

President's Report

Frank Richards, President

April 9, 2020



- New paradigm for millions of Americans
- New office environment
 - Use of new technologies
 - Importance of ergonomic office equipment
 - Get up and move about
- Go outside
 - Different environment – what’s different
 - Spring approaching, birds migrating
 - Less background noise

- Early March began working with SOA on contingency plans for staffing during pandemic
- Information technology staff survey staff to identify equipment needs for “stay at home” work
- March 18 issued telecommuting directive to AGDC staff and limiting office visits
 - One person in office at a time, swab down procedures
- March 23 – Day 1 of Anchorage Hunker Down Order
- March 25 – Start staff weekly check in and briefings
- April – Comply with SOA and MOA orders while accomplishing Corporation mission

- On March 28th the Senate and House passed HB205, appropriating funds for the FY21 Operating and Capital Budget
 - Authorized AGDC operating budget request: \$3,431,600
 - Provided Statutory Designated Program Receipt Authority (SDPR) of up to \$20M
 - Allows AGDC to accept and expend 3rd party funding
 - Bill to be sent to Governor for consideration and signing

- Continuing to work with ExxonMobil and BP on developing optimized project venture structure that enhances overall competitiveness
- Continuing to broker alignment between potential project participants
- Reviewing project cost reduction opportunities with potential project participants
- Evaluating all options to improve project competitiveness, including the role of the State of Alaska and the Federal Government

	<u>YTD Costs</u>		<u>YTD Costs</u>	
LNG Project Expenditures	5,207	Core Staff	1,294	AKING Expenditures
AGDC General & Admin Function	4,152	Asset Mgmt	1	
Total	<u>9,359</u>	FERC Labor	47	
		FERC Engr	2,652	
		FERC EIS	1,084	
		FERC Legal	2	
		FERC RSA	80	
		FERC BLM	47	
			<u>5,207</u>	

General and Administrative by Department / Function

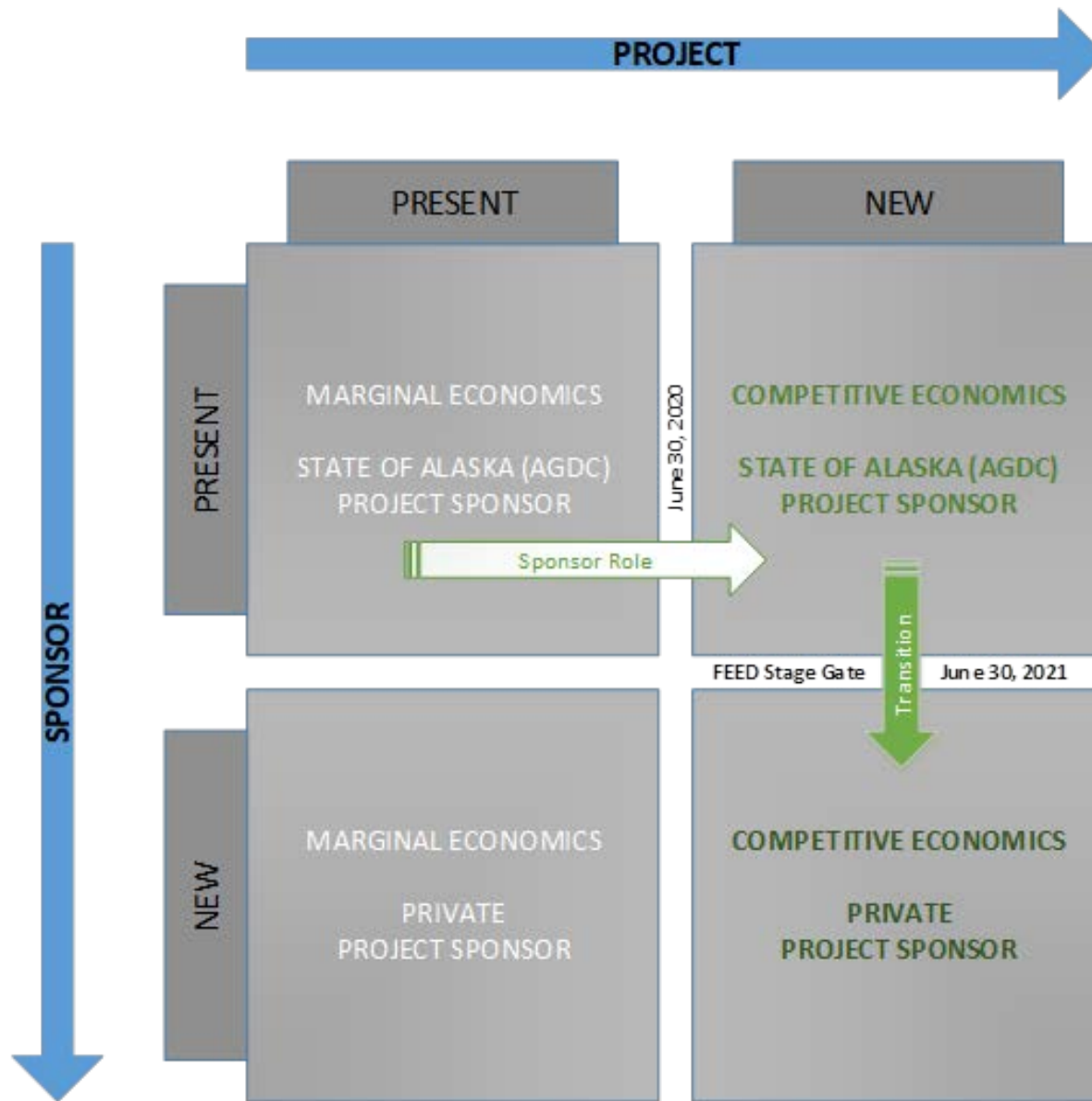
	<u>YTD Costs</u>		<u>YTD Costs</u>			
Executive	1,103	G&A by Department	Personnel	2,294	G&A by Function	
Commercial	607		Travel	18		
External Affairs	176		Services	755		
Legal	167		RSA Services	21		
Finance	495		Services - Mgmt Consulting	951		
Administrative Services	928		Commodities	80		
Data Management	677		Depreciation	33		
Total	<u>4,152</u>					<u>4,152</u>

