers with the best cost information available at open season. The uncertainties associated with the actual volumes that may be committed and the expected duration of this project will necessarily limit the precision of any cost estimate. Even with perfectly defined scope, costs can change dramatically over the long duration of this project and cannot be predicted until real commitments are made by the project sponsor.

COMMENT	RESPONSE
Changes in Project Scope and Schedule. TransCanada's application envisions making changes to their proposed project plan to respond to events that they foresee, that are not required by a regulatory agency, and that may not increase value to the State. While such changes might be commercially reasonable, they are not permitted by AGIA.	As defined in Section 4.11 of the RFA, the license provides for minor modifications to the project by TC Alaska without approval by the commissioners, while any changes to the major components of the project plan will be subject to approval by the commissioners and may not diminish the value of the project to the State.
In-State Service. TransCanada offers a distance sensitive rate for gas delivered in Alaska, but that service is conditioned on shippers committing to firm transportation for the service. While that condition is commercially reasonable, it is contrary to the requirements of AGIA.	TC Alaska has met the in-state delivery requirements of AGIA. This is an issue that is subject to the jurisdiction of the FERC and will ultimately be decided in that forum.
Governance Terms. TransCanada offers shippers (including the State) an equity participation in its proposed project, but TransCanada has provided no governance agreement, proposed ownership percentages, or terms for review. While we are encouraged that TransCanada's application appears to allow for the participation of additional parties, no governance agreement is provided for review by those prospective parties or by the Alaska public.	These terms will be negotiated by TC Alaska and prospective shippers at the appropriate time. BP and the other major producers on the North Slope are very sophisticated and experienced parties to these types of negotiations and will likely condition any shipping commitments on what they believe are acceptable terms for their equity participation in the project.
Protect Termination during Post Certification Period. TransCanada provides a mechanism to allow it to terminate its Precedent Agreements and Transportation Service Agreements if any of seven conditions precedent is not met. These conditions precedent are within TransCanada's sole authority to control. If this termination occurs, the shippers whose Precedent Agreements and Transportation Service Agreements have terminated would be liable to pay for the project development and certification costs. This provision removes risk from TransCanada, and places significant additional risk on shippers, beyond what is customary industry practice. This adds to the risks that must be considered by shippers when evaluating whether or not to participate in a TransCanada open season.	The terms of the proposed precedent agreement are what another commenter has labeled as TC Alaska opening offer. BP and the other potential shippers on this project are very sophisticated and experienced parties to these types of negotiations and will likely condition any shipping commitments on what they believe are acceptable overall terms and conditions.

COMMENT	RESPONSE
Cost Overruns. TransCanada offers two mitigations for cost overruns, each of which exposes them to little if any risk. One suggested mitigation would have the US Federal government accept cost overrun risk through modification to the US Federal loan guarantees. The alternative mitigation would adjust the ROE downward for just the first five years following the in-service date, up to a maximum of 2%. Neither of these mitigations provides real incentive for TransCanada to manage costs. In fact, TransCanada's positive cash flow significantly increases with cost overruns at the expense of the State and potential shippers. TransCanada's proposed 2% ROE reduction limited to the first five years of service is an inconsequential incentive compared to the uncertain cost estimate being offered by TransCanada to shippers in their open season.	See response above for *Project Termination During Post Certification Period*
Debt Structure. TransCanada proposes a 60% debt structure for expansions, resulting in higher tolls for Shippers, and potentially an overall debt structure of less than 70% for the total pipeline. This debt structure fails to meet AGIA's tariff rate-making requirements.	AGIA requires a 70% debt structure only for the initial proposed project. The RFA in Section 2.2.3.5 allows an applicant to propose a capital structure of less than 70% debt for expansion facilities.
Commitment to Expand. TransCanada's application conditions future expansions on firm transportation commitments being acceptable to TransCanada, and TransCanada being assured of their ability to recover costs of existing facilities. These conditions conflict with the requirements of AGIA.	AGIA (§ 130(6)(A)) expressly allows for "no impairment of the proposed project's ability to recover the costs of existing facilities" as an allowed condition under "commercially reasonable terms."
Comments on AGIA	
Fiscal framework. We fully support AGIA's objective to advance a gas pipeline project, but, it does not sufficiently address the resource framework, the key enabler for a project to be successfully financed.	Article 3 of AGIA provides a fiscal framework for shippers committing to the project. These issues are further discussed in the findings. The AGIA upstream inducements provide clear and current value to potential shippers who hold State of Alaska leases.

COMMENT	RESPONSE
Taxes. AGIA provides no tax certainty. Given the amendments to AGIA, which deleted the language that would have offered a certain measure of stability through contract, no tax certainty is provided under AGIA. Even the ten years of severance tax stability contemplated under AGIA is substantially less than the period that shippers will likely be required to make their firm transportation commitments. For example, under TransCanada's application, shippers would be required to make a 25-35 year shipping commitment. A robust fiscal framework needs to be established which appropriately addresses the various taxes paid to the State, in a manner that works for all parties.	See response above.
Royalty. AGIA seeks to address the issue of royalty valuation, but its terms do not provide sufficient clarity to justify making the firm transportation commitments required to underpin the project. The royalty valuation provisions depend on future regulations; neither the shippers nor the Legislature know what those future regulations might encompass. Under AGIA, the specific solution to RIV/RIK switching is left to future regulation that would allow for the lessee to bear disproportionate costs and to interfere with long-term marketing.	See response above.
Stability. It is the upstream resource that drives the construction of a basin-opening pipeline like this project, not the pipeline that drives the resource. Therefore, solving the resource fiscal issues with clarity is key to allowing a project to move forward. Multi-billion dollar commitments spanning decades are needed to financially underpin this project. Just like Wall Street needs to know the rules before lending money, resource owners need to know the fiscal rules that will govern the project before making the long-term commitments that will enable the pipeline to be financed. The details of an upstream framework are complex and will take time and effort by both	See response above.

COMMENT	RESPONSE
the State and the producers to agree - but unless they are addressed, a project will not secure financing; it will not advance. TransCanada has acknowledged this fact. The provisions of AGIA do not adequately address these upstream issues.	
AGIA conflicts with US Federal Law BP believes that AGIA conflicts with federal law. If indeed there is a conflict, a project could not advance under AGIA. At a minimum, resolving this issue would add delay and uncertainty. We do not see how that is in any of our interests. We next outline some of our concerns regarding the potential conflicts with federal law.	
Expedited handling. AGIA offers expedited regulatory handling only to the licensed project, and exposes the State to penalties for assisting another competing project. This approach conflicts with Federal law, including FERC regulation, which favors competition among various project proposals and market involvement in making the choice.	The State also supports open competition in the marketplace as evidenced by the open and transparent process required by AGIA. While a licensee may enjoy certain benefits under the terms of AGIA, the State will also diligently meet all of its obligations to competing proposals.
BP supports federal law in providing for open competition in the marketplace, rather than the State choosing a winner in advance of actual performance or before the competition actually starts. In fact, the FERC requires that the market demonstrate that it wants and needs a new pipeline before awarding a certificate to an applicant. A successful open season demonstrates the market's desire and need for a new pipeline. The Alaska Natural Gas Pipeline Act (ANGPA) offers a good model for expedited regulatory handling by providing that type of handling to any project, not just one project.	AGIA does not impede market forces (as evidenced by the emergence of the BP/ConocoPhillips project proposal). Congress has declared that an Alaskan pipeline is in the national interest when it enacted ANGPA in 2004. The FERC staff testified to the Alaska Legislature that there is nothing in AGIA that conflicts with FERC rules. The award of an AGIA license to TC Alaska moves the project forward because of the binding, enforceable commitments that are required by AGIA and that were made by TC Alaska in its application, including the commitment to conduct an open season by a date certain, file for a FERC certificate by a date certain and accept the certificate that the FERC issues.
Future Expansions. AGIA can result in one party subsidizing another. AGIA requires initial shippers to bear the risk and additional cost of tariff increases of 15% or more by subsidizing expansion shippers. This subsidization is contrary to	FERC has established a rebuttable presumption in favor of rolled-in pricing for any Alaska pipeline. The FERC does not specify what, if any, limits would apply to that presumption or dictate incremental pricing

COMMENT	RESPONSE
FERC policy under the Natural Gas Act, Section 105(b) of ANGPA, and FERC Order 2005. A policy of subsidization places additional risk on the initial shippers, making the project less attractive, and therefore puts the project at risk.	above any specified threshold. FERC specifically reserved for future determination whether any roll-in would amount to a "subsidy" and clearly indicated that a mere rate increase due to roll-in would not necessarily amount to a "subsidy." FERC also indicates that precedent in Lower-48 under the Natural Gas Act is inapplicable to the Alaskan project. ANGPA Section 105 is not relevant inasmuch as that section deals with expansions mandated by FERC over the objection of the pipeline owner whereas AGIA's rules apply to expansions initiated voluntarily by the owner.
In-State Capacity. FERC Order 2005 requires the pipeline owners to provide estimated distance sensitive rates to in-state delivery points. What it does not require, but AGIA does require, is that pipeline owners set aside capacity for potential in-state shippers even if none sign up for capacity in an open season. AGIA's language, however, requires the AGIA licensee to offer in-state transportation service to in-state delivery points, regardless of whether any shippers bid successfully for in-state commitments in an open season. Potential capacity needs for in-state service must be set aside and included in the initial construction capacity, rather than ensuring that such service be made available only if the capacity is actually available as is provided in Order 2005. The difference is significant. Under FERC Order 2005, the capacity would be constructed only if in-state shippers committed to pay for the costs. Under AGIA, the capacity would have to be constructed regardless of whether in-state shippers committed to pay for its costs. If they did not, the costs of the unsubscribed capacity would have to be shifted elsewhere, possibly even to the other shippers using the line that neither requested nor need the capacity.	AGIA does not require capacity to be set-aside for in-State deliveries. Consistent with FERC's Order No. 2005/2005-A requirements, AGIA only requires that the project sponsor commit to "offer firm transportation service to delivery points in [Alaska] as part of its tariff regardless of whether any shippers bid successfully in a binding open season for firm transportation service to delivery points in [Alaska]…". The obligation to offer to provide firm service presumes that capacity is available to provide such service. If insufficient capacity is available, FERC contract carriage rules (first come/first served) would apply. Note that the North Slope Producers unsuccessfully opposed FERC's inclusion of a requirement to offer a transportation service and distance-sensitive rate for in-State deliveries if no one sought such service in the initial open season. (See, Order 2005-A at P 83, "If there are no successful bids for in-state service, the prospective applicant would nonetheless have to include the in-state service as part of its proposed initial tariff. An opportunity to have in-state service might arise if the pipeline voluntarily accepts a request for it at a later time, or if the Commission acts under section 103(h) of ANGPA and Section 5 of the NGA to require the pipeline to make such in-state deliveries.")
Negotiated Rates The availability of firm, fixed rates that insulate shippers against the potential of their	While AGIA does limit the ability of the Licensee to enter into negotiated rate

COMMENT	RESPONSE
negotiated rates being increased during the term of the agreement is a fundamental tenet of FERC tariff policy. But, AGIA prohibits such protections because AGIA undermines the protections provided by negotiated rates. Under AGIA, the State must favor one proposal over another in obtaining State permits, giving the AGIA licensee an effective monopoly on State permitting. Therefore, the AGIA licensee will have little incentive to negotiate rates. Aside from federal preemption concerns, this policy will increase tariffs, thereby reducing State revenues from the project.	agreements that would impair its ability to collect higher rates as a result of the rolling-in of the costs of pipeline expansion, it does not prevent a licensee from providing protection from other types of cost escalations through negotiated rates. Further, there is no requirement that the State must favor the AGIA Licensee in obtaining State permits. TC Alaska will have strong incentives to negotiate rates in its efforts to secure the shipping commitments needed to support this project.
Revisions to FERC Certificate Conditions. Pipeline companies may seek and obtain revisions to FERC certificates after they have been awarded. Often this process requires negotiations with the FERC on the certificate terms and conditions before reaching its final form. AGIA effectively prohibits that sort of flexibility that pipelines depend on to enable them to respond to changing conditions.	Section 43.90.200 of AGIA requires the Licensee to accept the certificate on or before the date the order is no longer subject to judicial review. This allows the licensee to review all terms of the certificate as it is ultimately issued.
Summary BP believes that the award of an AGIA license to TransCanada would significantly delay, and possibly prevent, a successful gas pipeline project from moving forward. For this reason, we do not believe that the award of an AGIA license to TransCanada is in the best interest of the State or sufficiently maximizes the benefits to the people of Alaska.	As discussed in the Findings, the commissioners disagree with this conclusion.
We appreciate the opportunity to provide these comments and hope they will be useful in guiding the Administration in establishing the best way forward for the Alaska gas pipeline project.	

ConocoPhillips- Brian Wenzel, Vice President, ANS Gas Development 3/06/08 (342K)

As reflected in the attached correspondence, ConocoPhillips is intent on making progress on an Alaskan natural gas pipeline project ("pipeline project"). As we testified when the Alaska Gasline Inducement Act (AGIA) was being considered, ConocoPhillips was not able to submit an application under AGIA because the AGIA process did not provide enough flexibility to create a commercially viable	Comments Noted

COMMENT	RESPONSE
pipeline project. AGIA specifically indicates that pipeline projects may be advances outside the AGIA process; that is what ConocoPhillips is doing. As you know, under cover of a letter dated November 30, 2007 (attached), ConocoPhillips submitted a pipeline project development proposal, which addressed the State of Alaska's primary objectives and offered some additional innovative provisions designed to enhance the attractiveness of the proposal to the State. On January 24, 2008 (attached), ConocoPhillips responded to the concerns Governor Palin expressed in her January 9, 2008 letter. Although ConocoPhillips is currently reassessing how best to advance the pipeline project, we remain dedicated to developing Alaska's North Slope gas resources. We indicated on February 14, 2007 (attached) that ConocoPhillips will continue our planning and contracting efforts in preparation for route reconnaissance and environmental studies starting in June 2008. These studies will mean jobs and work activities in Alaska and will result in meaningful progress on the pipeline project. It is important that we take advantage of this summer field season and keep this pipeline project moving ahead as we re-evaluate the best path forward for advancing this pipeline project. It is appropriate for governments to provide fiscal predictability that will foster economic development. We believe fiscal predictability is essential to the Alaska natural gas pipeline project, which will be based on decades-long shipping commitments. The Administration included contractual fiscal predictability in the original AGIA bill and has since indicated a willingness to discuss fiscal terms and stability after an updated cost estimate has been obtained.	
Before the Administration can adequately assess the likelihood of success of the remaining AGIA applicant or determine whether its proposal sufficiently maximizes	Comments Noted.

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benefits to Alaskans and merits the issuance of an AGIA license, we urge the Administration to:	
1. fully understand the risks and impact of TransCanada's withdrawn partner liabilities, including the effect on the ability to successfully finance the project and the willingness of possible co-venturers to join with TransCanada on the project, which would make it highly unlikely that their project could advance or conduct a successful open season; and	Discussed in Chapter 3 of the Commissioners' Finding.
2. fully understand the benefits of ConocoPhillips' pipeline project, which is sponsored by a company with the gas resources base, financial and other capabilities required for a project of this magnitude, especially given we have already committed to execute field work this summer, which is essential to expedite the project schedule.	See Chapter 5 of the Finding for a detailed discussion of the pipeline project proposed by ConocoPhillips and BP.
Attachments included:	
• November 26, 2007 Cover Letter for ConocoPhillips Gasline Proposal	Responded to by Governor Palin on Jan 9, 2008
• January 24, 2008 Letter in Response to Governor's January 9 letter	Copy of Jan. 24, 2008, letter to Governor Palin is noted
• February 14, 2008 Press Release	Responded to by Governor Palin Press Release Feb. 14, 2008.

