

RUBY PIPELINE, L.L.C.
DOCKET NO. CP09-____-000
FINANCING
EXHIBIT L

Financing Plan

The financing arrangements have not been finalized but the plan is to finance Ruby on a non-recourse or so-called project financed basis such that the capital structure of the project reflects a 60:40 debt:equity ratio. The goal is to put in place a debt financing as soon as reasonably possible that will allow us to borrow over time to pay for construction costs as they are incurred, and which will be fully drawn at or near the estimated completion date. The equity contributions to the project will be made either prior to or in pro-rata amounts along with debt funding of the project.

Debt Financing

It is anticipated that Ruby will secure construction financing from a combination of sources, which will become available to Ruby upon certain conditions being satisfied, one such condition being the issuance of the Commission's final certificate authorization. Such construction financing may have the ability to convert into a term loan(s). The terms and conditions of such financing will depend on the applicable market conditions at the time the debt facility is established. It is estimated that the construction debt will bear 9% coupon interest during the construction period along with upfront financing fees and closing costs representing approximately 3% of the total debt commitments. Ruby's all-in cost of debt is currently projected at 9.3%. Although Ruby hopes to convert the construction financing as discussed below, financial conditions may affect the date of any such conversion.

Based on current market conditions, it is anticipated that after Ruby is placed into service, the construction period debt can be converted into term loan or possibly bond commitments bearing an interest rate of approximately 8%, reflecting the strong credit quality of the assets, the BBB- weighted average credit rating of the shippers, and the steady cash-flow generating nature of the project. Term loan commitments may come from the same lender group providing construction financing and/or from new lender commitments. It is anticipated that term financing will mature over varying periods up to 10-years following the in-service date, supported by revenues from Ruby's firm transportation agreements, the bulk of which have coterminous 10-year initial terms. The goal is to have the term financing with some amortization over its life, and the amortization will start following the debt instrument(s) execution.

Debt Financing and Preliminary Determination

Ruby has asked for a preliminary determination to allow Ruby to negotiate financing terms with lenders during 2009 so that debt can begin to be drawn down following requested Commission certification in January 2010. Since the capital markets in the U.S. are currently somewhat stressed, it is important for

Ruby to have time to negotiate debt terms before certification. Such negotiations are expected to be influenced by and dependent upon approval of the commercial arrangements described in the application text and exhibits.

Debt Financing Update

Ruby will file a report with the Commission in this docket once Ruby secures its construction financing commitments. If the terms of the arrangement are confidential, Ruby will update the Commission once the debt is executed.

Ruby Pipeline Company, L.L.C.
Calculation of Pre-Tax Return

Line No.	Particulars	Capital Structure	Cost	Weighted Cost
	(a)	(b)	(c)	(d)
1	Long-Term Debt	60.00%	9.30%	5.58%
2	Equity	40.00%	14.00%	5.60%
3	Total Return			<u>11.18%</u>
4	Federal Income Tax Allowance		35.00%	3.02%
5	State Income Tax Allowance		2.22%	0.20%
6	Total Income Tax Allowance			<u>3.22%</u>
7	Total Pre-Tax Return			<u><u>14.40%</u></u>

Ruby Pipeline Company, L.L.C.
Pro Forma Statement of Income
(\$000's)

Line No.	Particulars (a)	Construction Period (b)	Year 1 (c)	Year 2 (d)	Year 3 (e)
1	Total Operating Revenues	\$ -	\$ 516,607	\$ 494,674	\$ 493,574
	<u>Operating Expenses</u>				
2	Operation & Maintenance		32,262	33,036	33,829
3	Depreciation and Amortization		84,743	84,743	84,743
4	Taxes Other Than Income		28,665	29,353	30,057
	<u>Income Taxes</u>				
5	Current		58,034	4,724	15,679
6	Deferred		20,278	66,322	56,601
7	Total Income Taxes	\$ -	\$ 78,312	\$ 71,046	\$ 72,280
8	Net Operating Income	\$ -	\$ 292,626	\$ 276,497	\$ 272,665
	<u>Other Income and Deductions</u>				
9	Interest Expense	\$ -	\$ 156,040	\$ 152,585	\$ 146,600
10	Allowance for Funds Used During Construction (Equity)	(155,266)	-	-	-
11	Total Other	\$ (155,266)	\$ 156,040	\$ 152,585	\$ 146,600
12	Net Income	\$ 155,266	\$ 136,586	\$ 123,912	\$ 126,065