Strategic Plan Overview



- Current Project Status
- Strategic Plan Elements
- Baseline Assumptions that Underpin the Plan
- Key Strategic Objectives
- Strategic Roadmap

Alaska LNG Project



- No further work on the ASAP Project is currently planned.
- AGDC continues to maintain ASAP Project documentation and data for use by the Alaska LNG Project.
- AGDC is also sustaining the major permits and approvals obtained for the project indefinitely.

- Mission and Vision
- Strengths, Weaknesses, Opportunities, and Threats
- Objectives
- Strategic Roadmap
- Operational Tactics and Milestones

- AGDC formed key strategic relationships in 2019:
 - Collectively referred to as the “Strategic Parties” who have expressed interest in the Project and whom AGDC is collaborating with closely.
 - Cost sharing through June 2020 with funds provided by BP and ExxonMobil.
 - Focus on moving the Alaska LNG Project forward through regulatory de-risking and cost reduction.
 - Extension of Strategic Party agreements are planned.

1. AGDC's continuing function as the designated Project Sponsor and overall coordination for the Alaska LNG Project is supported by the Board of Directors through December 31, 2020, and transition to a new Project Sponsor will be underway by January 1, 2021.
2. AGDC will have legislative budget approval and receipt authority through June 30, 2021.
3. AGDC will successfully complete execution of the Work, Program, and Budget (WP&B) identified under AFE 20-002 by June 30, 2020.
4. The results of regulatory de-risking, cost reduction, and economic analysis at June 30, 2020 indicate that Alaska LNG Project has a potential to deliver LNG to markets at a competitive price, and the Strategic Parties recommend moving forward with further development of the Alaska LNG Project.
5. AGDC and the Strategic Parties will continue to identify Alaska LNG Project interest from others, develop the optimal project structure, and identify a designated new Project Sponsor by December 31, 2020.