Exxon Mobil- M.W. Massey, Joint Interest Manager U.S. 3/06/08 (269K)

Dear Sir or Madam: Pursuant to AS43.90.160(a) and the Notice of Complete Application Submitted Under AGIA and Call for Public Comments, issued by the Alaska Department of Natural Resources and the Alaska Department of Revenue on January 4, 2008. Exxon Mobil Corporation is submitting the attached comments on the AGIA license application submitted on November 30, 2007, by TransCanada Alaska Company, LLC and Foothills Pipe Lines Ltd. We appreciate the opportunity to provide input	

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infer the AGIA process. Sincerely, MW Massey Attachment: Exxon Mobil Corporation Comments on TransCanada AGIA License Application March 6, 2008 Executive Summary	
In this submittal to the State of Alaska, Exxon Mobil Corporation (“ExxonMobil") provides its analysis of the AGIA Application for License (the “Application") submitted on November 30, 2007, by TransCanada Alaska Company, LLC and Foothills Pipe Lines Ltd., (collectively referred to herein as “TransCanada"). An Alaska gas pipeline project is important to Alaska, to our nation, and to ExxonMobil. We hold the largest working interest at Prudhoe Bay (36.4%), and as the largest holder of discovered natural gas resources on the Alaska North Slope ("ANS"), ExxonMobil has a material interest in the AGIA license award process. An appropriate fiscal regime must be negotiated between the State and the ANS producers. In addition, just and reasonable commercial terms must be established between the transporter and prospective shippers. For that reason, ExxonMobil's comments primarily focus on TransCanada's proposed commercial terms. ExxonMobil's analysis is divided into three broad categories. First, TransCanada's proposed commercial terms are addressed from the viewpoint of a prospective "owner-shipper” (i.e., a company that is a pipeline co-owner as well as a shipper). This is consistent with TransCanada's recognition that the ANS producers should have aligned interests as co-owners in whatever project is ultimately constructed to commercialize ANS gas. Second, the proposed commercial terms are analyzed from the viewpoint of a shipper who would hold no ownership interest in the facilities. The third group of comments relates to the Application's compliance with AGIA, and other issues of importance to the State and ExxonMobil.	The comments provided in the Executive Summary are noted and will be addressed further in the sections that follow.

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ExxonMobil is encouraged by TransCanada's recognition that the potential shippers should have aligned interests with the project sponsors and the State. Those aligned interests are best achieved if anchor shippers hold ownership interests commensurate with their prospective shipping commitments on a successful ANS gas pipeline project. TransCanada is offering initial ownership to the ANS producers, so it is implied that pipeline ownership is not available to the State of Alaska. If the State does not participate as an owner, it would forego a substantial potential source of revenue. Also, we agree with TransCanada that the State of Alaska should undertake substantive fiscal negotiations with the ANS producers prior to an open season in which the shippers will be asked to make firm financial commitments totaling over one hundred billion dollars, Further, TransCanada's proposal to construct the terminus at Fort Nelson, B.C. might be economically attractive. Based on ExxonMobil's expected involvement as a co-owner, there are several terms and conditions which would negatively impact an owner-shipper. The first topic covers TransCanada's contingent liabilities from 1970's-era agreements, which could have a profound impact on prospective co-owners and shippers. TransCanada will need to provide appropriate indemnities to co-owners and shippers to protect them from future legal claims involving those contingent liabilities. Next, TransCanada's proposal to tie gas deliveries from the proposed Alaska gas pipeline exclusively to its existing Alberta pipeline system is not in the best interest of its prospective co-owners or shippers, Finally, we comment on TransCanada's proposed precedent agreement termination terms and on AGIA's rolled-in rate requirements, neither of which seem equitable from either an owner or shipper perspective. Although it plans to be a co-owner, ExxonMobil also analyzed TransCanada's proposed commercial terms from the viewpoint of prospective gas shippers. This group would	

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include the gas shipper affiliates of the ANS producers. Those shippers would, in accordance with FERC rules, operate separately from their affiliates that invest in the gas transportation facilities. Gas shippers pay for the transporter's cost of service, which includes the transporter's profit. The FERC and NEB ratemaking processes require the transporter, the shippers, and the regulators to determine whether the proposed commercial terms are just and reasonable. This formal ratemaking process has not yet begun, so TransCanada's proposed terms are perhaps best viewed as an 'opening offer' in that process. We are confident that equitable commercial terms will ultimately be developed via the FERC and NEB processes, so long as no undue regulatory deference is provided to whatever terms are included in an AGIA License, ExxonMobil's analysis of TransCanada's proposed commercial terms includes estimates of the financial impacts those proposed terms would have on prospective gas shippers, Given the State's role as royalty and tax collector, the State should prefer commercial terms which reduce the cost of shipping gas to market. However, TransCanada's proposed commercial terms favor the transporter at the expense of its potential shippers. For example, after shifting risk to its customers through "negotiated rate" terms, TransCanada proposes a return on equity (ROE) at the high end of ROEs previously approved by the FERC, and well above ROEs typically approved by the NEB. Also, TransCanada's proposed capital cost overrun penalty requirement would actually lead to increased TransCanada profits in the event of capital cost overruns. If approved by the FERC and NEB, TransCanada's proposed commercial terms would increase gas treating and transportation costs versus more reasonable commercial terms, thereby reducing the netback profits of ANS gas producers. Given TransCanada's assumption that the State takes approximately one-third of those netback profits as royalty	

COMMENT	RESPONSE
payments and production taxes, the State's share under TransCanada's proposed terms would also be reduced. Estimates of the impacts on future State revenues resulting from TransCanada's proposed commercial terms and potential contingent liabilities are tabulated on the following page. Supporting information regarding these estimates is contained in the body of ExxonMobil's comments. Financial Impact on State of Alaska (Table in original document) For perspective, these revenue impacts are more than ten times the State's current annual budget. The following issues also deserve consideration by the State. • The Application contains a number of conditions which do not comply with AGIA and the Request for Applications ("RFA") • The proposed per-open season and pre-certification expenditures are very low versus other recent regulated gas pipeline projects. This may cause prospective shippers to question the reliability of TransCanada's cost estimates and proposed tariffs, which could affect eh outcome of an open season • TransCanada provides no commitments that a gas pipeline will be built if it receives an AGIA license We encourage the Palin Administration and the Alaska Legislature to objectively weigh the issues raised during the AGIA public comment period to determine whether the Application and AGIA will deliver a commercially viable project. I. Introduction Pursuant to AS43.90.160(a), and the Notice of Complete Application Submitted Under AGIA and Call for Public Comments issued by the Alaska Department of Natural Resources and the Alaska Department of Revenue on January 4, 2008, ExxonMobil hereby submits its comments on TransCanada's Application.	

COMMENT	RESPONSE
ExxonMobil has been in Alaska for over 50 years and has been a key player in Alaska's oil industry development. We hold the largest working interest at Prudhoe Bay (36.4%) and our current net production in Alaska is approximately 140,000 barrels per day. We have benefited from our involvement in the State of Alaska, and we believe that Alaska has benefited from this long-term relationship as well. Commercializing ANS gas will allow us to continue this mutually beneficial relationship for another 50 years or more. An Alaska gas pipeline project is important to Alaska, to our nation, and to ExxonMobil. The project has the potential to generate billons of dollars in revenues for the State of Alaska, the U.S. federal government and Canada, and could provide a stable and secure source of clean energy for Alaska and North America for decades to come. For ExxonMobil, the project is significant and has the potential to add over one billion cubic feet per day of gas sales, which would represent more than a 10% increase to our current worldwide daily gas production and would nearly double our current U.S. gas production, This project could also add over one billion oil-equivalent barrels to our proved reserves, nearly enough to replace a year of our current global production. Given the significant impact this project could have on our business, we strongly support efforts to advance a commercially viable gas pipeline project. The goal of developing a commercially viable gas pipeline from the ANS to North American markets has been a priority for the State of Alaska and the ANS leaseholders for several decades. In that regard, and as the largest holder of discovered natural gas resources on the ANS, ExxonMobil has a material interest in the AGIA license award process generally, and more specifically, in the viability of TransCanada as a potential transporter of North Slope gas to North American markets. An appropriate fiscal regime must be established between the State and the ANS producers. In addition, just and reasonable commercial terms must be negotiated between	

COMMENT	RESPONSE
the transporter and prospective shippers. For that reason, ExxonMobil's comments primarily focus on TransCanada's proposed commercial terms. In addition to our general comments on various aspects of TransCanada's proposal, we also highlight specific terms proposed by TransCanada that would likely lead to higher costs for potential ANS gas shippers. For several of those terms, we quantify how those impacts would negatively impact the State of Alaska in the form of reduced royalty and tax revenues. We offer these comments with the understanding that the State of Alaska will decide the process it wishes to pursue to progress development of an Alaska gas pipeline project. We continue to believe it is necessary to agree to fiscal terms with the State of Alaska to ensure there can be a commercially viable project. ExxonMobil remains willing to work with the State to put in place the necessary fiscal framework to allow an Alaska gas pipeline project to move forward. II. Comments as a Prospective Pipeline Co-owner and Shipper of Gas ExxonMobil appreciates TransCanada's suggestion that anchor shippers should be involved as co-owners, so as to have better alignment of interests. However, as explained in ExxonMobil testimony to the Alaska Legislature during April, 2007, because AGIA disconnects the upstream and the midstream aspects of the business, ExxonMobil's participation in an AGIA-related project would be difficult. Notwithstanding this situation, ExxonMobil believes it is important to offer the following comments on TransCanada's Application from the perspective of a possible "owner-shipper' that expects to have both those roles in the project that is ultimately constructed. These comments assume ExxonMobil would hold an equity interest in the project equivalent to its portion of the gas being treated and shipped via the prospective facilities, net of gas associated with royalty and production taxes. The subjects covered by these	

COMMENT	RESPONSE
comments could affect the co-owners' return on their investments as a transporter in addition to the negative impacts on them as shippers. Importantly, the State of Alaska, as royalty and production tax collector, would also be negatively impacted by TransCanada's proposed tariff terms, which favor the transporter and increase the shippers' transportation costs, thus reducing the ANS wellhead netback prices upon which the State's royalties and taxes are calculated.	
A. Contingent Liabilities to Prior ANNGTC Co-Ventures	
The State should be concerned about the potential liability that certain TransCanada affiliates owe to various withdrawn partners related to the Alaska Northwest Natural Gas Transportation Company (ANNGTC) because that liability could significantly increase the pipeline's rate base. As background, in an April 12, 2007, filing with the FERC, TransCanada, through affiliates that are the general partners in the ANNGTC, reported that ANNGTC had assets of over $10.6 billion as of year end 2006, made up of Natural Gas Plant Under Construction Partnership Costs and other charges. Included within those amounts were over $8.9 billion of obligations owed to withdrawn partners. ANNGTC has been actively attempting to build a pipeline from the Alaska North Slope to Canada for years, most recently taking part in the bidding under the Stranded Gas Development Act in 2004 and 2005. TransCanada's April 12, 2007, filing further indicates that the $10.6 billion represents incurred costs related to preliminary construction activities. Under FERC rules, those costs, including 14% interest per annum, may be included in the pipeline's tariff rate base for subsequent repayment by the pipeline's shippers. According to the TransCanada filing, the $8.9 billion of withdrawn partner obligations has been reclassified as subordinated debt, payable after the pipeline becomes operational and when the Partnership determines that repayment can be made without undue hardship. Extrapolating from TransCanada's	Comment noted. See discussion in Chapter 3 of the Commissioners' Finding.

COMMENT	RESPONSE
assessment of the interest charges on these amounts through 2006, the $10.6 billion has likely now increased to $12 billion or more, all of which could potentially be included in TransCanada's AGIA pipeline rate base. Assuming the 2006 value of $10.6 billon will continue to grow by 14% per year until the in-service date of the facilities, the value of these contingent liabilities could grow beyond the estimated cost of the entire project. In its letter to the AGIA License Office dated January 24, 2008, and in subsequent testimony, TransCanada has asserted that the TransCanada AGIA applicants have no liability to the ANNGTC withdrawn members. TransCanada also confirmed that neither TransCanada nor the co-applicants would include any payments to withdrawn partners in the rates for their proposed project. In a subsequent response to the State's February 13, 2008 questions, TransCanada stated that in the event a withdrawn partner asserted a claim, TransCanada is "confident that any such claim could be dealt with expeditiously in litigation." Notwithstanding TransCanada's statements, due to the enormous potential impact of these contingent liabilities, any prudent co-owner or shipper will expect TransCanada to provide adequate contractual assurances that no amounts associated with ANNGTC, whether representing withdrawn partner liabilities or otherwise, will be included in the AGIA pipeline's rate base or be borne by the pipeline owners. These assurances can be either in the form of waivers, releases and indemnities from the withdrawn partners against asserting these charges, or other adequate financial security in the form of a letter of credit or otherwise. Assuming a proportional relationship exists between the projects estimated un-escalated capital cost of $25.1 billion and associated tolls of $2.43/mmBtu (Section 2.10.1, page 2.10-2 of the Application), we estimate each $1.0 billion of additional capital cost would increase the combined TransCanada tolls by approximately 10¢/mmBtu, and the ANS gas producers' lower resultant netback realizations	

COMMENT	RESPONSE
would reduce the State's 25-year total royalty and tax collections by $1.5 billion. Therefore, for example, if TransCanada's contingent liabilities were to add $12 billion to the project's capital cost, the State's 25-year royalty and tax revenue impact would be a reduction of over $18 billion.	
B. Tying Arrangement with TransCanada's existing Alberta System The Application anticipates contemporaneous open seasons covering the Alaska pipeline segment, the Yukon-BC pipeline segment, and TransCanada's existing Alberta System (See Section 2.2.3.2(2) of the Application). The practical impact of these concurrent events is to require shippers on the AGIA project to commit 100% of their Alaska gas to TransCanada's existing Alberta System or risk having their open season bid rejected as nonconforming. By linking the timing of an Alberta System open season to the AGIA segments' open seasons, TransCanada is requiring that gas be shipped exclusively on its existing Alberta System, thereby denying shippers the opportunity to avail themselves of alternative market outlets, such as the Spectra Energy BC System and the Alliance Pipeline. From the owner-shipper perspective, this restriction could place the success of an open season in jeopardy. This sort of limitation on shippers' options to market their ANS gas is inconsistent with basic market principles, and the State should insist on removal of this concept if it intends to recommend TransCanada as the prospective AGIA licensee.	It is the commissioners view that any requirement to deliver gas and ship on TransCanada Corporation's existing Alberta System will be a term subject to negotiation between prospective shippers and TC Alaska as well as regulatory review. By issuing a license to TC Alaska, the State will not be endorsing any of the proposed commercial terms for service. The commissioners are advised that prospective shippers will often require new and specific delivery points for negotiated transportation services. In view of the experience and sophistication of the prospective shippers, the commissioners believe that this issue can be resolved. Canadian legal counsel have also examined this issue which is discussed in the Chapter 3 of the Finding.
C. Precedent Agreement Termination Rights Given its unique role as the prospective AGIA licensee, TransCanada should not presume prospective shippers will accept an obligation to fully reimburse its development costs in the event TransCanada unilaterally decides, for whatever reason, not to proceed with construction of the pipeline (See Section 2.2.3.3(5) of the Application). Some regulated midstream projects have provided for prospective shippers to share in such costs, particularly in Canada. However, in such	The commissioners' commercial consultants have similarly advised that this requirement is typically negotiated between prospective shippers and the pipeline project sponsor. Depending upon the circumstances, these types of costs can be borne by one party or the other or shared based on a predetermined basis. In view of the experience and sophistication of the prospective shippers, the commissioners believe that this issue can be satisfactorily resolved.

