Table 52. 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/d	1.5 Bcf/d
Expansion potential	23 percent	23 percent
Initial capitalization	13.9 billion (2002 dollars)	3.6 billion (2002 dollars)
Discount rate	0.087	0.075
Depreciation period	15 years	15 years
Minimum wellhead price	$0.81 (2002 dollars per Mcf)	$1.01 (2002 dollars per Mcf)
Treatment and fuel costs	$0.47 (2002 dollars per Mcf)	$0.40 (2002 dollars per Mcf)
Risk Premium	$0.34 (2002 dollars per Mcf)	$0.39 (2002 dollars per Mcf)
Additional cost for expansion	$0.66 (2002 dollars per Mcf)	$0.08 (2002 dollars per Mcf)
Construction period	4 years	3 years
Planning period	5 years	2 years
Earliest start year	2013	2009

Note: The MacKenzie risk premium partially reflects the potential of capital cost overruns, whereas this is represented for the Alaska pipeline by using an initial capitalization that is 20 percent bigger than the expected estimate.

Source: Energy Information Administration, Office of Integrated Analysis and Forecasting. Alaska pipeline data are partially based on information from British Petroleum/ExxonMobil/Conoco Phillips.