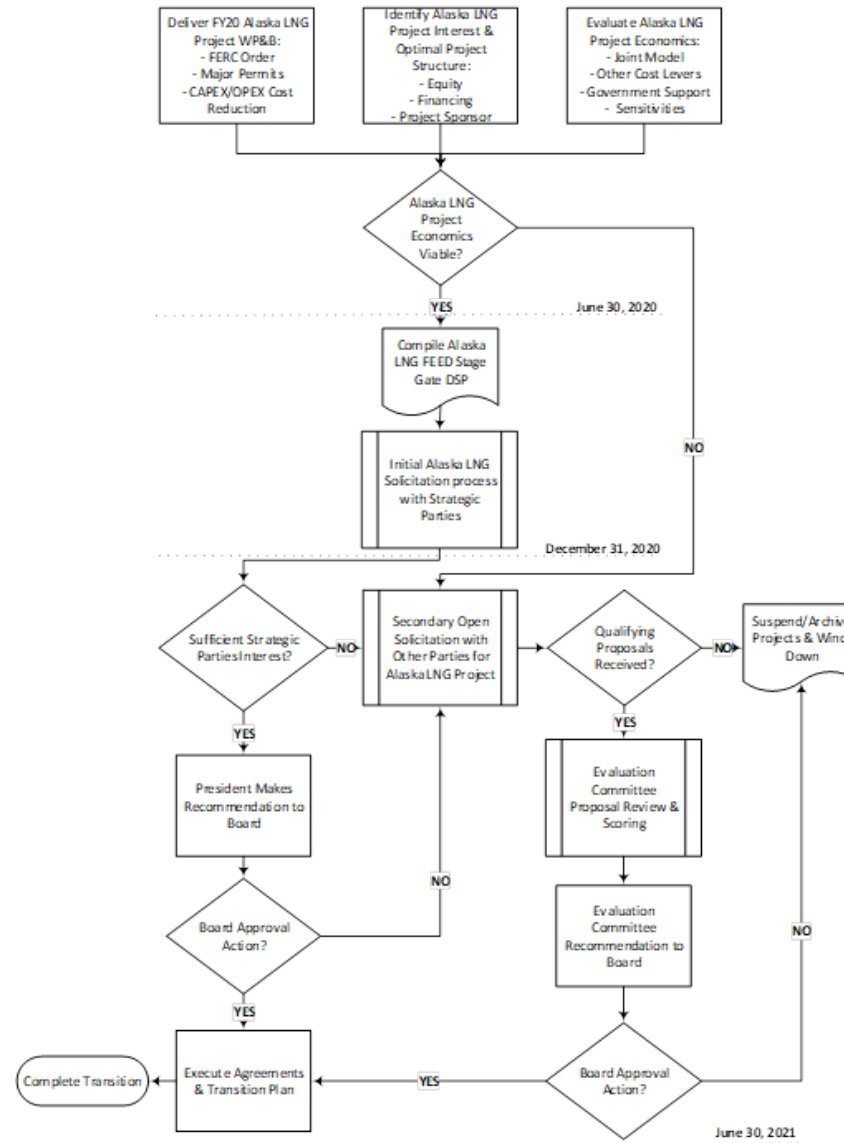
7. The Board of Directors does not support AGDC's role continuing as the sole Sponsor for the Alaska LNG Project past December 31, 2020. In the event there is not sufficient interest from Strategic Parties to lead the Alaska LNG Project, an open solicitation of interest will be made to other parties.
8. The AGDC Board of Directors and key State of Alaska stakeholders (Executive and Legislative) will define an acceptable role, if any, in the Alaska LNG Project.
9. In the event there is insufficient interest by a new Project Sponsor(s), AGDC will put the Alaska LNG Project assets up for sale in a formal RFP process.
10. The ASAP Project has been determined to not be economically viable in the current State of Alaska-led model.
11. No further funding for the ASAP Project has been approved by the Alaska Legislature, or is assumed.

Plan Objectives – Alaska LNG Project

1. Maintain the maximum value of State of Alaska investment in the Alaska LNG Project, while minimizing ongoing AGDC spend.
2. Improve the economic viability of the Alaska LNG Project through June 30, 2020 as the designated Project Sponsor providing overall coordination for the Project.
3. Determine the feasibility of Project economics in association with Strategic Parties.
4. Effect the designation of a new Project Sponsor(s) by December 31, 2020.
5. Achieve a positive transition by June 30, 2021 based on a FEED Stage Gate Decision Support Package (DSP), including a defined equity structure, defined financing structure, transition to the new Project Sponsor(s), and funding for ongoing WP&B, as appropriate.
6. Manage alternative scenarios systematically, such as ongoing state equity participation, Project suspension/archive, and/or AGDC wind-down.

1. Ensure the viability or competitiveness of the Alaska LNG Project is not impacted because of any transfer of ASAP Project assets to an interested party that provides a proposal for best value to the State of Alaska.