COMMENT	RESPONSE
cases, the reimbursement terms are subject to a negotiation between the prospective shippers and the project sponsor, usually allowing audit rights and limits on the costs that can be allocated to the shippers. A regulator should be indifferent to whether or not a reimbursement clause is included, leaving the decision to the parties. ExxonMobil is not aware of any market examples where either the FERC or the NEB has approved payment of full compensation costs by shippers in the event the prospective transporter unilaterally elects to terminate. Therefore, as a prospective owner-shipper, ExxonMobil believes TransCanada's proposed termination terms are not appropriate.	
D. Rolled-in Expansion Rates AGIA seeks to regulate the rate treatment of expansion costs, an area within the FERC's exclusive jurisdiction. AGIA mandates that a licensee propose and support the recovery of expansion costs using rolled-in rates up to 15% higher than initial shipping rates (AS 43.90.130(7)). The FERC, in its rulemaking debates, has refused to adopt a firm pricing policy for future expansions and instead has concluded that there should be a rebuttable presumption in favor of rolled-in pricing, but only up to the point where a subsidy would occur. The FERC specifically reserved for future rate proceedings the question of whether higher-than-original rates, like those proposed in AGIA, constitute a subsidy, yet AGIA attempts to impose these higher rates without regard to the FERC's authority. TransCanada's expansion economics (See Section 2.10.1(2)(e) of the Application) show their project could be expanded by 1.6 times its original capacity to 7.2 BCFD for only 102% of the original tariff, including fuel. Therefore, it seems unnecessary to impose AGIA's 115% "built-in contingent rate increase" on prospective shippers evaluating participation in an open season. As a prospective co-owner, this seems to be an unreasonable term to ask future customers to accept. The State should also consider the scenario where federal leases, not State leases, provide the gas that would underpin an	AGIA's requirement that the licensee propose and support the recovery of expansion costs through rolled-in rates has from the beginning been a "must have" to ensure that explorers and future development of the State's natural gas resource base are encouraged. The FERC will make the ultimate determination on the use of the rolled-in rate methodology. The commissioners believe that the long-term overall benefits associated with full development of the State's gas resources outweigh the potential costs from a higher overall transportation rate that might be attributable to the development of federal leases. Even development on federal leases contributes to development of a vibrant and robust exploration and production industry which results in jobs and benefits the State of Alaska and its citizens.

COMMENT	RESPONSE
expansion leading to a 15% tariff increase. In that case, the GTP and pipeline tolls would increase from $2.72/mmBtu to $3.13/mmBtu, which would reduce the ANS netback by 41¢/mmBtu, and the State would receive no incremental royalty or tax revenue from the incremental federal gas. Applying the rolled-in toll increase of41¢/mmBtu to the first 4.5 BCFD of gas from State leases, this would translate to $6.5 billion of lost State revenue over twenty-five years, based on an assumed State royalty and tax share of approximately 34¢ per dollar of netback profit on gas from its leases.	
III. Comments as a Prospective Shipper of Gas As an ANS leaseholder, ExxonMobil is eager to develop Alaska's gas resources via a commercially viable project, and agrees with TransCanada's suggestion that it would be useful for the ANS producers to be involved as co-owners in the project that is ultimately constructed. However, in accordance with the FERC requirements, ExxonMobil's gas shipping affiliate will need to make its business decisions based only on its perspective as a customer. Similarly, in the event the State was to be a shipper of gas-in-kind, it would also be impacted as a TransCanada customer, in addition to being a royalty and tax collector. Therefore, the following comments are offered from the perspective of a third party shipper who might participate in open seasons and undertake negotiations with TransCanada to purchase gas treating and firm transportation ("FT") services on the proposed facilities.	
Prior to having any binding effect, TransCanada's proposed tariff terms would need to be negotiated into precedent agreements and transportation service agreements. Those agreements, as well as the transporter's general tariff terms and conditions, would need to be approved by the FERC and NEB. There should be no expectation by any party that, simply because TransCanada described its desired initial commercial terms in its AGIA License Application, those terms would be binding on	Comment Noted.

COMMENT	RESPONSE
prospective shippers or would preclude normal review by the FERC or NEB.	
A. TransCanada's Open Season Preparation Plans	
TransCanada's expenditure profile appears to be driven more by the AGIA incentives than by technical and regulatory requirements. TransCanada proposes to spend only $41.5 million of its own money prior to conducting the binding open season it proposes to hold in late 2009 (See Section 2.11(a) of the Application). One obvious driver for this is the incentive system the State has set up in AGIA. As provided in AS 43.90.110(a)(1), the State only reimburses 50% of a licensee's costs prior to the open season, then 90% of the licensee's costs after the open season. TransCanada, therefore, has an incentive to spend less money prior to the open season, so as to minimize its cost exposure and maximize the State's contribution to its efforts. This reimbursement structure also explains the total investment TransCanada has proposed prior to the certification stage. During that second stage, TransCanada plans to spend $625 million, which exactly utilizes the State's AGIA reimbursement of $500 million.	TC Alaska and its affiliates have studied and evaluated this project for many years. A great deal of that work can be used in moving this project forward. Because of this, it is reasonable to assume that TC Alaska would have the ability to advance this project for a lower cost than comparative projects. Because of the long duration of this project and the associated cost uncertainties, experts have advised that TC Alaska and the prospective shippers will likely negotiate a mutually acceptable allocation of the risks and costs to move this project forward. In that regard, it is reasonable to assume that the binding nature of any shipper commitments will likely increase up to the point of the project sanction and TC Alaska will be inclined to provide the best cost and schedule information available.
Regarding the proposed pre-open season costs, based on analogous ExxonMobil internal project development experience, $83 million is too small a sum to establish a sound technical and execution basis, generate a reliable cost and schedule estimate, and narrow the uncertainties surrounding the commercial viability of a project of this magnitude. Based on its own processes, ExxonMobil would expect the pre-open season work for a project of this scale to cost several hundred million dollars. This level of expenditure is necessary so that prospective shippers can be confident that estimated tolls are based on adequate project definition and a reliable cost estimator. Those estimates must be sufficiently reliable to enable prospective shippers to prudently make long-term shipping commitments in excess of one hundred billion dollars. Also, ExxonMobil's experience indicates approximately 5-10% of the	Engineering experts have reviewed the “spending plan” and have concluded that based on the available information, it is reasonable.

COMMENT	RESPONSE
estimated capital costs need to be spent prior to certification by the FERC and NEB. Thus, based on TransCanada's $25.1 billion un-escalated capital costs for the GTP and the Alaska and Yukon-BC pipeline segments, the costs before certification would be on the order of $1.5 billion to $2.5 billion. In contrast, TransCanada's stated expenditure profile of $625 million is probably inadequate to achieve a certificate, creating uncertainty on the part of potential shippers. If this is the case, it will be difficult for shippers to make binding long term shipping commitments for ANS gas to the TransCanada project without including substantial conditions to protect against the significant commercial risks, including substantial capital cost overruns.	
In addition, TransCanada has suggested the Gas Treating Plant ("GTP"), which is required for removal of carbon dioxide and other impurities from the gas, be owned, developed, and operated by another party. Having the GTP project “disconnected" from the pipeline project creates uncertainty for potential shippers, including: (i) how the open seasons for the GTP and the pipelines would be coordinated, (ii) whether in-service dates would occur simultaneously, (iii) how federal loan guarantees would be allocated, (iv)whether the TransCanada AGIA License Application commitments bind the owner of the GTP, and (v) how the GTP would interface with other North Slope operations (e.g., waste gas disposal). The State should be concerned that these and other uncertainties are not adequately addressed in the Application, and may not be addressed prior to TransCanada's pipeline open season. Without a full understanding of the prospective costs and complexities associated with what will likely be one of the largest gas treating plants ever constructed, it will be difficult for prospective shippers to make binding commitments to underpin the GTP and the pipelines.	Coordination of the design and construction of the GTP with the pipeline project will be an important requirement for this project. TC Alaska has suggested in Section 2.2.3.12 of its application that the owners of the Central Gas Facility at Prudhoe Bay would be the most logical parties to own, construct, and operate the GTP. It is reasonable to assume that since these same parties are also the most significant prospective shippers, the coordination issues raised by ExxonMobil could be reasonably addressed as part of the negotiations between those parties. If these parties are not willing to go forward on this basis, TC Alaska has further committed to build, own, and operate the GTP itself as part of the overall project.
B. Proposed Tariff Terms 1. Return on Equity (ROE) Expectations TransCanada is proposing a return on equity of 965 basis points above the U.S.	See Section A, Issue 6b. As indicated in the Executive Summary portion of your comments,

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10-year Treasury Note, reset annually, for all elements of the proposed project, in both the U.S. and Canada. The Application economics are, therefore, based on a 14% ROE (See Section 2.2.3.7(1) of the Application), which is at the high end of the market for equity returns on regulated pipeline investments in the US, and considerably above those in Canada. Major NEB regulated pipeline rates today are in the 9-11% range in Canada, and in the 12-14% range in the US. Also, equity returns approved by the FERC and NEB always reflect an assessment of the risks being held by the prospective transporter. When the ROE is determined during the FERC and NEB ratemaking processes, it should reflect the level of risk TransCanada is proposing to undertake on this project. Based on the numerous protections reserved for TransCanada in the Application (e.g., no transporter risk due to early termination, low exposure to capital overrun risk, negotiated rate terms favorable to the transporter), the proposed ROE in both the U.S. and Canada seems excessive. For each percentage point of ROE reduction, assuming the Alaska and Yukon to British Columbia pipeline segments and the GTP are built for the capital costs shown on Page 2.10-2 of the Application (total $25.1 billion of un-escalated capital cost), the levelized pipeline toll shown on that page would drop by 10.5¢/mmBtu, thereby improving ANS gas producer netbacks and increasing State revenues by $1.7 billion over twenty-five years. Further, if TransCanada's ROE was actually negotiable and an average 12% project ROE was mutually agreed by TransCanada and its shippers for a twenty-five year term, the combined tariffs would drop by 21¢/mmBtu and the State would receive additional revenue of $3.3 billion.	TC Alaska's "proposed terms are perhaps best viewed as an 'opening offer." Further, the prospective shippers (e.g., ExxonMobil) are very sophisticated and experienced parties to these types of negotiations. Consequently, it is the commissioners' view that these issues will be resolved through the negotiation process between TC Alaska and the prospective shippers along with the subsequent review and approval by the FERC and NEB. More specifically, the capital structure and associated returns and/costs of capital must be approved by the FERC and NEB as part of the recourse rates proposed by TC Alaska.
2. Limitations TransCanada Would Impose on Negotiated Rate Shippers TransCanada describes a "negotiated rate" commercial offer (which is the only option available for the Canadian portion of the project) for shippers to consider (See Section	The commissioners fully expect that TC Alaska and the North Slope Producers, as very experienced and sophisticated businesses will negotiate these issues successfully. Further, recourse rates area

COMMENT	RESPONSE
2.2.3.7 of the Application). However, under those negotiated rates, shippers must agree to accept the following restrictions. (a) Rather than negotiating the duration of the agreement, TransCanada proposes providing shippers with some alternative terms from which to choose. For example, shippers can only choose among 25, 30, or 35 year contract terms. If shippers want to hold FT for any other duration, they are forced to accept the use of the more expensive Recourse Rate on the Alaska pipeline segment. (b) There is no negotiation of TransCanada's return on equity, which shippers must accept as being 965 basis points above the U.S. Treasury ten-year rate (i.e., ~14%). Also, TransCanada does not anticipate negotiating its capital structure, nor it appears, other general tariff terms. (c) All shippers, when executing a precedent agreement, must agree to support TransCanada in all future regulatory applications (apparently including rate cases), and to provide written evidence and witnesses in any proceeding, if requested by TransCanada. This proposed approach to negotiated rates is unreasonably restrictive, shifts a disproportionate amount of risk to prospective shippers, and is inconsistent with TransCanada's ROE expectations. 3. Authorized Overrun Service at Full Tariff Rate and Other Revenues	always available in the U.S.
In the event the pipeline has available capacity on any given day, TransCanada proposes to collect and keep the full tariff rate for any gas tendered by individual FT shippers which exceeds the base gas volume commitments made by those shippers ("AOS"). TransCanada would also keep all the money it collects from shippers related to gas balancing services and administrative penalties (See Section 2.2.3.7 of the Application). This revenue would be in addition to the 14% return on equity TransCanada has proposed. Many	This issue will be resolved by the NEB and FERC.

COMMENT	RESPONSE
FERC-regulated pipelines offer AOS at discounted rates to reflect its incremental nature. Also, many FERC/NEB regulated pipelines refund all or a portion of these incremental revenues to the FT shippers. To balance the prospect of overrun penalties, TransCanada should consider requesting an equitable corresponding incentive provision, similar to the one the NEB granted to Alliance Pipeline, which would provide higher incremental profit to TransCanada if the project is completed for a lower cost than originally budgeted.	
C. Capital Cost Overruns – ROE Penalty TransCanada's proposed ROE penalty mechanism (See Section 2.2.3.6(1) of the Application) is a reasonable commercial concept, but its duration seems inadequate. An alternative would be for the ROE penalty to remain in force during the full term of negotatied agreements rather than for just five years. The following table shows the profit impacts on TransCanada under four penalty scenarios. [Table shown in original document] In the event of a 40% capital cost overrun, the difference between Case (a), which assumes the U.S. Government does <u>not</u> guarantee 100% government-guaranteed debt financing as proposed by TransCanada, and Case (d), which assumes TransCanada's profit over 25 years by \$6.7 billion (\$21.4 billion - \$14.7 billion). These savings would translate to tariff reductions of 35¢/mmBtu, leading to additional State royalty tax revenues of \$5.6 billion. [Graph shown in original document]	See response above.
To balance the prospect of overrun penalties, TransCanada should consider requesting an equitable corresponding incentive provision, similar to the one the NEB granted to Alliance Pipeline, which would provide higher incremental profit to TransCanada if the project is completed for a lower cost than originally budgeted.	The parties are free to negotiate this issue.

COMMENT	RESPONSE
IV. Additional Comments A. Project Sanction - TransCanada Conditions Precedent TransCanada, in its Application, has reserved for the owners of the project the decision of whether to accept an authorizing certificate from the FERC or NEB or to sanction the project and construct the pipeline. Specifically, in Section 2.2.3.3(4) of its Application, TransCanada lists its conditions precedent to proceeding with construction (See also, Section 2.2.1(8)(d)(iii) of the TransCanada Application). These conditions precedent include (emphasis added): • receipt of final authorizations from the appropriate regulatory authorities (FERC in Alaska and Northern Pipeline Agency in Canada) to proceed with construction, and transportation terms and conditions in such authorizations that are acceptable to TransCanada; • securing of all rights-of-way, easements, accesses and major permits that are in a form and substance acceptable to TransCanada; • receipt of financial commitments from financial institutions on terms that are acceptable to TransCanada for funding the debt requirement of the Project; • confirmation, to the satisfaction of TransCanada, that all Shippers which have executed Precedent Agreements (PAs) with TransCanada and other interconnected pipelines and facilities are not in default of those PAs and have either satisfied or have waived the conditions precedent; • confirmation that Shippers, which have executed a PA with TransCanada have executed a Transportation Service Agreement (TSA), and in the opinion of TransCanada that the aggregate shipping commitments under all executed TSAs are sufficient to meet the minimum volume requirement for the Project; and • receipt of approval from TransCanada Corporation's, TC Alaska LLC's and Foothills' respective Board of Directors	These terms are contained in TC Alaska's initial proposal for a Precedent Agreement with prospective shippers. See response above.

COMMENT	RESPONSE
to proceed with construction, In the event these conditions precedent are not met, "TransCanada will have the option as to whether to proceed with the project" (See Section 2.2.3.3(5) of the Application). If TransCanada elects not to proceed with construction, any PAs and TSAs executed with shippers will terminate and shippers who have signed up for capacity will be obligated to reimburse TransCanada for any costs it has incurred in the project that have not already been reimbursed by the State (See Section 2.2.3.3(5) of the Application). Thus, in the event TransCanada, in its sole discretion, elects not to proceed with construction, it is able to walk away with no cost or liability risk. It is important to realize that these provisions are intended to apply whether or not TransCanada has received adequate credit support through shipper FT commitments. However, it is only in the situation where TransCanada has secured FT commitments that there will be shippers who have executed PAs and TSAs, and who are liable to compensate TransCanada for any costs that have not been reimbursed by the State. Although it takes exception to the foregoing shipper reimbursement obligations set out in the Application, ExxonMobil fully supports the concept that project owners retain the right to decide whether to accept the authorizing certificates from the FERC and the NEB, and whether to sanction the project and proceed with construction. These same rights should extend to any anchor shipper taking an ownership interest in the TransCanada project (See Section 2.2.3.8(2) of the Application).	
Notwithstanding ExxonMobil's support, however, these conditions precedent violate various requirements of AGIA and the RFA and effectively neutralize others, including: • Under Section 1.14 of the RFA, the State is required to reject any application that "contains conditions not authorized by AGIA or the RFA. Nothing in AGIA or the RFA authorizes the conditions precedent contained in the TransCanada application. As set	These conditions are part of TC Alaska's initial proposal for a precedent agreement with prospective shippers. They are not conditions or modifications to TC Alaska's commitments to the terms of AGIA and the RFA.

