



Special Session

Anchorage, Alaska

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Gene Dubay, SVP & COO
Continental Energy Systems

Colleen Starring, Regional Vice President
ENSTAR Natural Gas Company





Who We Are – ENSTAR Facts

-  Established **1961**
-  Number of Meters – **128,000+**
-  Number of Alaskans Served* - **345,600**
-  Miles of Distribution Mains and Transmission Mains – **3,100**
-  Direct Impact on Alaska's Economy - **\$306 mil**
-  Number of ENSTAR Employees – **174**
-  Rank among Alaskan energy Utilities – **1**
-  New Customers in 2007 – **2,376**

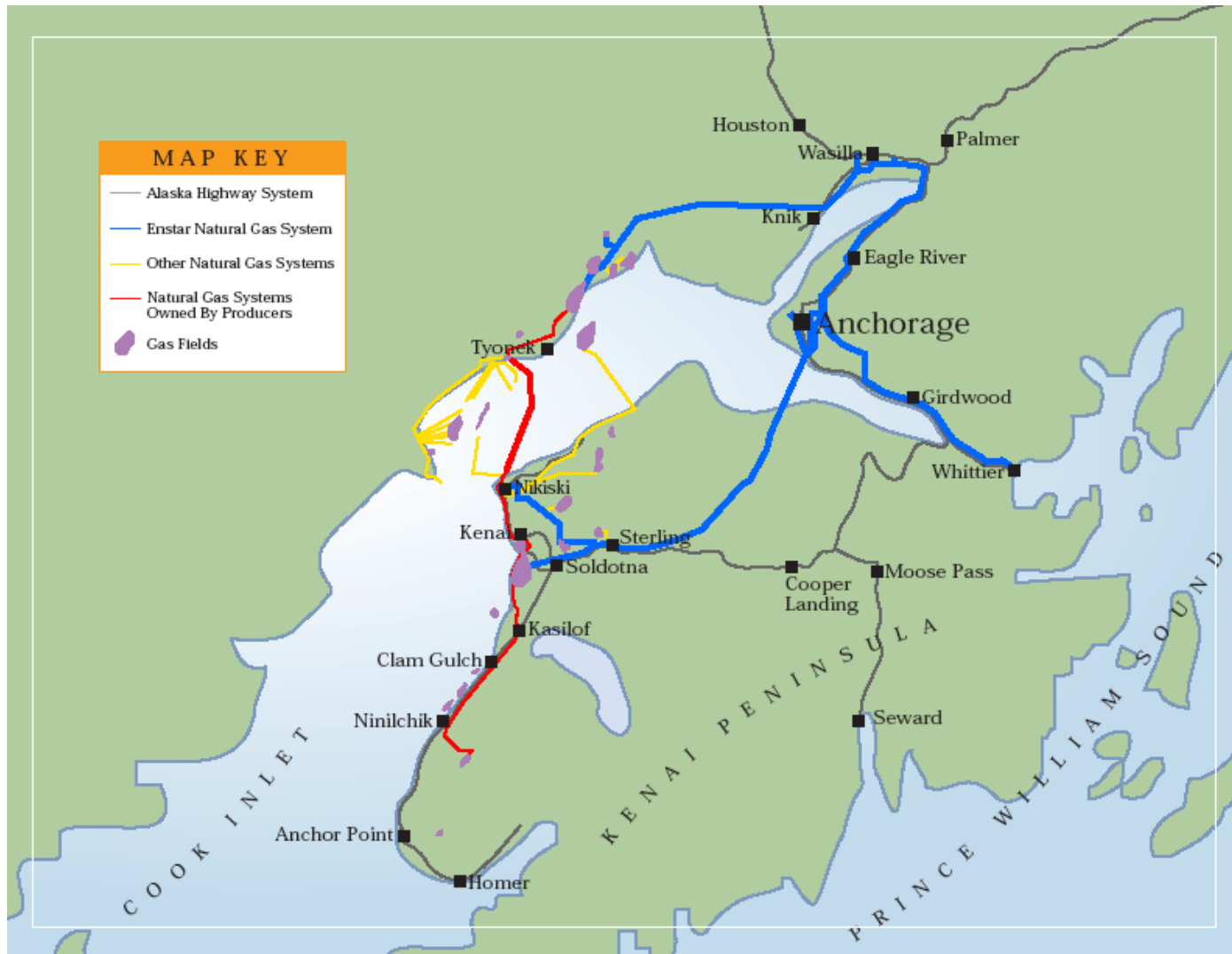
* 128,000 Meters x 2.7 Alaskan Consumers per Meter