Strategic Roadmap



Alaska LNG Project
Technical and Regulatory Update



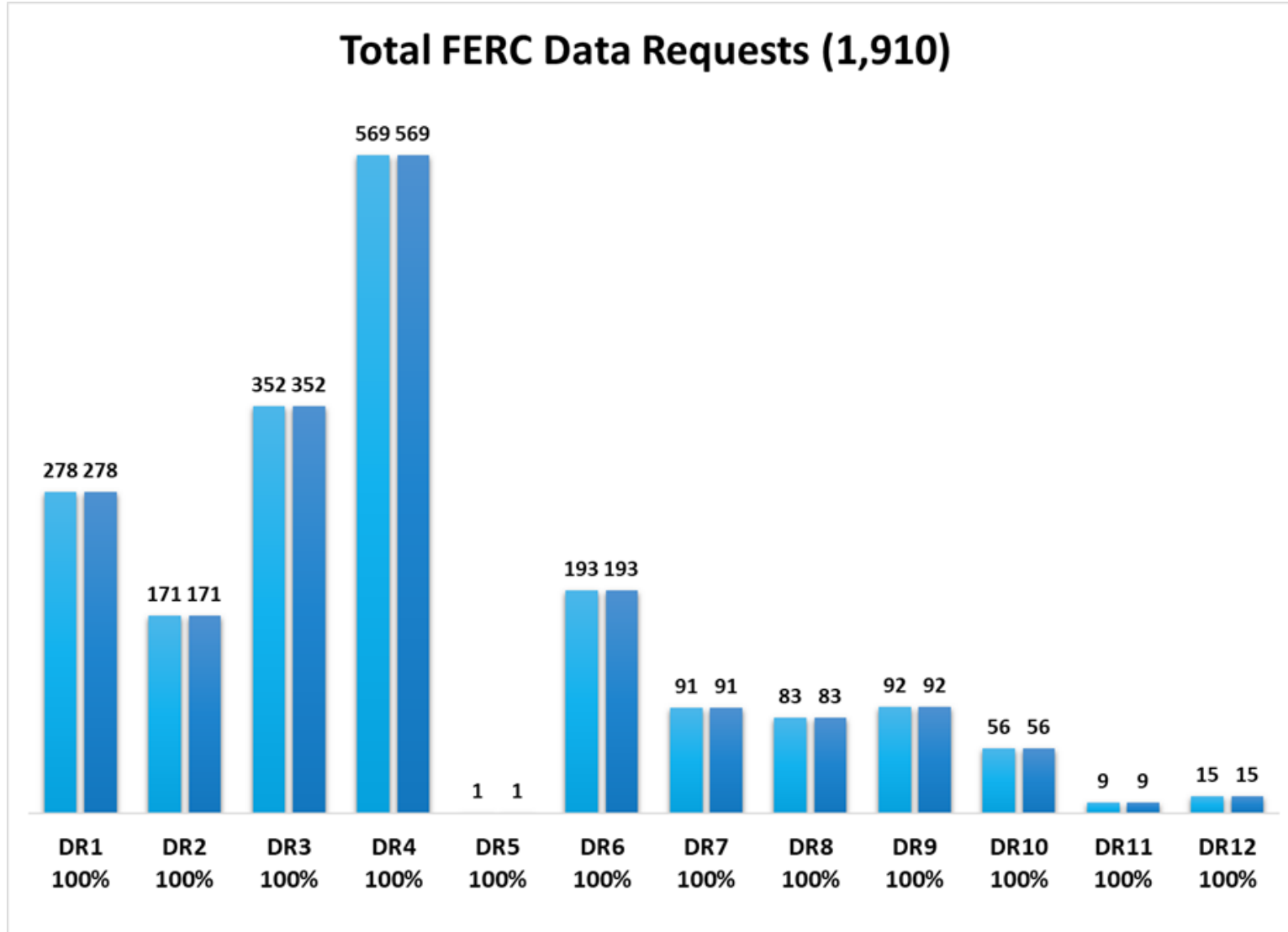
FERC Milestones Achieved:

Milestone	Date
FERC Public Comment Meetings	September 9 - 12, 2019
BLM Public Subsistence Hearings	September 17 & 19, 2019
AGDC Post-Public Meeting Update Meeting	September 17, 2019
Draft EIS Comments Due to FERC by 5:00 PM EST	October 3, 2019
PHMSA posted Letter of Determination	February 4, 2020
Publication of Notice of Availability of Final EIS	March 6, 2020

Future FERC Milestones:

Milestone	Date
Issuance of Final FERC Order	June 4, 2020

- FERC published the EIS on March 6, 2020
- FERC issued a total of 1,910 data requests (both environmental and engineering) since July 2017, not including the 214 FERC Staff Recommended Mitigations
- It is anticipated that FERC will publish the final order to authorize the construction and operation of Alaska LNG on June 4



