

DATE: April 8, 2011

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## **Pipeline report: Mileage-based tariff good for Alaska**

The Office of Federal Coordinator for an Alaska natural gas pipeline added another in-depth report to its website today. Focusing on the issue of pipeline tariffs, Bill White continues the office's effort to explain complex aspects of this multibillion-dollar pipeline project.

This latest report looks at the issue of pipeline pricing, including mileage-based tariffs for gas delivered by the pipeline to Alaska customers. In reviewing this topic, White explains what a tariff is and how it is calculated; what volume of gas might be used in Alaska and how that factors into the transportation pricing; how the charges for a smaller in-state-only pipeline compare to the tariff of a larger project; and why major pipelines charge based on mileage traveled while local gas utilities charge a flat fee.

"Alaskans, like all Americans, want a reliable, affordable energy supply," said Federal Coordinator Larry Persily. "Taking gas off a large trunk line heading out of state could provide that affordable supply for Alaskans, with out-of-state customers paying most of the pipeline costs."

"The structure of pipeline tariffs could mean that the price of North Slope natural gas for Alaskans could be comparable to or even less than the prices Southcentral Alaskans pay today for Cook Inlet gas, depending in great part on the cost of moving gas off the mainline and through a local spur line to the community," the report says. "Further, the price of gas deliveries from a major pipeline certainly would be less than the price of gas from a smaller, non-subsidized bullet line designed to deliver gas only to Alaska consumers and industry."

Look to the OFC website, [www.arcticgas.gov](http://www.arcticgas.gov), for this week's report on mileage-based tariffs and subscribe if you are interested in receiving notification of subsequent articles, which will be posted frequently.

Future topics will include why this project requires such a large gas treatment plant on the North Slope, how other interstate gas pipelines have been developed in recent years, details of the federal loan guarantees for an Alaska line, and the federally required project development consultations with Alaska Native tribes.

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