ENSTAR

(Alaska Pipeline Company)

-  Engineering/Construction
-  47 Years of Experience in Alaska
-  Constructed and Operates 450 miles of Transmission Mains and 2700 miles of Distribution Mains
 - Represents 75% of all gas transmission pipelines in Alaska
 - Represents 100% of distribution mains in Southcentral Alaska
-  Expertise
 - Compression Plant Engineering & Construction
 - Pipeline Engineering
 - Environmental/Permitting
 - Construction Management

Southcentral Gas Distribution

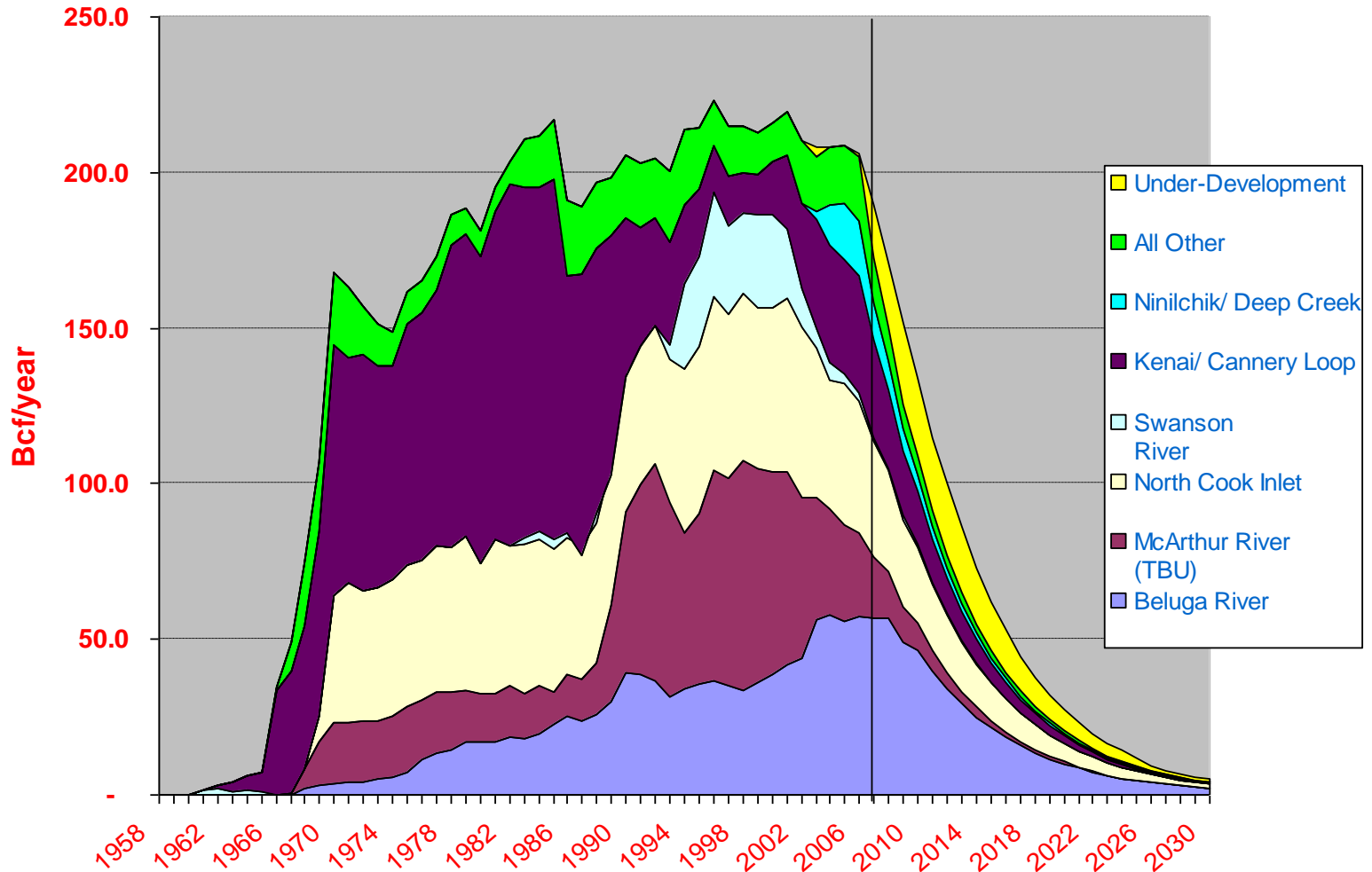




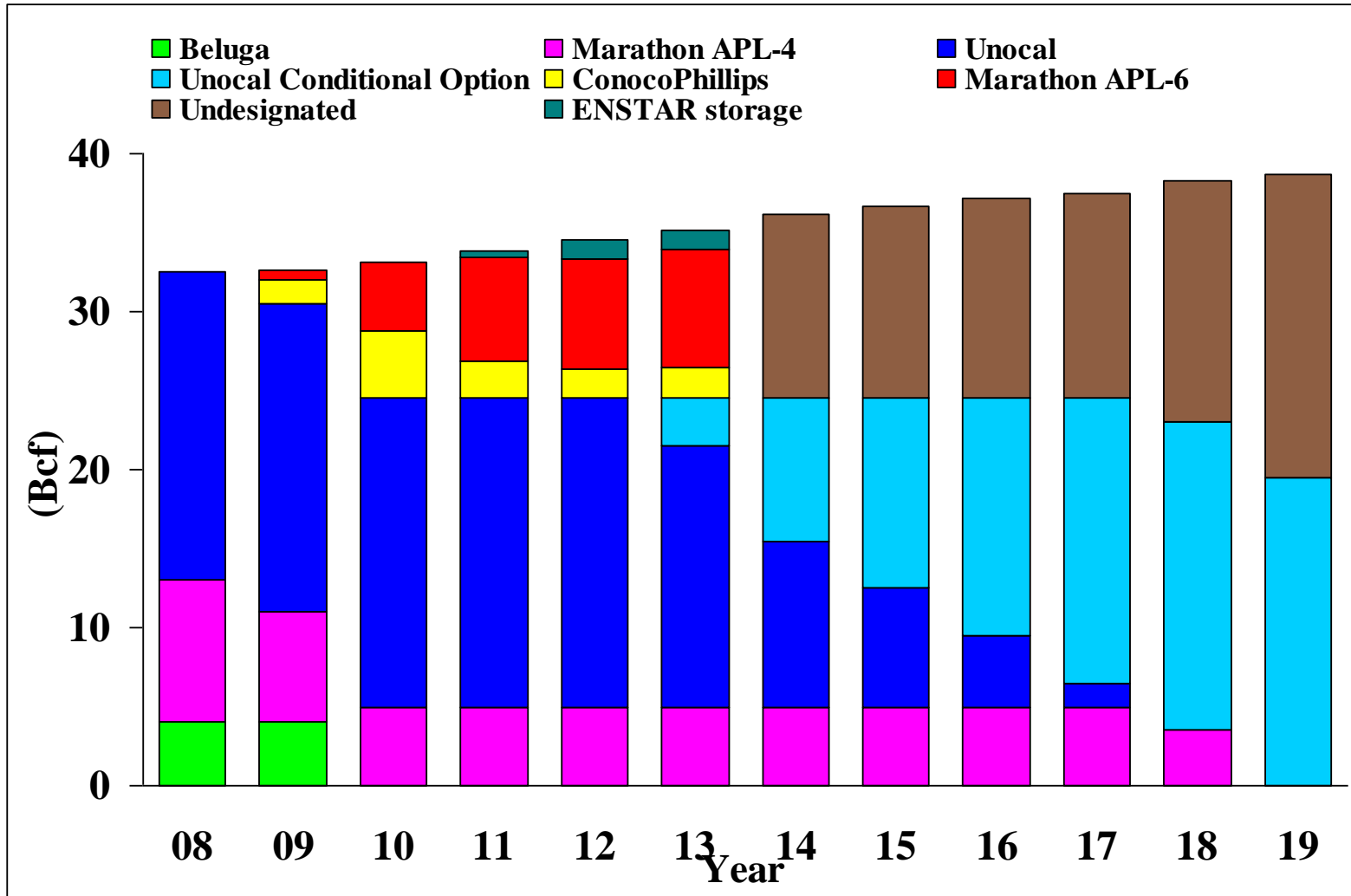
ENSTAR In-State Pipeline Phase One

Historic & Projected Natural Gas Production (Bcf/Year)

