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Table 55. Primary Assumptions for Natural Gas Pipelines from Alaska and MacKenzie Delta into Alberta, Canada

	Alaska to Alberta	MacKenzie Delta to Alberta
Initial flow into Alberta	3.9 Bcf per day	1.1 Bcf per day
Expansion potential	22 percent	58 percent
Initial capitalization	20.9 billion (2006 dollars)	\$10.0 billion (2006 dollars)
Cost of Debt (premium over AA bond rate)	0.0 percent	1.0 percent
Cost of equity (premium over AA bond rate)	5.0 percent	8.0 percent
Debt fraction	80 percent	70 percent
Depreciation period	15 years	15 years
Minimum wellhead price (including treatment and fuel costs)	\$1.61 (2006 dollars per Mcf)	\$2.94 (2006 dollars per Mcf)
Risk Premium	\$0.34 (2006 dollars per Mcf)	\$0.06 (2006 dollars per Mcf)
Additional cost for expansion	\$1.94 (2006 dollars per Mcf)	\$0.34 (2006 dollars per Mcf)
Construction period	4 years	3 years
Planning period	5 years	2 years
Earliest start year	2020	2014

Note: The potential for capital cost overruns is represented by using an initial capitalization that is 20 percent greater than the expected estimate. The minimum wellhead price for Alaska accounts for Alaska's 2007 Oil and Gas Production Tax.

Source: Energy Information Administration, Office of Integrated Analysis and Forecasting. Alaska pipeline data are partially based on information from British Petroleum/ExxonMobil/Conoco Phillips and reflect an assumed impact on Alaska pipeline finances as a result of the American Jobs Creation Act of 2004 and the Military Construction Appropriations Act, 2004.

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