COMMENT	RESPONSE
out below, these conditions precedent are directly contrary to various sections of AGIA. • AS 43.90.200(a) expressly requires that the licensee accept a certificate of public convenience and necessity on or before the date the order granting the certificate is no longer subject to judicial review. AS 43.90.200(b) expressly requires that a licensee with credit support sufficient to finance construction of the project (through FT commitments or otherwise) sanction the project within one year after the effective date of the certificate. Pursuant to AS 43.90.230(a)(4), failure to accept a certificate under AS 43.90.200(a) or to sanction a project under AS 43.90.200(b) is a license violation and the State has the ability to find the licensee in violation of the license terms, to require the licensee to reimburse the State for all State monies received by the licensee, with interest, and to impose, among other things, remedies provided by law or in equity, for the license violation. (Note that these remedies are in addition to the requirements related to the return of project data set out in AS 43.90.200(d) and (e)). The TransCanada conditions precedent, however, absolve TransCanada of any such license violation and permit TransCanada to both refuse the certificates and refuse to sanction the project at TransCanada's sole option, without cost or liability risk to TransCanada. • By leaving the decision of whether to accept the certificates or to sanction the project within TransCanada's sole discretion, the conditions precedent violate the AGIA requirement that the licensee reach agreement with the State or prevail in arbitration in order to be able to terminate a project that the licensee considers to be uneconomic (AS 43.90.240); • The ability of TransCanada to refuse to	

COMMENT	RESPONSE
sanction the project at its sole discretion effectively neutralizes both the requirement that the State approve any amendment of or modification to the project plan (AS 43.90.210), and the obligation of the licensee to comply with the requirements set forth in AS 43.90.220 regarding the State's access to records and reports, and the State's participation in licensee governing body meetings.	
B. State Actions to Ensure a Favorable Economic Environment In Section 2.2.3.1(3) of the Application, TransCanada states it is relying on "the State of Alaska to take ail feasible actions exclusively within its authority as a sovereign power to ensure a favorable economic environment for potential Shippers on the Project. Those actions include "engaging with the ANS Producers to reach agreement on a commercially reasonable and predictable upstream fiscal regime that balances the needs of the State and the ANS Producers." ExxonMobil considers the foregoing to be a fundamental condition to achieving a commercially viable Alaska gas pipeline project under any legislative regime. Consistent with EM's testimony during the AGIA hearings, EM reiterates its offer to engage in substantive fiscal discussions with the State with a goal of developing a fiscal regime which can lead to a viable pipeline project.	Article 3 of AGIA provides a fiscal framework for shippers committing to the project. The upstream inducements of AGIA provide assured value to producers versus highly speculative value via new tax/royalty concessions by the State. The need for concessions is discussed in Chapter 3 and Chapter 5.
C. State Ownership in Project TransCanada affords anchor shippers the opportunity to participate as equity owners in its project (See Section 2.2.3.8(2) of the Application). That provision does not seem to contemplate, nor has the State recently evidenced any interest in, the State taking an ownership share in the project equal to the gas-equivalent value of its royalties and production taxes. By failing to participate in a project shipping ANS gas to market, the State is foregoing a substantial revenue source.	The State does not plan to take any ownership in the project.

COMMENT	RESPONSE
Consider, for example, a project with 20% State equity participation. Assuming this joint venture project would have similar terms to those proposed by TransCanada, the State would be required to invest $1.8 billion during the construction period (20% of the 30% equity portion of the project cash investments described on Page 2.10-2 of the Application). During the life of the pipeline, the State would earn a 14% return on that equity investment, totaling more than $3.4 billion (20% of TransCanada's calculated equity return of $17.1 billion). This approach should greatly reduce the State's concerns regarding tariffs, because as a co-owner, the State would receive a portion of those tariffs, regardless of whether they are above or below the State's expectations. V. Concluding Comment We encourage the Palin Administration and the Alaska Legislature to objectively weigh the issues raised during the AGIA public comment period to determine whether the Application and AGIA will deliver a commercially viable project.	

Exxon Mobil- Joseph Kalt, Senior Economist 3/06/08 (274K)

Dear Sir or Madam: I have been asked by Exxon Mobil corporation to formulate and submit comments to assist the Commissioners in their determination of whether the TransCanada Alaska Company, LLC, and Foothills Pipe Lines Ltd. AGIA application proposes a project that maximizes the benefits to Alaskans. Accordingly, pursuant to AS 43.90.160(a), and the Notice of Complete Application Submitted Under AGIA and Call for Public Comments issued by the State of Alaska Department of Natural Resources and the Alaska Depart of Revenue on January 4, 2008, I am here submitting the attached comments on TransCanada's AGIA application. Sincerely, Joseph Kalt Economic Assessment of TransCanada Pipe Line's AGIA License Application Comments of JOSEPH P. KALT, Ph.D.	

COMMENT	RESPONSE
On behalf of Exxon Mobil Corporation March 6, 2008 Introduction My name is Joseph P. Kalt. I am the Ford Foundation Professor of International Political Economy at the John F. Kennedy School of Government, Harvard University, and a Visiting Professor at the Eller College or Management at the University of Arizona. The Kennedy School is Harvard's graduate school for the study of public policy and public administration. I also work as a senior economist in the Cambridge, Massachusetts, and Tucson, Arizona, offices of Compass Lexecon, an economics consulting firm. I have attached my biography as Attachment I. I hold B.A., M.A., and Ph.D. degrees in economics and am a specialist in the economics of competition, antitrust, and regulation. At Harvard, I served as an instructor, Assistant Professor, and Associate Professor in the Department of Economics from 1978 to 1986; prior to joining the faculty of the Kennedy School of Government at Harvard as a Professor with tenure in 1986. In the Department of Economics, I had primary responsibility for teaching graduate and undergraduate courses in the economics of regulation and antitrust. At the Kennedy School, my teaching responsibilities have included the economics of regulation and antitrust; the economics of public policy; the economics of natural resource and environmental policy; and economic development. I have also taught the economics of pricing, contracting, competition, and regulation to mid-career professionals, including federal administrative law judges, working journalists, U.S. Congressional staff, and public officials in the U.S.; Spain, Poland, Moldova, Belarus, Thailand, and China. Throughout my career, I have specialized in the economics of energy markets. I have extensively studied the economics of the natural gas marketplace and have testified as an expert in numerous legal, regulatory, and policy proceedings concerning issues of competition, market valuation, mineral royalties, industry structure, taxation,	

COMMENT	RESPONSE
contracting, and regulation, particularly as these arise in the energy industries. I have also accepted invitations to serve as a mediator and arbitrator in various matters involving oil and gas valuation, natural resource development and management, and intergovernmental disputes. Of particular relevance, I have extensively studied the production and pipeline transportation of oil and gas resources throughout North America and, in particular, in Alaska. I have testified as an expert in various state and federal proceedings concerning the valuation of Alaskan North Slope crude oil and natural gas for purposes of royalty and taxation; and 1 have studied and testified as an expert regarding the regulation of the Trans Alaska Pipeline System. I have now been asked by ExxonMobil Corporation to review the AGIA license application filed by TransCanada Alaska Company, LLC, and Foothills Pipe Lines Ltd. ("TransCanada"), to build and operate a natural gas pipeline to transport Alaskan natural gas resources to downstream pipeline systems in Alberta for eventual delivery to consuming areas in Canada and the United States. It is my understanding that pursuant to the requirements set out in the AGIA legislation, the State of Alaska (“Alaska” or "State") seeks public commentary on the TransCanada AGTA License Application ("TransCanada application" or "application") related to the question of whether the pipeline as it is described in the application sufficiently maximizes the benefits to Alaskans. This question is one that economists, in particular, are well positioned to comment on, as the answers to this type of inquiry involve the evaluation of how society's resources are marshaled to meet the needs and wants of communities both in Alaska and more broadly. The decision as to whether to award a license to TransCanada is a very important issue to the State for a number of reasons. The State	

COMMENT	RESPONSE
of Alaska is currently highly dependent on oil revenues. These are forecast by the Alaska Department of revenue to represent 87% of Alaska's general purpose unrestricted revenue through at least 2014. However, the existing oil resource base in Alaska is in ongoing production decline, with production in FY 2007 down 67% from its peak in 1988. This implies a future of lower revenues to the State absent additional commercially sustainable resource development and/or additional increases in market prices for oil. A key component needed to tap Alaska's extensive natural gas reserves is a system for transporting produced natural gas to distant points of consumption. The volumes at issue are substantial. The U.S. Department of Energy estimates that 35 tcf of discovered recoverable volumes are located in Alaska and forecasts 137 tcf in additional economically recoverable volumes by 2050. Over the long term, the ability of the State to meet its citizens' needs will turn substantially on the revenues implied by these resources. The United States as a whole also has significant interests in the commercial development and transportation of Alaskan natural gas. As a domestic source of energy, Alaskan gas development for downstream use portends less national reliance on imported sources of energy.	
Given the high importance of a successful pipeline development to the State and the nation, it is especially important that the State closely examine proposals such as that put forth by TransCanada. Issuance of an exclusive license, as contemplated under AGIA, cannot help but tend to put the entire process of commercial development of the State's gas resources on a particular path. That path may well limit the State's options vis-a-vis the terms of the TransCanada project or limit alternative proposals even if market developments show that they are ultimately more viable and more valuable to the State. The Economics Governing the State of	The issuance of a license does not foreclose other options outside the AGIA process (which itself was open to all interested parties.) What the process does do is provide shared funding to a licensee who has agreed to all of the “must have” requirements of AGIA and in turn provide Alaskans with very significant benefits. The BP/ConocoPhillips proposal confirms that AGIA did not preclude competition.

COMMENT	RESPONSE
Alaska's interests The prospective economic benefits to Alaska from development of its natural gas resources will be received in a number of different ways. Beyond the investment and employment that will attend construction and operation of a natural gas pipeline and the related production facilities, the State government stands to realize royalties paid on production from State-owned leases, severance taxes paid based on the value of the resource produced and sold, corporate income taxes on firms' earnings, and property taxes paid by the oil and gas industry. To generate the benefits of oil- and gas-related investment and employment, Alaska must pursue public policies that ensure current proven reserves are produced in a manner, and under terms and conditions, that enable the State to capture fair market value for its claims on the resources at issue, that keep the State competitive with the rest of the world, and that promote sustained exploration and development of undeveloped resources. Achieving these ends will also ensure the generation of the royalty and tax revenues that the State requires to fulfill its governmental roles in meeting citizens' needs.	
The economics of oil and gas development and transportation provide a number of key criteria or guidelines to assessing the State's interests when evaluating the merits of projects such as the one proposed here by TransCanada. These criteria include: (i) ensuring that netback values received upon production at the wellhead in Alaska represent maximum fair market value; (ii) minimizing any delay in constructing a natural gas transportation system and bringing it into operation; (iii) ensuring that the life-cycle volume of gas production is maximized; and (iv) avoiding the costs and disruption associated with resolving any future disputes related to a gas pipeline and its operations. Let me briefly touch on each of these four criteria in more detail. Maximize Fair Market Value of Netbacks: Alaska's most important source of funds is	The commissioners agree that these criteria are important to and compatible with the objectives of AGIA.

COMMENT	RESPONSE
associated with the sale of Alaskan oil and gas. Since revenue is the product of both price and volume, Alaska has an interest in ensuring the price received at the wellhead by itself and by other entities paying taxes and royalties is as high as possible consistent with fair market valuation and ensuring successful project development. Since there is not now or, in the future, expected to be significant consumption of natural gas on the North Slope, realization of the value represented by the in-place natural gas resource is dependent on the transportation of that gas for delivery at downstream points in Canada and, eventually, in the lower 48 states. Given the market value of natural gas at those points, as determined by the forces of supply and demand, the price actually earned at the wellhead in Alaska is significantly determined by the cost of treating and transporting gas to those locations. Transportation costs (and costs such as marketing gas and treating gas to manufacture products such as natural gas liquids from the raw material produced on the North Slope) unavoidably lower the value of the gas netted back to the wellhead (e.g.: for tax and royalty purposes). The higher the cost of transportation, the lower will be the realized value at the wellhead. Hence, the State has a clear interest in seeing that downstream, post-production facilities and systems are efficiently built, operated, and utilized. Insofar as the State of Alaska benefits from higher netbacks produced sooner and subject to fewer disputes, its interests are naturally aligned with those of any other shipper on the proposed pipeline. This is most obvious when the State acquires gas as Royalty-In-Kind ("RIW), but applies, as well, when the State lakes its royalty as Royalty-In-Value ("RIK"). Under the terms of the leases on State-owned resources, Alaska is entitled to take on the order of 12.5% of the production as RIK gas that it can sell on its own behalf, or alternatively it can take 12.5% of the value of produced gas as RIV. In either case and as with any shipper, the State's interests lie in avoiding excessive costs of transportation.	

COMMENT	RESPONSE
Indeed, the State's interests in the eventual development and costs of a natural gas transportation system are aligned even more generally with those of the producers of North Slope gas. Whether producers ship themselves or sell upstream to third parties who then ship on the gas transportation system, higher costs of transportation flow through to producers as lower upstream values at the wellhead. Lower upstream values imply lower incomes for producers and, for the State, lower royalties and lower severance and income taxes. Again, the construction of a viable pipeline at the lowest possible cost yields the highest value for the State. Minimize Delay: Of course, no revenue at all will be earned by the State or any other party absent the ability of a pipeline proponent and other potential participants in the downstream development process to reach mutual agreement on appropriate ways to move forward to operation. Inability of the stakeholders to reach binding commitments and/or the possibility that certain aspects of a proposed deal will lead to significant disagreements and/or impasses between parties for a protracted period promises to delay project completion. Minimizing such delays by addressing all stakeholders' interests up front, lowering uncertainty by clearly defining the nature of the necessary ongoing relationships, and avoiding a deal that unduly protects one party by shedding its unwanted risks to others will tend to minimize the extent to which delay defers the realization of benefits to the State. Ensure Production Is Maximized: The State has a strong interest in ensuring that the systems are built that will allow the realization of revenues from discovered resources. A key component of this turns on the *volume* of gas that is drawn from Alaska. The availability of higher-priced netbacks and the provision of a transportation system that is operationally and procedurally reliable to those needing to use it will contribute to the optimization of production	

COMMENT	RESPONSE
over time, arid perpetuate the economic life of gas fields on the North Slope. Avoid Future Disputes and/or Impasses: The State's interests are also adversely affected over time by the potential that it and/or the users of the gas transportation system will end up involved in complex, time- and resource-consuming disagreements with the pipeline owner/operator(s) related to regulatory and/or contract interpretation and enforcement. Unfortunately, there is no way to write the perfect contract since it is impossible to anticipate all future events and or outcomes. However, to the extent that contracts (or their equivalent - an AGIA license) contain ill-defined terms, provide for one-sided treatment that benefits particular parties at the expense of others, or provide no mechanism to resolve disputes in an equitable manner, future disputes and disagreements with the pipeline owner will not be minimized. In short, lack of flexibility and equitability in designing contractual arrangements can lead to excessive and onerous litigation and even political fallout that are not in anyone's interest to the extent that they tie up resources and cause delay or distortions in otherwise favorable outcomes. The TransCanada License Application With these key criteria in mind, let us look at the some of the important attributes of TransCanada's application to build a pipeline from the Alaskan North Slope to an interconnection with its downstream system in Alberta, Canada, with an expected in-service date of 2017. TransCanada has proposed to build, own, and operate a new gas transportation system that will initially be able to transport 4.5 Bcf of natural gas per day over 1700 miles (750 miles in Alaska, 965 miles in Canada) of 48-inch diameter pipe. This routing of the pipeline system is similar to that initially pursued, but ultimately not built, by TransCanada and other partners almost three decades ago. The system, as proposed, would have 16 compressor stations and 14 delivery points,	

COMMENT	RESPONSE
including five in Alaska, eight intermediate points in the Yukon, and the principal delivery point into TransCanada's downstream system at the Alberta Hub. Operation of the system will also require the construction of a. Gas Treatment Plant ("GTP) that will process gas prior to transportation to downstream points. In its application, TransCanada states that it "does not intend to develop, own, or operate the gas treatment plant, but is prepared to do so if it is not possible to contract with a third party owner in a timely manner." In total, TransCanada estimates that the cost of building the proposed system will be approximately $25 billion in 2007 dollars. Clearly this is a significant sum of money for any one individual firm, especially in the context, of building a pipeline such as this one. This project has a unique set of characteristics that portend particularly high risks. These include the fact that the construction of this project would take place in an extremely harsh arctic environment with unique requirements and constraints on when and how actual construction can occur. Also, the system is very large and complex, with the proposed GTP likely to be the largest such facility of its kind in the world. Finally, unlike many other systems built to serve in other locations, this pipeline will be highly dedicated to serving one upstream producing area. In its application, TransCanada seeks to shield itself form these risks in a number of ways. First, it requires that shippers sign contracts committing them to pay for Firm Transportation ("FT") services on the pipeline system for a period of at lease 25 years. In the U.S. and exclusively in Canada, TransCanada would offer potential shippers so-called negotiated rates. Theses negotiated rates would be offered only as 25-, 30-, or 35- year commitments. They have been unilaterally designed by TransCanada to contain substantially all the requirements of FT service, with the additional condition that the shippers taking such services must support all of TransCanada's future rate filings and cannot object to the economic factors underlying the pipeline's rates.	