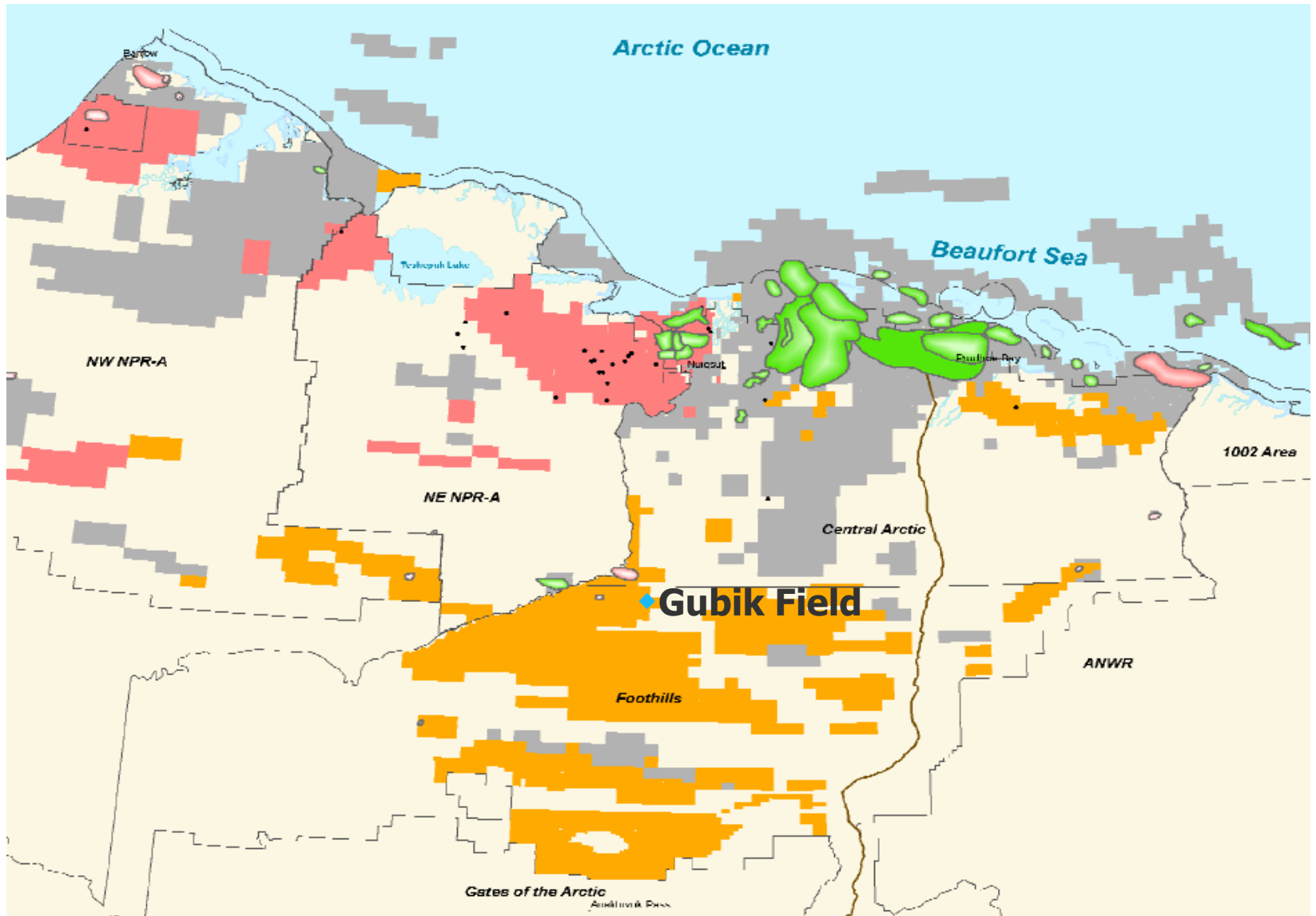
Source: Division of Oil & Gas Report 2006