Ruby Pipeline Company, L.L.C.
Pro Forma Balance Sheet - End of Period
(\$000's)

Line No.	Particulars (a)	Construction Period (b)	Year 1 (c)	Year 2 (d)	Year 3 (e)
<u>Assets</u>					
<u>Property, Plant & Equipment</u>					
1	Construction Work in Progress	\$ 2,963,027	\$ -	\$ -	\$ -
2	Gas Plant in Service		2,963,027	2,963,027	2,963,027
3	Less: Accumulated Depreciation		84,743	169,485	254,228
4	Net Plant	<u>\$ 2,963,027</u>	<u>\$ 2,878,285</u>	<u>\$ 2,793,542</u>	<u>\$ 2,708,799</u>
5	Working Capital	<u>\$ 17,778</u>	<u>\$ 17,778</u>	<u>\$ 17,778</u>	<u>\$ 17,778</u>
6	Total Assets	<u><u>\$ 2,980,805</u></u>	<u><u>\$ 2,896,063</u></u>	<u><u>\$ 2,811,320</u></u>	<u><u>\$ 2,726,578</u></u>
<u>Liabilities</u>					
7	Equity	\$ 1,408,020	\$ 1,148,435	\$ 1,064,363	\$ 992,800
8	Long-Term Debt	1,513,660	1,724,154	1,660,357	1,590,576
9	Construction liability payable	59,126	3,195	-	-
10	Total Capitalization	<u>\$ 2,980,805</u>	<u>\$ 2,875,785</u>	<u>\$ 2,724,720</u>	<u>\$ 2,583,376</u>
11	Accumulated Deferred Income Taxes	<u>\$ -</u>	<u>\$ 20,278</u>	<u>\$ 86,600</u>	<u>\$ 143,201</u>
12	Total Liabilities	<u><u>\$ 2,980,805</u></u>	<u><u>\$ 2,896,063</u></u>	<u><u>\$ 2,811,320</u></u>	<u><u>\$ 2,726,578</u></u>

Ruby Pipeline Company
Pro Forma Statement of Cash Flow
(\$000's)

Line No.	Particulars (a)	Construction Period (b)	Year 1 (c)	Year 2 (d)	Year 3 (e)
<u>Sources of Cash:</u>					
1	Net Income		\$ 136,586	\$ 123,912	\$ 126,065
2	Depreciation		84,743	84,743	84,743
3	Deferred Income Taxes		20,278	66,322	56,601
4	Debt Financing	1,513,660	264,156		
5	Net Equity Contributions / (Reimbursement)	1,204,524	(208,226)	3,195	
6	Total Sources of Cash	<u>\$ 2,718,184</u>	<u>\$ 297,537</u>	<u>\$ 278,172</u>	<u>\$ 267,409</u>
<u>Uses of Cash:</u>					
7	Construction & Startup	\$ 2,594,239	\$ 55,930	\$ 3,195	\$ -
8	Interest During Construction	58,407			
9	Financing Fees and Debt Closing Costs	47,761			
10	Working Capital	17,778			
11	Principal Repayment		53,662	63,797	69,781
12	Distribution of Earnings		187,944	211,179	197,627
13	Total Uses of Cash	<u>\$ 2,718,184</u>	<u>\$ 297,537</u>	<u>\$ 278,172</u>	<u>\$ 267,409</u>