COMMENT	RESPONSE
This FT and negotiated rate capacity would be marketed to potential shippers in an "open season" process. Through this process, TransCanada would attempt to attract sufficient interest to ensure the viability of the pipeline. The estimated tariffs for such transportation services are approximately $2.42 per mmbtu on a levelized basis over the first 25 years of pipeline operation. At this level, the tariffs would fully reimburse TransCanada for the expected costs of building the pipeline and would provide TransCanada with a guaranteed rate of return that would float at 965 basis points above the 10-year U.S. Treasury bill. At the time of TransCanada's application, this guaranteed rate of return sat at approximately 14%. In addition to the foregoing, TransCanada seeks to protect its interests by , among other things, recovering most cost overruns from shippers, retaining the right to unilaterally terminate the project while receiving reimbursement of its investments, requiring rolled-in rate treatment for future expansions, and selling additional services to shippers with no credit back to the FT contract holders for those revenues. TransCanada has clearly though carefully about the risks attendant to its proposal and has carefully designed its application to insure itself from those risks. In doing so, however, it has designed a proposal that would shift risks overwhelmingly onto those with a shipper's interest in the pipeline- i.e., the North Slope gas producers and the State of Alaska.	
Evaluation of the TransCanada Application's Risk-Shedding Attributes From an economic perspective, this TransCanada application (i.e., one that provides and multitude of protections and benefits for TransCanada as the developer by shedding risk to other parties) is exactly what one would expect form a pipeline pursuing its own interests. TransCanada is not to be criticized for seeking to maximize and protect its interests. But it is not in thee State's interest to leave TransCanada's proposal	By issuing a license to TC Alaska, the State does not intend to limit itself in any way in any future regulatory proceedings or negotiations from asserting positions that may enhance netback prices, allocation of risks, or any other issue affecting the State's interests.

COMMENT	RESPONSE
unquestioned, unchallenged, or accepted without countervailing assertion of the State's interest. It is vital to understand that TransCanada's proposed shedding of its risk is not costless from the perspective of the State in the State's actual (RIK) or de facto (RIV) role as a shipper on the pipeline and as a taxing entity. It is a maxim of economics that one cannot get rid of risk; risk can only be shifted among parties. When TransCanada shed so many of its risks, those risks are transferred to the State and other with interest in gas development and transportation. Such transfers of risk raise the real costs to the State and others. This reduces effective upstream netback values and/or cut into the benefits derived from gas development. In fact, the extremity of the TransCanada application's risk-shedding provisions has the effect of raising concerns about the very viability of the pipeline to the extent that they give rise to potential shoppers' expectations- including those of the State as an actual or de facto shipper- of diminished netback valuation, the possibility for failures in the open season process, and the potential that future relationships will be fraught with disputes and disagreements between TransCanada and other stakeholders (including the State). Consider some of the Key components of TransCanada's application: Historical Liabilities front ANGTS-Era Agreements:	
TransCanada's participation decades ago in the aforementioned prior attempt to develop a natural gas pipeline to serve the North Slope has potentially left TransCanada with very large liabilities to its prior partners as a result of prior agreements with those parties. Were those liabilities to be recovered by TransCanada by rolling them into the cost of TransCanada's current proposed pipeline, the adverse effects on shippers would be substantial. The potential size of these liabilities is very large and is growing at a rate of 14% per annum. According to the financial	Refer to the response for the similar comment provided by ExxonMobil.

COMMENT	RESPONSE
statements of the original partnership (of which affiliates of TransCanada are the sole remaining partners), the potential payments due to the withdrawn partners at the end of 2006 was $8.9 billion. At a rate of increase of 14% per annum, as reported by the partnership, this would rise to approximately $33 billion by the end of 2016. That amount is significant in light of TransCanada's estimate that, excluding the partnership liabilities, the sum of capital expenditures and accumulated return on those expenditures as of the pipeline's in-service 2017 date, alone, would be approximately $33 billion. If TransCanada did fold these amounts into the rates to be paid by shippers on this pipeline, the consequences would likely be multifold. First, proposal of such rates would likely give rise to significant disputes and regulatory fights before the Federal Energy Regulatory Commission ("FERC"). Such disputes would consume considerable resources of both shippers and the pipeline itself. Second, if approved as part or a regulatory proceeding: these additional costs would increase the transportation tariff, thus reducing the State's and other shippers' value from the downstream delivery of natural gas. To the extent that these netbacks were sufficiently reduced, the incentive to explore for and produce incremental supplies would also be diminished, leading to a decline in the volume of natural gas eventually sold. By the criteria of interest to the State, the possibility that the costs will be incurred poses considerable downside risk. Finally, the subject rates would increase the likelihood of a failed open season as a result of natural shipper resistance to elevated rates or, if the issue is unresolved at the time of the initial open season, natural shipper resistance to the uncertainty that such lack of resolution would imply. Exclusive Delivery to the Downstream TransCanada System:	
Another example of TransCanada looking out for its own interests is the application's proposed requirement that potential shippers	Refer to the response for the similar comment provided by ExxonMobil.

COMMENT	RESPONSE
agree to purchase transportation all the way to the interconnection of the proposed pipeline with the downstream TransCanada system. While it seems plausible that a significant amount of the gas transported off of the North Slope on the proposed pipeline would find its way onto TransCanada's existing downstream Alberta system, shippers' interests lie in maintaining the option to seek out alternative locations or pipelines into which to deliver their product. This option is particularly valuable in light of TransCanada's proposed minimum of 25-year commitments by shippers. All of us must recognize that a great deal of what may occur over a quarter century is presently unforeseen, and whatever we think we know now is subject to tremendous uncertainty. The option of delivery into alternative systems, for example, could readily turn out to offer better access sot higher-priced markets. Lock-in to a potentially lower-valued delivery onto the TransCanada system (even for a portion of the pipeline life) or the requirement to pay the cost for such delivery even if alternate arrangements are made will lower netbacks on production and discourage incremental production.	
Open Season Commitments: Open seasons are the process by which pipelines typically seek to assess and sign up shipper interest in transportation capacity on a pipeline system. In general, a pipeline can hold open season to sell capacity in a number of ways and for a number of reasons: The pipeline could have capacity available due to the ending of earlier contracts on an already built system; an open season may reflect the pipeline's desire to construct additional facilities to increase the capacity of an existing system; or an open season may arise upon the prospective building of an entirely new system with not existing transportation customers. In the last case, the amount of information available to potential shippers is generally most limited since they have no direct experience with the proposed new system by which to gauge the attractiveness of the pipeline's offerings. In part to reflect this fact, pipelines can design	Refer to the response for the similar comment provided by ExxonMobil.

COMMENT	RESPONSE
open season processes and requirements to deal with the uncertainty. First, the pipeline can do advance design arid planning work to attempt to increase knowledge about factors such as the pipeline's design, costs, potential siting difficulties, scheduling coordination, etc. The pipeline can also vary the extent to which the open season is binding on potential shippers. This can range from a request that potential shippers express non-binding desires for some amount of capacity in the future to a binding open season in which shippers contractually commit themselves to paying for pipeline capacity they acquire in the open season without further option to negotiate terms or conditions. To the extent that uncertainties exist, it is reasonable to expect that potential shippers will be loss willing to make binding long-term contractual commitments. Particularly in the case of new and expensive projects, the inability of a project developer to bring actual commitments from shippers to the financial markets is a common source of delay and even project failure. Accordingly, successful pipeline projects typically entail flexible processes of negotiation between the pipeline and its potential shippers in order to arrive at a set of terms and conditions that adequately represent the interests of all parties. The Rockies Express Pipeline provides one recent example of the issues at hand. This $3 billion project to move gas out of the Rocky Mountain region to markets further east started as a joint venture between Sempra and Kinder Morgan, and one year into its development, ConocoPhillips- a prospective shipper- purchased a 24% stake. Also, key to the project development was an early negotiated commitment to a large amount of FT from EnCana marketing that was a key factor in its successful development. In fact, in the United States, the contractual arrangements of most proposed new pipeline systems are the product of negotiations and are reviewed by the regulator on an integrated basis when both sides express satisfaction with the arrangement. Absent these	

COMMENT	RESPONSE
agreements, unilateral imposition of terms and conditions that are one-sided in nature ten to lead to failure of open season processes. This calls into question the viability of the open season process as proposed by TransCanada under its application. The large amount of uncertainty about future conditions and the apparent relative paucity of adequate front-end planning for a project of this size and complexity suggest that rational shippers would be extremely wary of entering into agreements under the conditions TransCanada currently proposed. The rational shipper, including the State as actual and/or de facto shipper, would reasonably be expected only to be willing to participate in an open season process with the addition of multiple contingencies that protect the interest of the shipper. Without contingencies and protections, an open season for TransCanada's proposed system would not be likely to succeed in proving the necessary underpinnings of a customer base. This would threaten the ability of the proposed system to move forward. Indeed, TransCanada's application contains several components that give rise to exactly the type of uncertainly that would reasonably be expected to raise substantial risks that its proposed open season would fail. These include:	
Precedent Agreement Termination Rights: Under the TransCanada application, the pipeline can move past the open season where it receives binding commitments, then receive FERC and NEB certification for the project, and then have the right to opt out of the overall project based on its unilateral determination that further pursuit of the project is not in its interest. Critically, this termination comes with the assurance that shippers will be required to reimburse TransCanada for the costs it has incurred in pursuit of the project. Potential shippers would reasonably be extremely apprehensive about making binding commitments that obligate them to provide considerable payments to the pipeline even	Refer to the response for the similar comment provided by ExxonMobil.

COMMENT	RESPONSE
though they have not say in the pipeline's decision about whether to move forward with the project.	
Negotiated Rates Provisions: As described above, one element of Trans Canada's negotiated rate option (the only option available in Canada) is that the shipper will support all of TransCanada's future rate filings and will not contest the "economic parameters" underlying the rates. The ambiguity of what might be meant by the concept of "support" and which "economic factors" are implied could be problematic for potential shippers. For example, prohibiting shippers from contesting any particular investment as being imprudent could have multiple negative consequences from the State's perspective. The lack of control over costs, and the fact that the pipeline's financial incentives are to raise cost since it is earning returns on the total ratebase, can lead to lower netbacks and possibly decreased production. Also, such onerous terms could well lead potential shoppers to insisting on conditioning their bids during the open season, thus leading to potential delay.	Refer to the response for the similar comment provided by ExxonMobil.
Level of Preparation Planning: In the context of trying to attract shippers to make binding open season commitments, it is important that the pipeline proponent sufficiently delineate the scope of the project and push the planning process to a point that significant uncertainties are addressed. If these steps are not taken, there will be substantial and material uncertainty remaining about costs, and the possibility for ineffective planning will lessen the likelihood that shippers will be willing to make non-contingent commitments in an open season.	Refer to the response for the similar comment provided by ExxonMobil.
In its application, TransCanada proposes to spend approximately $83 million (as-spent) to develop its plans prior to the open season and approximately $625 million (as-spent) through the FERC and NEB certification process. It may be telling that the amount TransCanada intends to invest up through the FERC and NEB certification process is only marginally	

COMMENT	RESPONSE
above the level of funding reimbursement that the State has proposed to compensate a pipeline developer under the AGIA process. This suggests that the level of planning is at least partially tied to the degree to which the State is willing to protect TransCanada, not by a wholly independent consideration of the amount of work that would need to be done to adequately scope out a project of this nature. Consider, for example, the proposed GTP. Despite the fact that this facility will be very large, will need to be built under hostile environmental conditions, and will need to be highly integrated into the construction planning process for the overall pipeline project (indicating a particular need for clarity of planning and cost-estimation), the TransCanada application treats these concerns by suggesting that they can be handled by third parties. Without proper planning, the coordination and execution risks associated with this facility are significant. Poor planning could result in higher costs, thus lower netbacks. The construction by a non-TransCanada entity could give rise to higher costs as returns to scale are lost, and physical delay could occur if construction timetables are not effectively managed. Imagine the significant losses that would accrue if the pipeline portion of the project were successfully completed while the GTP fell behind schedule for some period of time.	
Ancillary Services such as Authorized Overrun Service: TransCanada proposes to sell additional services to shoppers, such as authorized overrun service. The provision of such services can result in additional returns to the pipeline over those approved in the FT tariff. Commonly in the pipeline industry, the value of such additional services is shared with or even returned completely to the firm shippers of the pipeline in the form of reduced rates. Under the current application, however, TransCanada has reserved this additional stream of revenue for itself and does not propose to share with shippers on the pipeline. This implies upward potential for the pipeline's return with no associated risk to the pipeline. It also implies lower netbacks for producer-	Refer to the response for the similar comment provided by ExxonMobil.

COMMENT	RESPONSE
shoppers and the State.	
Rolled-in Expansion Rates: TransCanada's application mandates that expansions to the proposed system use rolled-in rate treatment up to 115% of the original tariff amount. As such, the costs of the future are potentially being borne by the pipeline's initial shoppers, including the State of Alaska given its interest as a shipper. The prospective roll-in of significantly higher rates is inconsistent with established FERC policy and provides, in effect, an economic cross-subsidy from the initial shipper to new shippers (i.e., those using the expansion capacity). Such cross-subsidies are inconsistent with policies that should be designed to encourage the use of society's scarce resources for economically viable projects. These cross-subsidies harm the State's interest, as well, to the extent that they would undermine the potential development of the pipeline, would be borne as reduced netbacks of initial producer-shippers, and would cross-subsidize development or non-State leases.	Refer to the response for the similar comment provided by ExxonMobil.
The State's Commitment to Licensee: The TransCanada application includes an AGIA-specified penalty that would effectively preclude the State form negotiating fiscal terms with any third party. By requiring that the State pay TransCanada damages on the order of three times its total costs incurred to date, the proposed provision is a "poison pill" that protects TransCanada by effectively tying the State's hands vis-à-vis alternative options. Before engaging in such action that limit the State's options in this manner, the State has an interest in ensuring that it has the right deal in place for the State. Unfortunately, such lock-in provisions could well result in unintended consequences that adversely affect the State's interests. Foremost among these is the prospect of a failed open season. Especially to the extent that the proposed deal offers inducements to the pipeline developer in the form of significant one-sided risk-shedding provisions, the State has a strong interest in ensuring it has the right deal.	Section 43.90.440 of AGIA only triggers these terms if "…*the state extends to another person* ***preferential*** [emphasis added] *royalty or tax treatment or the grant of state money for the purpose of facilitating the construction of a competing natural gas pipeline in this state…"* AGIA also defines what would constitute a competing project and limits what is included as preferential tax or royalty treatment. AS 43.90.440(b) and (c).