Major Permit Status – Complete

Permit	Agency	Status	Note
Letter of Recommendation	USCG	Issued	Complete
Natural Gas Export	DOE	Issued	Complete
Essential Fish Habitat Consultation	NOAA	Issued	Complete
Strain-Based Design	PHMSA	Issued	Complete
Crack Arrestor Spacing	PHMSA	Issued	Complete
Mainline Block Valve Spacing	PHMSA	Issued	Complete
Three Layer Polyethylene Coating	PHMSA	Issued	Complete
Siting Review Letter of Determination	PHMSA	Issued	Complete
DOD Letter of Non-Objection (Clear AFS)	DOD	Issued	Complete

Major Permit Status – In Process

Permit	Agency	Status	Note
Prevention of Significant Deterioration - Air Permit - GTP	ADEC	In Process	Public comment closed; AGDC responded to RFI; increment analysis model for PM10 underway; anticipated Q2 2020
Pipe-in-Pipe	PHMSA	In Process	Public notice period complete; anticipated Q2 2020
Right-of-Way - State	ADNR	In Process	Public notice period complete; 5 comments received; anticipated Q3 2020
Section 106 Review	FERC	In Process	Misc. cooperating agencies; Draft Programmatic Agreement issued by FERC March 2020; AGDC outreach meetings underway as agreed with SHPO, BLM, NPS
LNG Terminal/EIS	FERC	In Process	DEIS complete; FEIS published March 6, 2020. FERC Order anticipated June 4, 2020
Right-of-Way – Federal	BLM	In Process	Application submitted; decision anticipated June 2020
Right-of-Way – Federal	NPS	In Process	Application submitted; decision anticipated June 2020

Major Permit Status – In Process

Permit	Agency	Status	Note
MMPA Incidental Take (whales, seals)	NMFS	In Process	Cook Inlet: Published in Federal Register; active ongoing negotiations regarding mitigation. Prudhoe Bay: Peer Review Panel 1Q 2020, anticipated 2Q 2020
MMPA Incidental Take	USFWS	In Process	Sea Otter: Published in Federal Register; Polar Bear anticipated Q2 2020
Endangered Species Act Consultation	NOAA	In Process	Package deemed complete; anticipated Q2 2020
Endangered Species Act	USFWS	In Process	Consultation request received; anticipated Q2 2020
Bridge Permits for original route	USCG	In Process	Public notice complete; anticipated Q3 2020
Section 404 Wetlands	USACE	In Process	Public comment period complete Feb 2020; anticipated decision Q2 2020, permit Q3 2020
Section 401 Water Quality	EPA & ADEC	In Process	Application submitted, anticipated Q3 2020. (EPA may take longer.)

Major Permit Status – In Process

Permit	Agency	Status	Note
Prevention of Significant Deterioration – Air Permit – LNG Facility	ADEC	In Process	Application submitted; monitoring data approved; increment analysis underway; public comment period anticipated Q3 2020

- Fluor progressing with cost estimate reduction work scope & cost estimate update to Q4\$2019 by mid-May
- Finalized FEED Preparation cost reduction inputs with Fluor including PMT, 3rd Party, and Land
- Fluor Task 1 Strategic Sourcing Model deliverable review conducted
- Fluor revised LNG Plant layout review conducted with Producers
- Draft deliverables Issued For Review (IFR) underway and will continue through April

- Legal projects requirements captured in the obligation tracker tool
- Documentum based software services renewed for 1 year
- Switching to a flexible public-cloud platform
 - Involves a full migration of all content and metadata (roughly 50,000 documents)
 - Full export completed and migration on target for end of April or early May
- Met Tower Decommissioning
 - Gas Treatment Plant
 - Field work delayed due to COVID-19
 - Finalized Phase 2 work scope and cost proposal
 - Nikiski Met/Ambient Station
 - Completed Phase 1 removal work on March 5; zero incidents
 - Phase 2 work scope delayed due to COVID-19

- Focused on outreach to discuss and seek input on the draft Alaska LNG Project Cultural Resource Management Plan (CRMP) with Alaska tribal organizations
- Meeting held with stakeholders to discuss the draft CRMP:
 - Chickaloon Traditional Council
 - Knik Tribe
 - Tyonek Native Corporation
 - Native Village of Tyonek (postponed due to COVID-19)
- Additional meetings postponed due to COVID-19 concerns
 - Potential for future video meetings
- Alaska Senate Resources Committee – Alaska LNG Project Update
 - Letter and presentation submitted March 27, 2020

- AGDC is effectively functioning under the current remote work scheme
- We are progressing an optimized project venture structure that enhances overall competitiveness
- We are pursuing all options to improve project competitiveness
- We now have a Strategic Plan that identifies a clear roadmap forward and the key milestones for Board decisions



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