Gas Supply – April 2008 Outlook

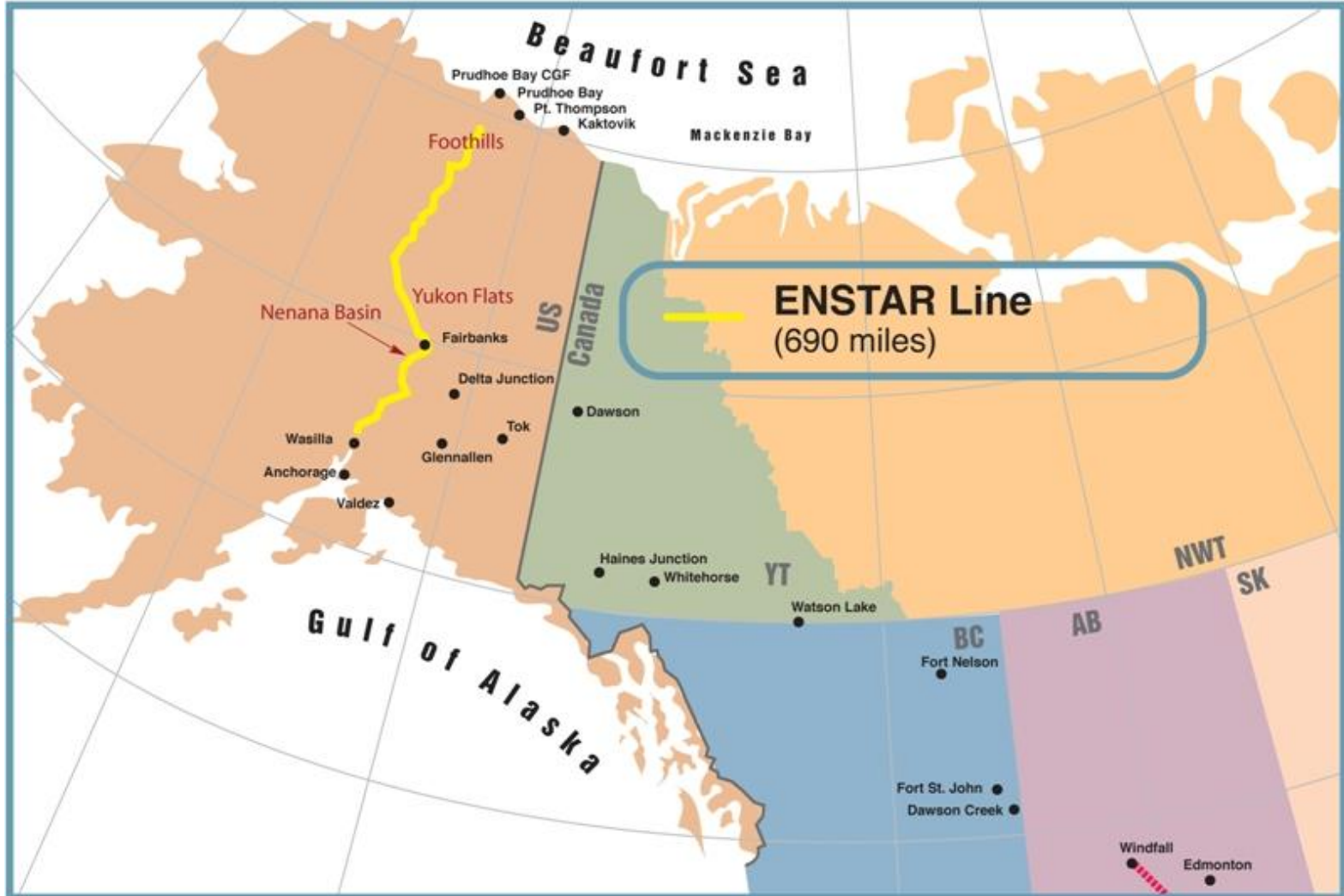


Foothills Unit Area Map



ENSTAR Line

Natural Gas for Southcentral Alaska



Pipeline Route & Cost

Cook Inlet to Fairbanks

- Approximately 320 Miles
- Parks Highway Route

Cost \$970 million

Fairbanks to the Foothills

- Approximately 370 miles
- Dalton Highway Route

Cost \$2.3 Billion












Total Project Cost - \$3.3 Billion for 20” Diameter

Project Timeline – 5-6 Years