COMMENT	RESPONSE
Return on Equity: The State's interest lie in making sure that the Return on Equity ("ROE") and Debt/Equity Structure of the proposed pipeline are kept in line with the risks borne by TransCanada. Given the range of other protections sought by TransCanada, it is reasonable to expect that the ROE that the pipeline is allowed to earn be consistent with that earned by other similarly low-risk investments. Note that this is not to suggest that the pipeline project itself is low-risk, but only that, by the working of its contractual provisions, TransCanada's application has laid off those risks to the shippers on its proposed pipeline. Inconsistent with this risk-shedding, TransCanada's ROE proposal appears to put its return at or above the high end of the range or recently approved FERC rates of return. While I have not sought to determine the "correct" rate of return for the proposed pipeline at this point, the magnitude of the proposed ROE (965 basis points above 10-year U.S. Treasury bills, or 14% at the point that TransCanada filed its application) suggests that TransCanada's proposed rate is too high. TransCanada does provide for a reduction of its ROE for a period of five years in the event that it fails to fully control the costs of the project. This mechanism allows for the reduction of ROE by a maximum of 200 basis points. It is notable that to the extent that the pipeline, with all of its other protections, has an actual cost of capital below this putatively reduced ROE, the pipeline would not, in fact, suffer economic "penalty." Rather, it could still make money on cost overruns- and would have the incentive to do so.	Refer to the response for the similar comment provided by ExxonMobil.
Conclusion: Protecting the State's Interest From the perspective of the interests of the State of Alaska and the nation, development of a viable natural gas transportation system for moving Alaskan gas to large downstream consumption markets is imperative. The State has an abiding interest in seeing that such a system is brought online expeditiously and efficiently. Investment and employment in the Alaskan economy will he spurred by the	 The commissioners agree with the comment regarding the need for a gas pipeline. Because of the failure of past initiatives including direct negotiations with the North Slope producers, the State enacted AGIA and continues to pursue the process set forth in that legislation. The commissioners disagree, however, with the comment that TC Alaska's Application does not satisfy the state's criteria. The

COMMENT	RESPONSE
development of a natural gas transportation system, and the State has a clear need for alternatives to its declining ability to count on royalty and tax revenues associated with North Slope crude oil production revenues. Spurring increases in the value and level of natural gas production in Alaska is just such an alternative. If the State of Alaska is to maximize its interests in natural gas development, it must be diligent in ensuring that whatever gas transportation system comes to fruition be able to provide the State with maximum fair market value for natural gas accessed by that system and that delay and dispute that can accompany pipeline development be minimized. This means ensuring development of an efficient system that supports maximum fair market value netback values at upstream points of valuation, and minimizing uncertainties, inequitable risk allocations, and ambiguous terms and conditions that will spell contention and delay in getting a project off the ground. As proposed, the TransCanada application does not fully satisfy these criteria. The interests of the State of Alaska lie very much in seeing that these criteria are met by TransCanada or any party that ultimately develops a transportation system for Alaska's natural gas. Attachments: Joseph Kalt qualifications Footnotes included with original copy	commissioners' Findings fully explain the basis for the determination that TC Alaska should receive the AGIA license.

Little Susitna Construction Co - Dominic Lee, President 3/04/08 (190K)

My firm Little Susitna Construction Co. (LSCC) with China Petroleum and Chemical Corp (SINOPEC) submitted a proposal under AGIA for an All-Alaska gas pipeline terminating at an LNG plant in Valdez for shipment to China. Sinopec proposed to purchase up to 4 bcf/d of LNG. While the review team said this proposal was incomplete, it is still the best deal for Alaska and Alaskans. It was called the "Alaskans First Gas Pipeline" project. Here is a comparison of this proposal to the Canadian Highway (TransCanada) proposal: Comparison of Canadian Highway Pipeline to All-Alaska Pipeline: Canadian Highway	

COMMENT	RESPONSE
Pipeline:	
1. A Canadian Highway plan provides little work for Alaskan workers. Alaskan workers are not allowed to work on the pipeline in Canada. a) 10,000 workers during the 3-year construction period; b) 100 permanent jobs after construction is finished.	See Section A, Issues #3a,3b
2. The gas may be used to process sand oil which causes the biggest pollution in North Amreica. This dirty air will travel to the USA. Nine out of ten sand oil factories in Canada have been cited by Canada EPA getting a F grade in their emmission the other one got a D grade.	Comment noted. The ultimate market for this gas cannot be determined at this time.
3. It will cost between $1.1 billion (current gas price of $8) and $2.2 billion (future gas price at $61) every year to move the gas through Canada with an Alaska gas subsidy, because a Canadian highway plan would use gas to power the 34 compressor and chiller stations (60,000 HP each station) along the pipeline to Calgary . If the gas has to move to Chicago, there will been total of 72 stations from Alaska to Calgary to Chicago. It will cost Alaska $4.4 billion a year subsidy to move the gas without compensation to Alaska.	The full costs (including fuel gas) of transporting gas through the proposed TC Alaska pipeline and the LNG alternatives were analyzed and considered in the evaluation. The fuel gas is not subsidy, but a normal cost of transporting natural gas in a pipeline. See Chapters 3 and 4 of the Finding for the results of the analysis. Fuel use for an LNG project dwarfs the fuel for an overland project (See Chapter 4).
4. A Canadian highway plan will provide $52 billion to the USA, $131 billion to the State of Alaska, $207 billion to the North Slope producers, $9 billion to the Canadian government, and $17 billion to a Canadian pipeline company dirng the lifetime (25 years) of the project.	Comment noted. See Chapter 3 for the results of our analysis.
5. It is unlikely north Slope gas will go to the Lower 48. a) It is economically unfeasible with a price at Chicago $0.75 per 1,000 cubic feet over the Calgery price of $6.50 per 1,000 CF, plus $2 billion to $4 billion in fuel subsidies by Alaska per year to move gas from Calgary to Chicago; b) There is no shortage of gas or LNG in the Lower 48 (a 50 TCF natural gas discovery in Marcellus (Appalachian Mountains)was recently announced -- this discovery can be online within a couple of years and can last over 100 years supply to	Comment noted. See Chapter 3 for our analysis of the TC Alaska proposal.

COMMENT	RESPONSE
US need) if Alaska gas goes to Lower 48, this will flood the market; c) The world's steel mills cannot produce 1,700 miles nor 3,600 miles of steel (over 4 millions tons and 10 million tons) in less than 20 years, and the US steel mills are largely no longer in operation due to deindustrialization of the US (most steel made in China and Japan).	
6. All the gas byproducts, such as butane, propane, ethane, pentane, will be used in Canada's petrochemical industry at Alberta with no benefit to Alaska.	The application indicates that TC Alaska will accommodate a proposal to add NGL processing in Alaska. Gas Strategies notes that an LNG project will not accommodate NGL processing since the NGLs must remain in the gas as it is liquefied to maintain BTU content as required for Asian LNG markets.
7. TransCanada Alaska LLC is a new company with no history whatsoever in Alaska or anywhere else and fails to provide documented commitment of their parent company, TransCanada Corporation or any other entity that has committed to proivde engineering, construction, or financing of the Alaska portion of the project. If things do not work out, TransCanada Alaska LLC can file for Bankrupcy in U.S. Bankrupcy Court and the parent company TransCanada Corp. will have no liability for this new company. Alaska will be out of luck and loss time and all the money that was put into this new company.	See Section A, Issues #7a,7b,7c
8. TransCanada has $7 billion in revenue per year with $1 billion profit. It also has a libility of $8.9 billions of debt to it's partners. Conoco Phillip refused to give gas and build the pipeline together with TransCanada Alaska, LLC under their Corporate legal advise because of the $8.9 billion debt TransCanada has on their books, and it was filed by the creditors with FERC.	See Section A, Issue #7c
All-Alaska "Alaskans First Gas Pipeline": LSCC/Sinopec Plan. 1. The Alaskans First Gas Pipeline plan will provide steady, permanent jobs for Alaskans. a) 20,000 to 30,000 jobs for workers for 4 years during the construction phase of the project will be provided; b) 5,000 permanent jobs will be available after construction in the areas of	Comments Noted

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pipeline oepration, LNG plant, NGL plant, and marine terminal at Valdez; c) New transportation jobs and gas distrubtion jobs can be delveoped in 100 Alaskan communities, estimated at 1,500 new jobs.; d) The gas by-products from the natural gas separation plant such as butane, propane, ethane, and pentane, will be used in Fairbanks or Mat-Su Valley for new Alaska petrochemcial factories which will create a $5 billion new industry for Alaska, estimated to produce 3,000 new permanent jobs. 2. One hundred Alaskan communities will receive gas to heat their homes and for cheap electricity. Depending on how such a program would be administered, the savings could amount to a $400/month per family savings for monthly heat and electricity bills, or a $5,000 benefit per year for every Alaskan family. 3. The Alaskans First Pipeline Service Company will be owned and operated by Alaskans. It will be a publically traded company on the NY stock exchange. 4. All construction jobs will be for Alaskans and US citizens; no Chinese laborers will be used, and also no Canadian laborers will be used. 5. Steel for gas pipeline will be available from Chinese and Japanese steel mills for only 2.2 million tons. 6. China will buy all the LNG which is not used by Alaska for the initital start up project (up to 4 bcf/d). There is no demand on the U.S. West Coast. There are no LNG receiving terminals located on the West Coast of the US. As gas availabillity increases, other markets may be able to be served as they develop (such as West Coast USA). 7. China will pay a fair market price for the LNG and will provide 20 to 24 LNG tankers to pcik up the LNG from Valdez at their cost of $7 billion. 8. State and North Slope producers are not	

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required to spend any money to build the pipeline plant. It has no risk to the North Slope Producers. 9. Since the North Slope to Valdez is an intrastate pipeline, the Federal Energy Regulatory Commission (FERC) has no jurisdiction. 10. Since the Alaskans First Pipeline has a buyer for 30 million tons of LNG per year already, there is no need for an open season search for a buyer. 11. This project can start engineering design and construction once the North Slope producers agree to sell gas at the well-head to put gas on the pipeline and the Department of Energy agrees to allow the LNG to be shipped to China. The Department of Energy has already given permission to sell Alaskan LNG to Japan, Taiwan, and south Korea. There is NO LAW against shipping Alaskan oil or gas to foreign countries, providing a trade surplus to the U.S. 12. LSCC is a 28-year old Alaskan company. Sinopec is a $155 billion revenue/year with $9 billion profit/year and is 20 times bigger than TransCanada. 13. The gas benefit of the Alaskans First Pipeline is much larger than the Canadian route. Total Revenue in 30 years $896 Billion U.S. Share $219 Billion State of Alaska (w/25% PPT) $314 Billion North Slope Producers $204 Billion Canadian Government $0 Pipeline LNG Operator $17 Billion What is the difference between the All-Alaska and Canadian Line? All-Alaska Route Canadian Route Difference US Share $219 B $52 B $167 B More All AK State of AK $314 B $131 B $183 B More All AK NS Producers $204 B $207 B $3 B Less All AK Canadian Gov. $0 $17 B $9 B Less All AK Pipeline Opr. $17 B $17 B No Difference The Governor and her commissioners have the duty to uphold the Alaska State Constitution -- which states that they have the responsibility to obtain the best value for Alaska's natural resources. For $183	

COMMENT	RESPONSE
billion difference selling LNG to China over selling it to Canada at Alberta Hub -- it's a no-brainer to make the decision to go with an All-Alaska pipeline to Valdez.	

CANADA

COMMENT	RESPONSE
Alliance-Pipeline - Murray Birch, President and Chief Executive Officer 3/06/08 (283K)	
I. Introduction and Synopsis	
In response to your call notice of January 4, 2008, Alliance is taking this opportunity to submit comments in relation to the application which had been filed pursuant to the Alaska Gasline Inducement Act (AGIA) by TransCanada Alaska Company, LLC and Foothills Pipe Lines Ltd. (collectively referred to herein as TransCanada) on November 30, 2007. In Alliance's view, efficient market access and take-away optionality are fundamental to the success of any Alaska natural gas pipeline project and the maximization of benefits to the State. In this connection. Alliance is exceptionally well positioned to provide significant take-away capacity for any Alaska pipeline project through a cost-effective expansion of its existing state-of-the-art pipeline system from Western Canada to the United States Midwest. Alliance considers that equal access and open competition are fundamental to market efficiency, and that no form of exclusivity exists for the provision of take-away capacity for an Alaska pipeline project or for the construction of related pipeline facilities In Canada or the Lower 48. More pointedly, Alliance submits that any residual certificate rights that may be held by Foothills in Canada under the Northern Pipeline Act of 1978 are non-exclusive and limited by the outdated circumstances of the 1970s. Furthermore, Congress has made it abundantly clear that the U.S. elements of the project are open to competition. Within this context, non-affiliated pipelines such as Alliance can significantly and competitively participate in any Alaska pipeline project. While the AGIA licensing process is not determinative of downstream matters, Alliance would nevertheless ask that the State of	The comments contained in this Introduction and Synopsis will be addressed in the sections that follow.

COMMENT	RESPONSE
Alaska recognize the role that competition will play In driving the most optimal downstream configuration (including appropriate take-away arrangements within the Province of Alberta).	
Alliance looks forward to working with whichever party ultimately constructs the greenfield pipeline through the State of Alaska and into northern Canada. Alliance will continue to advance its expansion plans for the carriage of Alaskan gas, and at the appropriate time, will file the required applications with the National Energy Board in Canada and the Federal Energy Regulatory Commission in the United States.	
II. The Existing Alliance Pipeline System	
The Alliance pipeline system came into commercial service on December 1, 2000 as a major new entrant in the natural gas transmission pipeline sector.	The information provided on the existing Alliance pipeline system is noted.
As shown by the system map comprising Figure 1, the Alliance pipeline system extends from points of receipt in Western Canada to multiple delivery points which interconnect with the United States pipeline grid in the area of Chicago, Illinois. Natural gas delivered to the Chicago market hub can be either consumed in the Chicago region or transported onwards to other market regions.	
On the basis of subscriptions received during its open season in 1996, the system was designed for a contract capacity of 1.325 Bcf/d. Depending on the prevailing hydraulic conditions, the actual flow capability of the system can reach over 1.7 Bcf/d, and flows of this magnitude are regularly maintained.	
At the upstream end of the Alliance system, natural gas is gathered through a network of lateral pipelines having an aggregate length of nearly 450 miles and diameters ranging up to 24 inches. There are currently 50 individual receipt points. The commingled gas stream is then transported through a single "bullet" mainline that extends nearly 1,850 miles from northwestern Alberta to the Chicago-area	

COMMENT	RESPONSE
terminus of the system. The mainline pipeline is primarily 36 inches in diameter, with compressor stations spaced approximately 120 miles apart. At the Chicago end, there are eight individual delivery points. Employing leading-edge technology, the pipeline transports dense-phase gas at pressures of up to 1,743 psi in Canada and 1,935 psi in the U.S. The carriage of liquids-rich gas at elevated pressures gives rise to highly efficient flow. The natural gas liquids (NGLs) that are carried in the gas stream are presently extracted at the downstream end of the pipeline at a plant owned by Aux Sable Liquid Products near Chicago. The option exists to construct a second NGL extraction plant alongside the Alliance pipeline in the Province of Alberta (near Edmonton), and Aux Sable is presently advancing that initiative. For further information on the Alliance pipeline system, please refer to the company's website at www.alliance-pipeline.com. III. Exceptional Positioning by Alliance for Delivery of Alaskan Natural Gas	
Owing to the geographic setting, leading-edge design, and expandability of its system, Alliance is exceptionally well positioned to deliver Alaskan-sourced natural gas to a prime market hub in the Lower 48 States. As already noted, Alliance can provide significant take-away capacity for any Alaska natural gas pipeline project through a competitive and cost-effective expansion, This may be accomplished through a combination of additional compression and looping, with the precise expansion design tailored as appropriate. The hand-in-glove fit by Alliance for an Alaska pipeline project is exemplified by the composite map that has been attached as Figure 2. Particularly considering the leading-	The expansion possibilities of the Alliance pipeline system are noted.

COMMENT	RESPONSE
edge design of the system and its direct access to the prime Chicago market hub, Alliance would submit that Its system represents the best pre-build for a modern-day Alaska pipeline project.	
IV. TransCanada's Proposed Downstream Arrangements in Canada	
Applications made under the AGIA were required to include, among many other things, information on take-away arrangements downstream of Alaska.	Alliance's description of TC Alaska's proposed downstream arrangements to its proposed project are noted.
The proposal brought forward by TransCanada involves the construction of a greenfield pipeline that would continue in a southeasterly direction from the Alaska/Yukon border to the area of Boundary Lake on the B.C./Alberta border (referred to as the Yukon-BC Section). From there, the pipeline is proposed to connect into new-build and existing pipeline infrastructure within Alberta, extending from Boundary Lake to the so-called Alberta Hub and providing connections to the existing Foothills Pre-Build (referred to as the Alberta Section).	
TransCanada also indicates that it is exploring options to move the Alberta Receipt Point upstream of Boundary Lake to Fort Nelson, British Columbia. The stated objective of this Fort Nelson Option would be to "deliver toll savings to the Alaska Shippers by providing them an equivalent toll from Fort Nelson to the Alberta Hub, as if the Pipeline System from Fort Nelson to Boundary Lake were integrated into the Alberta System".	
TransCanada indicates that any new Canadian-side facilities (including any new pipeline facilities within the Province of Alberta) would be built and owned by Foothills under authority of the Northern Pipeline Act of 1978. In this respect, TransCanada currently estimates that the cost of such incremental facilities to be constructed by Foothills within the Province of Alberta would be approximately $1.4 billion in 2007 dollars.	

COMMENT	RESPONSE
TransCanada also notes that the Alaska project would be integrated with its Alberta System, which in turn is connected at ex-Alberta border points to other pipeline systems serving North American markets. TransCanada controls the vast majority of take-away capacity at those specific ex-Alberta receipt points through its Canadian Mainline System and its various affiliates.	
V. TransCanada's Attempt to Restrict Take-Away Capacity	
TransCanada has rolled out a scenario whereby the flow from a dedicated Alaska pipeline would disperse into an expanded Alberta System once the gas stream reaches the B.C./Alberta border. In so doing, TransCanada implies that it has a monopoly over the flow of Alaska natural gas within Alberta because it would have the gas directed to those specific ex-Alberta pipeline systems that it also owns.	Comments noted. Issues that may arise in the future related to downstream capacity, they will be resolved by the appropriate regulatory agency (FERC, NEB, NPAgency). By providing a license to TC Alaska, the State is not be endorsing any of TC Alaska's proposed commercial terms for service. Further, the commissioners are advised that it is reasonable to expect that prospective shippers in the negotiation process may require that the pipeline project sponsor provide new and specific delivery points for negotiated transportation services. In view of the experience and sophistication of the prospective shippers (e.g., ExxonMobil, BP, and ConocoPhillips), the commissioners believe that this issue will be resolved to include alternative downstream transportation options, if appropriate.
In essence, TransCanada is seeking the flexibility to expand its Alberta System as it sees fit with any new pipeline facilities bearing the Foothills name plate under the auspices of the Northern Pipeline Act. Under TransCanada's proposed transportation-by-others scheme, the capital and operating costs of any such facilities would be subsumed into the cost of service for the Alberta System. By Its own admission, TransCanada would attempt to spread such costs across its entire Alberta System shipper pool.	
The project maps offered up by TransCanada shows a dashed line from the B.C./Alberta border to the existing and older-vintage Foothills pre-build. While this might create an illusion that the entire Alaskan gas stream will flow down that pre-build, TransCanada's	

COMMENT	RESPONSE
actual proposal is to spread the flow across an expanded Alberta System. This all begs the question of meaningful participation by pipeline systems that are not affiliated with TransCanada. The State of Alaska posed an information request to TransCanada on this very point, asking if its "reference to existing gas infrastructure in Alberta includes direct deliveries from the project into pipelines that are not affiliated with TransCanada". In its response, TransCanada pointed to its perceived advantages of the "Alberta Hub", with the following added commentary on potential participation by non-affiliates: Downstream of the Alberta Hub the Project will allow Alaska gas to access multiple existing pipelines, including TransCanada's Mainline, Foothills-Northern Border, TransCanada Gas Transmission Northwest, and either directly or indirectly to other non-affiliated pipelines such as Alliance, Spectra, ATCO or other North American pipeline systems." Having been pressed on the matter, TransCanada has acknowledged that Alaskan gas can ultimately flow on non-affiliated pipelines. However, TransCanada has not gone so far as to concede that non-affiliated pipelines can expand their own systems within Alberta to accommodate the receipt and onward carriage of Alaskan gas. In Alliance's view, the Alaskan gas stream should not be held captive to TransCanada's pipeline network within Alberta. Rather, the most efficient and cost-effective take-away arrangement would logically include an expanded Alliance system.	
VI. Limitations on Foothills Certificates As the State of Alaska is aware, the appropriate regulatory context for the Canadian portion of any Alaska natural gas pipeline project is far from settled.	The commissioners are aware that the NPA certificates may present issues that will be addressed and resolved by Canadian regulators or, if necessary, courts. This has been taken into account in evaluating the timing of TC Alaska's project.

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TransCanada has continually claimed that it has valid and primary rights to build the Canadian portion of the project by virtue of historical certificates held through its Foothills subsidiary under the Northern Pipeline Act of 1978. In Alliance's respectful submission, any residual certificate rights that may be held by Foothills under the Northern Pipeline Act are antiquated and limited by the outdated circumstances of the 1970s. To clarify, those historical certificate rights were strictly limited to Foothills' participation in the specifically-defined Alaska Natural Gas Transportation System (ANGTS) proposal. Alliance also refutes any suggestion that any residual certificate rights that may be held by Foothills are to the exclusion of competitive alternatives put forward 30 years following the passage of the legislation. In Alliance's view, any modern-day project proposal should more appropriately be addressed under the National Energy Board Act and the Canadian Environmental Assessment Act using a current information base and public consultation process. For a more complete discourse on Alliance's views on this crucial subject, please refer to the linked submission that Alliance provided to the Canadian federal cabinet in February 2005: http://www.alliance-pipeline.com/contentfiles/204_Alaska_Ottawa Correspondence_andersk_20050413_v1.pdf For broader reference purposes, Alliance is also providing links to both the Alaska Pipeline Project page that appears on Its external website and the "Competitive Canada" website that it has co-sponsored with Enbridge: www.alliance-pipeline.com/Inside.jsp?view=preview&cid=233 www.competitivecanada.com	

COMMENT	RESPONSE
VII. Associated Canadian Regulatory Issues	
As TransCanada acknowledges in its AGIA application, the project gives rise to complex, inter-jurisdictional legal and regulatory requirements. The appropriate regulatory context for the Canadian portion of the project is a core legal and regulatory issue, and the Government of Canada has not yet made any final determination in respect of the matter. Other regulatory issues include: (i) the appropriate jurisdictional character of TransCanada's Alberta System, which is currently regulated at the provincial level; (ii) the proposed cross-subsidization of any new facilities constructed within Alberta by TransCanada and Foothills; (iii) the propriety of TransCanada's Fort Nelson Option, and (iv) the appropriate tolls to be charged by TransCanada for the delivery of Alaskan gas into any interconnecting pipelines such as Alliance.	The commissioners have been advised on Canadian regulatory matters by Canadian legal counsel. As appropriate, these matters will be addressed and resolved by Canada regulatory and governmental agencies. The time frame of the Canadian regulatory process has been considered.
VIII. The U.S. Regulatory Context	
In the context of the Canadian regulatory debate, it is instructive to consider the legislative action that has been taken by the United States Congress in relation to the American side of the project. Congress has made it clear in the Alaska Natural Gas Pipeline Act of 2004 that the Federal Energy Regulatory Commission may consider and approve certificate proposals other than the historical Alaska Natural Gas Transportation System proposal of the 1970s. For reference, the applicable section of the Alaska Natural Gas Pipeline Act states as follows: Notwithstanding the Alaska Natural Gas Transportation Act of 1976, the [Federal Energy Regulatory] Commission may, in accordance with section 7(c) of the Natural	Alliance's explanation of its position regarding the downstream transportation options allowed under the Alaska Natural Gas Pipeline Act of 2004 is noted.

COMMENT	RESPONSE
Gas Act, consider and act one an application for the issuance of a certificate of public convenience and necessity authorizing the construction and operation of an Alaska natural gas transportation project other than the Alaska natural gas transportation system. This legislative provision makes it clear that Alliance may proceed with an expansion application to the Federal Energy Regulatory Commission for the carriage of Alaskan gas. IX. The TransCanada Paradox	
TransCanada has basically informed the State of Alaska that it would proceed with a fresh application to the Federal Energy Regulatory Commission for a certificate of public convenience and necessity in respect of the Alaska Section of the project. In so doing, TransCanada would not be leaning on any certificate rights that might still exist under the Alaska Natural Gas Transportation Act of 1976. This approach may be motivated by TransCanada's desire to side-step the so-called Withdrawn Partners Issue. As canvassed through the information request process, the general partnership that holds those historical certificates has downsized over time, to the extent that only two of the initial eleven partners remain. If those two remaining partners (both wholly-owned subsidiaries of TransCanada) were to successfully complete the project using those historical certificates, they would be exposed to a repayment liability in respect of the past capital contributions by the Withdrawn Partners. Including interest, that liability is estimated at approximately $8.9 billion to year-end 2008. On the one hand, TransCanada is distancing itself from any certificate rights that might still exist in the U.S. under the Alaska Natural Gas Transportation Act of 1976. On the other hand, TransCanada is holding up the Northern Pipeline Act of 1978 as a franchise mechanism for the Canadian side of an Alaska pipeline project. TransCanada cannot have it	The commissioners have been advised on and considered this issue. It is addressed in Chapter 3 of the Finding. TC Alaska has also addressed it in supplemental answers and filings provided to the commissioners (on the AGIA Web site) and in recent testimony provided to the legislature. To the extent that it is an issue, it is reasonable to assume that it will be resolved by the appropriate parties through litigation, rulings by the proper regulatory agencies, and/or negotiated agreements. Resolution of these issues should not prevent the project from moving forward on a reasonable schedule.

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both ways.	
X. Competition and Market-Based Solutions In its call for public comments, the State of Alaska specifically noted that the AGIA was using competition to drive applicants to meet the State's demands. In the same manner, competitive forces will best drive and shape the most optimal downstream configuration for an Alaska natural gas pipeline project (including appropriate take-away arrangements within the Province of Alberta). In Alliance's respectful submission, the downstream arrangements that have been described by TransCanada are unduly restrictive. Non-affiliated pipelines like Alliance can bring considerable added value to an Alaska pipeline project, and free market forces will appropriately surface that value (thereby maximizing benefits to the State). While the AGIA licensing program is not determinative of downstream matters, Alliance would nevertheless ask that the State of Alaska recognize the role that competition will play in driving the most optimal downstream arrangements.	Refer to responses provided above.
XI. Recap and Conclusion In Alliance's view, efficient market access is fundamental to the success of any Alaska natural gas pipeline project and the maximization of benefits to the State. In this connection, Alliance is exceptionally well positioned to provide significant take-away capacity for any Alaska pipeline project through a cost-effective expansion of it's existing pipeline system from Western Canada to the United States Midwest. Alliance will continue to advance this expansion Initiative going forward.	Refer to responses provided above.

Natural Resources Canada - Gary Lunn, Minister of Natural Resources 3/05/08 (241NK)

Dear Governor Palin: I am writing to you in support of the bid by TransCanada Alaska Company / Foothills Pipe	Comments Noted

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Lines for an Alaska Highway natural gas pipeline project under the Alaska Gasline Inducement Act (AGIA) process. A natural gas pipeline through Alaska and Canada is the ideal method to commercialize North Slope gas and will bring benefits to the State of Alaska, Canada and the integrated North American natural gas marketplace. North Slope gas will increase domestic natural gas supply and energy security, and moderate natural gas prices. The Government of Canada believes that an Alaska Highway project will offer many economic opportunities for Alaskans, northern Canadians and the North American economy. TransCanada's project has the advantage of utilizing existing North American infrastructure in delivering Alaska gas. This promises economic benefits for Alaskan shippers as well as for the existing producers in southern supply basins. For its part, the Government is continuing with its preparations for an Alaska project. We are cognizant of the need for an efficient and effective review processes that can match the time lines of a parallel process by the Federal Energy Regulatory Commission and are doing the design work to accomplish this. A current government focus is on engaging Aboriginal groups along the Alaska Highway pipeline route. We have: for example, participated with industry and the territorial government in workshops The First Nations hosted by the Aboriginal Pipeline Coalition in the Yukon. The Government has also agreed to take part in the gaps analysis and readiness exercise being conducted by the U.S. Federal Coordinator for Alaska Natural Gas Transportation Projects, Ms. Drue Pearce. We are actively monitoring the AGIA process and look forward to an outcome in the near future. Our efforts to plan and prepare for a pipeline project will grow as project development and certainty increases. I wish you success with the remainder of the AGIA process and look forward to an Alaska Highway pipeline project being launched in the near future. Yours sincerely, The Honorable Gary Lunn, P.C., M.P	

COMMENT	RESPONSE

Government of Liard First Nation Office of the Chief and Council- Chief Liard McMilllan, Chief of Liard First Nation 3/06/08 (299K)

Thank you for the opportunity to participate in this very important process. We respect our neighbors in the great State of Alaska and their wishes to create a viable option to ensure that North Slope Natural Gas finally flows to the Lower 48 - bringing about greater energy independence and security for North America. Liard First Nation ("LFN") is an autonomous Government, within the Kaska Nation - a body of indigenous peoples whose homeland lies within Canada. Our Traditional Territory encompasses broad expanses of land in what is now called Yukon, British Columbia and the Northwest Territories. The maps attached highlight areas of LFN Kaska Dena Aboriginal rights and title. Most germane to this process and for consideration by the State of Alaska is the reality that the Liard First Nation have unsurrendered rights and title to hundreds of miles of the proposed route for the Alaska Highway Natural Gas Pipeline in Canada (the "Project"). LFN has not signed any Land Claim Settlement with the Government of Canada. Furthermore, LFN has never ratified the Yukon Umbrella Final Agreement with the Government Canada and Yukon.	The commissioners recognize the obligations that are imposed upon project proponents in Canada and the duty to that is incumbent on Canadian provincial, territorial and federal governments to consult with First Nations when the project undertakings could potentially have a significant impact on First Nations (Section A, Issue #5a). The commissioners have been advised by Canadian legal counsel that, consistent with the statements in Section 2.2.3.13 (5) of the application, TC Alaska will be required to, at a minimum, "…consult with, provide opportunities to and address barriers impeding participation of First Nations. In addition, the Crown (federal and provincial) has an obligation to consult with and accommodate the interests of First Nations before taking further action to enable the [project] to proceed." The commissioners believe that these requirements combined with TransCanada and TC Alaska's history of working with the Aboriginal communities in Canada will provide the basis for resolving the issues set forth in your comments.
In principle, LFN is supportive of the Project, with appropriate conditions that ensure the health of the land, the water, the wildlife, and our culture and heritage. LFN wants to benefit from this development for our people, so that we are not left with only the negative impacts.	See Section A, Issue #5a. The State appreciates LFN's general support.
LFN will not allow a repeat of the process that led to the creation of the Alaska Highway. LFN wishes to be fully and meaningfully consulted and accommodated in this process. LFN is interested in working with Governments and industry to ensure this Project, done respectfully, becomes a reality. LFN is the largest Kaska Government, including over half the population of the Kaska who live in areas such as Lower Post, RC and	Comment noted.

COMMENT	RESPONSE
Watson Lake, Yukon as well as Upper Liard and Two Mile. The LPN Government was elected in November of 2007 for a three year term. The current LPN Chief was just reelected to a third consecutive term. LFN feel compelled to speak to this process as a Kaska voice. Many of our grassroots people are concerned about the social and environmental impacts of such a massive undertaking running right through our communities. To date, many feel uninvolved and that they-have not been consulted on this proposed development that could change our way of life forever. The LPN Government needs to respond to the concerns of our grassroots citizens, as do Government and industry. This needs to happen sooner rather than later. We want to say that TransCanada is a company with a solid reputation. LFN believes that it will be possible to work with them in good faith as a partner in this development. LFN believes that it can aid in finding viable means of ensuring the success of this Project in Canada, and want to be a productive agent in this regard; however, if LFN is disrespected in the process, the force of our discontent will be brought to bear on this process both legally and publicly. We trust that the more progressive and productive relationship will prevail.	
In reviewing the Application by TransCanada Corporation to the State, it became apparent to LFN that we needed to speak to the relationship with TransCanada Corp. and the LFN/ Kaska people. We are often mentioned in the Application by TransCanada and are held up as a "template" of how relations with First Nations would and should be undertaken by TransCanada. There are however some factual omissions and some inferences by TransCanada that LFN need to clarify. It is true that TransCanada engaged in a long negotiating process with certain representatives of the Kaska people. For these	Comments noted.