2-3 Years of Permitting, Design & Procurement

3 Years of Pipeline Construction

Foothills Natural Gas Milestones

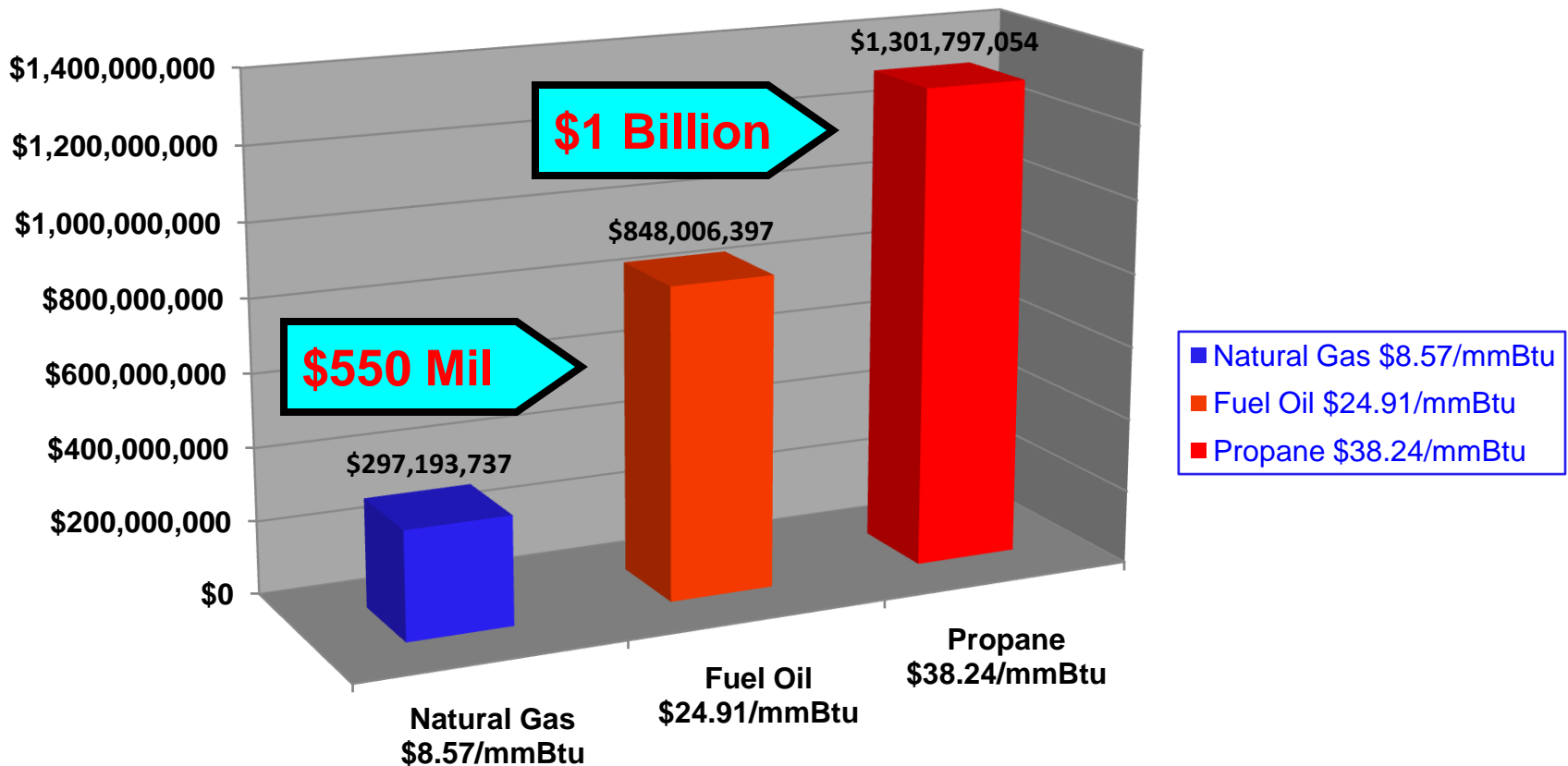
	2007	2008	2009	2010	2011	2012	2013	2014
Gubik 1st drilling season								
ENSTAR Pipeline - Phase 1								
Gubik 2nd drilling season								
Producer update								
ENSTAR Go or No-Go Decision								
Gubik 3rd drilling season								
ENSTAR Pipeline - Phase 2								
Construction								
FIRST GAS								

Advantages of the ENSTAR Line

-  Timing (First gas 2014)
-  Alaska controls its own destiny
-  Long-term supply solution for the railbelt communities
-  Not mutually exclusive with pipeline to Lower 48
-  Compliments AGIA and the DENALI project
-  Could revive Agrium plant
-  Could extend life of Kenai LNG plant
-  Creates opportunities for natural gas-based industrial growth in Southcentral Alaska
-  In-state markets qualify for lower tax burdens under Alaska's ACES
-  Achieves reasonable end user pricing for Alaskans
-  Ensures sufficient wellhead prices for exploration & development

Cost to Consumer

Switching to Alternative Fuels in Southcentral Alaska (2008 costs)



Accessible In-State Market



ENSTAR



Southcentral Electric Companies

- Chugach, MLP, MEA, HEA



Fairbanks Natural Gas



Military Bases

- Elmendorf AFB & Fort Richardson
- Eielson AFB & Fort Wainwright



Golden Valley Electric



Tesoro Refinery



Flint Hills Refinery



Agrium



LNG Export

ENSTAR Pipeline Study

Throughput and Load Estimates






<u>Load Profile MMcfd</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
ENSTAR	93.710	95.110	96.540	97.990	99.460	100.950
Southcentral Electric Companies	57.000	47.200	49.200	51.200	52.200	53.200
Fairbanks NG	6.000	10.000	18.000	20.000	21.000	22.000
Military Bases and Additional Commercial	13.000	13.000	14.000	14.000	14.000	14.000
Golden Valley Electric	8.770	8.770	8.770	8.770	17.530	17.530
Tesoro Refinery	11.000	11.000	11.000	11.000	11.000	11.000
Flint Hills Refinery	13.700	13.700	13.700	13.700	13.700	13.700
Agrium, Inc.	131.510	131.510	131.510	131.510	131.510	131.510
LNG Export	134.250	134.250	134.250	134.250	134.250	134.250
Total	468.930	464.530	476.960	482.410	494.640	498.140

Assumptions

- 🔥 Project based on utility grade gas
- 🔥 20" diameter high grade steel pipeline
- 🔥 Operating pressure ~2500 psi
- 🔥 Operating pressure & design allow for additional hydrocarbon spiking



Current ENSTAR Pipeline Status

-  Contracted engineering, environmental, and construction companies to assist with the project
-  Update meetings scheduled with Anadarko in Alaska July 15th
-  Aerial Photography
 - **Southern Route (Fairbanks to Big Lake)**
 - Approximately 70% of data has been acquired
 - Data processing is just beginning – complete by Aug 31, 2008
 - **Northern Route (North Slope to Fairbanks)**
 - All data has been acquired
 - Processing will be complete in approximately 30-days
-  LIDAR Data
 - Approximately 90% of data has been acquired
 - Processing complete by July 11, 2008
-  Field Work
 - Work is underway – numerous trips for route reconnaissance, river crossing investigations, pinch point investigations, geotechnical studies, seismic studies, constructability, etc., will occur between now and October 2008.

Current ENSTAR Pipeline Status

Agency and Stakeholder Communications

- Initial communications have occurred with the following agencies or organizations: BLM/JPO, (three regions), ADOT (both Northern and Southern Regions), COE, DNR, National Park Service, NGO's (including National Parks Conservation Association, Alaska Center for the Environment, Trustees for Alaska, and Defenders of Wildlife), CIRI, Doyon, Alyeska Pipeline Service Company, and Conoco Philips.
- Communications are planned with Fairbanks Northstar Borough, Denali Borough, Mat-Su Borough, Fish and Wildlife, University of Alaska, EPA, USGS, Mental Health Trust, AHTNA, and others.

Data Gathering

- Research data is being gathered and stored to a project library to be used as reference material for the project. Data includes geotechnical, seismic, environmental, regulatory, engineering, and construction design information.

Document Management System

- DMS developed to store data (GIS, environmental, regulatory) relevant to the project. Data is stored and is available for all entities that are involved with the project.

Development Plan Priorities

-  Continue regulatory permit acquisition
-  Prepare economic & financial models
-  Address environmental work
-  Public outreach & public involvement
 - Alaska Support Alliance, Fairbanks Economic Development Corporation, Rotary Clubs, South Central Chambers, ASRC, CIRI, Doyon, KTUU, KTVA, Anchorage Daily News, Fairbanks Daily News Miner, Peninsula Clarion, Talk Radio Programs, Platts Gas Daily
 - Continued updates planned
-  State ROW application preparation

Questions and Comments