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attempts and for some of the outcomes that resulted, TransCanada should be congratulated. However, in certain areas there are issues with the relationship that must be addressed. LFN initially agreed to participate in these processes with TransCanada. But for considerable time, LFN had been expressing areas where efforts were deficient and thus creating a situation whereby the likelihood of ever completing and ratifying agreements was severely diminished. LFN can provide evidence to support this if required. The primary error in the process has been a lack of involvement and consultation with duly elected Kaska representatives and grassroots Kaska people. This process has yielded a number of never ratified Agreements in Principle that are referenced by TransCanada. Our message to the State of Alaska is that while progress was made there is a need to "read the fine print". Clearly an impression has been created by TransCanada in the Application that they have accomplished a highly successful relationship with the Kaska that will provide them with certainty in moving forward with a pipeline. Elements of this are indeed true, but there is much more work to be done now with our people. LFN would like to highlight specific sections of TransCanada's Application. Of particular interest to LFN is the Performance History and Project Capability - Section 2.09 pages 2.9-17 and 2.9-18. Of interest also is the Development Plan 2.2.3 13 (5) on Page 2.2-76.	
In LFN's view the Application fails to present a complete picture in the following areas: 1. At the time of submitting the Application, TransCanada does not disclose that they had suspended all Negotiations with LFN and Kaska in the spring/summer of 2007 in writing. 2. At the time of the Application, TransCanada did not disclose that	Comments Noted

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the Participation Agreement process underway with the Kaska had an Expiry date of January 14th, 2008. For the information of the State of Alaska it is an important consideration to know that the Agreements have since expired with no conclusion. 3. The statement by TransCanada that these Agreements are a "participation agreement template" is not one LFN fully agrees with. The referenced Agreements are expired and the work that was done was not based firmly enough within our grassroots, Governments and communities. Some elements are good, but there is much more to do. 4. TransCanada infers in their Application that all Yukon First Nations have signed the Umbrella Filial Agreement; this is not accurate. LFN has never ratified the Umbrella Final Agreement. 5. TransCanada states in the Application in Section 2.2.3.13 (5) on Page 2.2 - 76 that they do not require access agreements with Liard First Nation in British Columbia. As holders of recognized Aboriginal rights and title of lands in what is now British Columbia, Canada LFN disagrees with this assertion by TransCanada in the Application. A review of the common law of Aboriginal rights and title in Canada should clarify this to reviewers. LFN has given notice to TransCanada that LFN is the proper representative of the Kaska people in terms of future discussions with them or any other parties who may become Project proponents. This is based on LFN population and the location of our core Traditional Territory; impacts of the Project will	

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be greatest on our communities; recognized title and electoral mandate of the LFN Government Chief and Council. Nonetheless, LFN remains committed to proportionate and representative involvement and participation of all Kaska people as well as to Accommodation sharing. LPN formally requested on Feb. 18th, 2008 that immediate negotiations begin between TransCanada and LFN to ascertain the terms of engagement. This was felt by LFN to be the most reasonable course of action. LFN informed TransCanada that it was not reasonable for TransCanada to reference in its Application a relationship with the Kaska that at the time was expired and dormant. Further, LFN takes the view that discussions need to be reconstituted and discussions initiated immediately. LFN proposed clear terms for this engagement. In fact, while relying on inferences in their Application of a vibrant relationship with LFN Kaska, TransCanada has declined to engage with LFN until if and when they complete the State of Alaska AGIA processes and are awarded the seed money of $500 million in Grants from the State of Alaska. LFN's view is: 1. Omissions or any errors regarding the LFN and Kaska relationship with TransCanada need to be clarified. The facts need to be clear. 2. TransCanada should not be taking mutually exclusive positions. On the one hand they are introducing LPN Kaska relationships as a positive in an Application process worth $500 million of State money, while at the same time refusing to now bring vitality and reality to the description of the relationship with LFN in the Application. LFN’s view is that TransCanada should be completely transparent on the issue of LFN Kaska relations in this process and that they should be actively at the table with LFN now working to bring accuracy to the representations made in their Application.	

COMMENT	RESPONSE
LFN can support moving ahead with this Project. We do believe that LFN issues with TransCanada can be worked out and LFN is prepared to work together with all Kaska, Governments and Industry to move the Project ahead in a timely manner, and to create a more prosperous future for us all. LFN feels that it is important in this process to ensure that "all the cards on the table" and fully disclosed so that the people of Alaska know that there is a realistic way that this Project can occur in Canada. It is important to know that support does exist from First Nation Governments in Canada, although that support is coupled with some reservation and caution that things are to be done correctly. We remain optimistic that TransCanada is a company that can deliver to Kaska people as well as all of the other people who have a stake in this incredibly important undertaking for all of North America. With Respect Chief Liard McMillan Liard First Nation	

Inter Pipeline- David Fesyk, President & CEO 3/06/08 (360K)

Inter Pipeline Fund ("Inter Pipeline") is a major petroleum transportation, bulk liquid storage and natural gas liquids extraction business based in Calgary, Alberta, Canada. Inter Pipeline owns and operates one of the largest natural gas liquids (NGL) extraction businesses in North America, and processes over 40% of natural gas exported from Alberta. Inter Pipeline owns three large straddle plants located at the border exports points on the TransCanada Alberta System, that have a combined natural gas processing capacity over five billion cubic feet per day. Inter Pipeline is therefore very interested in the commercial opportunity that Alaska North Slope gas represents and we hereby provide the following comments in support of the TransCanada AGIA application. Regulatory and Application Advantages	
Inter Pipeline believes that TransCanada has a significant advantage over any other potential applicant for obtaining the required	Comment Noted

COMMENT	RESPONSE
regulatory approvals to build a pipeline from Alaska to markets in the lower 48 States. TransCanada and its affiliates have considerable North American pipeline regulatory expertise obtained from constructing, owning and operating pipelines in both Canada and the United States.	
Specific to the Alaska portion of the pipeline project, TransCanada has, in Inter Pipeline's opinion, a demonstrated ability in preparing and prosecuting applications for obtaining rights-of-ways and other permits for Federal and State lands. Inter Pipeline understands that for the Canadian portion of the project TransCanada, through various subsidiaries, holds a Certificate of *Public Convenience and Necessity* to own and construct the pipeline project in each of the required zones. This certificate was issued pursuant to the *Northern Pipeline Act* which we believe provides for a single window, expedited, regulatory approval process. In Alberta, a portion of the pipeline approved under this certificate has already been constructed and is operating today. Although there will, in our opinion, be a lengthy compliance process under the Northern Pipeline Agency to update the issued certificate to reflect the standards and requirements of today for the current proposed pipeline project, we believe the approval under the Northern Pipeline Act would be the most advantageous Canadian legislative vehicle to ensure a timely approval process.	Comment Noted
Equally important as the *Certificate of Public Convenience and Necessity* are the easements held by TransCanada affiliates which provide access rights to the required lands in the Yukon Territory. These easements for the pipeline installation are a very valuable asset that TransCanada brings to the proposed pipeline project. In addition to maintaining the access rights through leasehold payments, Inter Pipeline understands that TransCanada affiliates have undertaken many studies, and evaluations of the engineering, route alternatives, rights-of-way and other legal requirements applicable to the construction of the Canadian section which	Comment Noted

COMMENT	RESPONSE
should be an advantage to completing the Canadian regulatory requirements as expeditiously as possible.	
Economic and Efficiency Advantages	
The TransCanada proposed pipeline project is comprised of new construction of facilities in the State of Alaska, the Yukon Territory and the province of British Columbia, and, for the most part, the utilization of existing pipeline infrastructure in Alberta. Inter Pipeline understands that TransCanada's proposal significantly reduces the amount of new pipeline construction required to reach the consuming markets across North America and which should result in a reduction of costs, time required for project execution and fewer environmental impacts. The existing Alberta infrastructure is fully interconnected into the major gas pipeline grids that transport to markets in the Pacific Northwest, California, the U.S. Midwest, eastern Canada and the U.S. Northeast. Current forecasts indicate that there will be sufficient capacity available to transport the Alaska production across Alberta to these markets without significant construction.	Comment Noted
The TransCanada Alberta system not only has the advantage that the majority of the pipeline transportation capacity required already exists, there is also significant natural gas liquids extraction capacity straddling the system. The existing NGL extraction facilities can offer the benefit of realizing additional value for any NGL entrained in the gas stream as it transits Alberta without requiring the construction of new facilities. Inter Pipeline has, as previously stated, over five billion cubic feet per day of NGL extraction reprocessing capacity and is highly motivated to enter into mutually beneficial commercial arrangements with the shippers of Alaska gas production. The current contracting procedure allows the owners of the extraction facilities or straddle plants, including Inter Pipeline, to negotiate directly with shippers and aggressively compete for the opportunity to remove the liquids entrained in the gas stream. These commercial	Comment Noted

COMMENT	RESPONSE
arrangements will provide incremental benefits and revenues to the Alaska shippers and the State of Alaska. Conclusion In summary, Inter Pipeline submits that the TransCanada AGIA application and their proposal for the construction and operation of a pipeline to bring Alaska gas production to markets in the lower 48 States has substantial advantages over other proponents or proposals. Inter Pipeline believes that TransCanada's extensive northern operating experience, and their significant regulatory and economic advantages discussed in this submission increase the likelihood for a successful Alaska gas pipeline project. Should this application be approved Inter pipeline commits to actively encourage Canadian regulators to provide a timely and streamlined approval process. Inter Pipeline looks forward to Alaska gas supply reaching markets across North America and the opportunity to negotiate mutually beneficial commercial arrangements with Alaska gas shippers for the extraction of NGL entrained in the gas stream. Please direct any questions or concerns in regards to this submission to Paul Murphy, Vice President, NGL Extraction at (403) 290-2645. Yours Truly, INTER PIPELINE FUND, David Fesyk, President & CEO	

Brian Boyle, Canadian Public Radio Reporter 1/08/08 (17NK)

Hi. I am a reporter with public radio in Whitehorse, Yukon, Canada. I am hoping to follow and report on the comments received here. Are they public? Will they be made public at some point? How could we access these submissions to give our audience a sense of what you are hearing in relation to this application? thanks,	Public Comments were posted on the State of Alaska AGIA Web site on 3/13/2008 at www.dog.dnr.state.ak.us/agiacomments/Comments.aspx See Section A, Issue #1a

Teslin Tlingit Council- Eric Morris, Chief 3/06/08 (311NK)

COMMENT	RESPONSE
We are writing on behalf of Teslin Tlingit Council ("TTC"), a self governing First Nation based in Teslin Yukon. We wish to provide some comments in respect of AGIA public comment process respecting the Alaskan Highway Gas Pipeline Project (the "Gas Pipeline Project"). Recognizing that it is economics which drive a project of this magnitude and politics which guide it, we felt it appropriate to participate within the public comment period. TTC represents the Teslin Tlingit people whose traditional territory occupies portions of the Yukon Territory and Northern British Columbia. Effective February 14, 1995 TTC entered into a Comprehensive Land Claims Agreement and a Self Government Agreement with Canada and the Yukon Territory applicable within TTC's Traditional Territory in the Yukon (the "Yukon Settlement"). Under the Yukon Settlement TTC is recognized as the owner of specific land areas described as "Settlement Lands" and is recognized as a governing First Nation on many matters within the Traditional Territory outside of Settlement Land. In British Columbia TTC also represents the Tlingit People and their constitutional and aboriginal rights, titles and interests have not as yet been recognized through any treaty or other process.	The commissioners recognize the obligations that are imposed upon project proponents in Canada and the duty to that is incumbent on Canadian provincial, territorial and federal governments to consult with First Nations when the project undertakings could potentially have a significant impact on First Nations (Section A, Issue #5a). The commissioners have been advised by Canadian legal counsel that, consistent with the statements in Section 2.2.3.13 (5) of the application, TC Alaska will be required to, at a minimum, "consult with, provide opportunities to and address barriers impeding participation of First Nations. In addition, the Crown (federal and provincial) has an obligation to consult with and accommodate the interests of First Nations before taking further action to enable the [project] to proceed." The commissioners believe that these requirements and TransCanada's history of working with the Aboriginal communities in Canada will provide the basis for resolving the issues set forth in your comments.
In both the Yukon and in British Columbia TTC, as a self governing First Nation, has the mandate and responsibility to ensure protection of and accommodation Teslin Tlingit aboriginal and constitutional rights, title and interests, satisfy TTC principles for environmental, economic, social and cultural sustainability and provide social and economic benefits for the TTC community and its Citizens. Depending on the nature and location of a land and resources use or development, these responsibilities are often shared among the governments of Canada, Yukon and British Columbia. The interests of First Nations are also specifically referenced in the National Pipeline Act ("NPA"). The Pipeline Right of Way in the Yukon runs through TTC's Traditional Territory in both British Columbia and the Yukon Territory.	Comments noted.

COMMENT	RESPONSE
Further, in several locations the Pipeline Right of Way runs through TTC Settlement Land and is recognized as an encumbering right in the Yukon Settlement. It was the Gas Pipeline Project initiative in the early 1970s which triggered a land claim and self government process within the Yukon Territory in which TTC was a full participant. TTC's expectations of the Gas Pipeline Project is one of been a full participant based upon the intent and recognition of our Yukon Settlement, the NPA, the treaty between the Government of Canada and the United States Of America and continued constitutional and aboriginal rights, titles and interests. First and foremost our intention is for the environmental protection of our homelands which has sustained us for countless generations. It is our belief that our land will continue to sustain us as a distinct nation for generations to come. We must be satisfied that the logistics and science of constructing a pipeline of this magnitude will be proven. The logistics as described within the NAP and attached treaty is inadequate at this time and need to be reexamined. Any such review of the essentials of the Gas Pipeline Project must take into account technological advances and the evolution of environmental assessments in the past 30 years.	
Secondly TTC and its citizens must have a clear understanding of the impacts the Gas Pipeline Project and in the mitigation and accommodation of those they must benefit in an economic sense. We fully expect to be engaged in a consultation process with the proponent and government for the purpose addressing our concerns at their earliest convenience. Thank you for your considerations in this matter. Chief Eric Morris	Comment Noted

White River First Nation- Connie Larochelle and Chief David Johnny 3/05/08 (249K)

COMMENT	RESPONSE
On Behalf of White River First Nation: Dear Governor Palin: As you are well aware, Aboriginal Rights, Title and Interests in Canada have not been extinguished. As a First Nation in the Yukon who has not signed a Self-Government Agreement, we are acutely aware of the growing case law wins of our southern First Nations which strengthen our position in the Yukon. The 2007 victory of the Tsilhqot'in and Xeni Gwet'in peoples in Tsilhqot'in Nation v. BC. is yet another historic decision that we ask your government to heed as White River First Nation prepares to defend our Aboriginal Rights, Titles and Interests.	The commissioners appreciate the concerns regarding possible social and environmental impacts to communities in Alaska and Canada; please see Section A, Issue 5a for a brief summarization .
As you know, 20% of the Yukon portion of the proposed Alaska Highway Pipeline Project runs through our unceded Traditional Territory on a right-of-way that was granted with DRAFT terms of reference and granted without consulting WRFN. We would like to remind you again as we did last Spring that oil and gas exploration is prohibited in First Nation Traditional Territory overlap areas and in areas where land claims have not been settled between Canada, YTG and the First Nation.	Comment Noted
We note that Alaska has a strong interest in converting your natural resources to revenue. However, the application by TransCanada for its subsidiary company, Foothills does not accurately reflect the unfulfilled legal obligations and fiduciary relationship that Yukon and Canada have to WRFN. Continuing to ignore these legal obligations is at a risk to achieving your State's objectives and to establishing the economic relationship that the Yukon wishes to forge with Alaska and the US. We also note that the applicant does not have a consultation protocol with WRFN and "giving information" to WRFN is not the same as meaningful consultation.	Comment Noted
Finally, we reject the notion that this transboundary project falls under YESAA. There are already a number of challenges to the YESAA process that should be of	Please refer to Section A, Issue #5a

COMMENT	RESPONSE
considerable concern to Alaska should the Yukon Government continue to maintain this view. We ask you make it a condition that YTG and Canada resolve WRFN outstanding issues before you invest further time and money into the process. Sincerely, Chief David Johnny On Behalf of White River First Nation	