

AGENDA  
ALASKA GASLINE DEVELOPMENT CORPORATION (AGDC)  
REGULAR BOARD MEETING

October 23, 2017 AGDC Board Room, 3201 C St Suite 604 Anchorage, AK 9:00am

- I. CALL TO ORDER
- II. ROLL CALL
- III. CHAIRMAN'S CHOICE
- IV. APPROVAL OF AGENDA
- V. APPROVAL OF MINUTES – August 10, 2017
- VI. PUBLIC COMMENTS - Boardroom \_\_\_\_\_ Statewide \_\_\_\_\_
- VII. PRESIDENT'S UPDATE
- VIII. AGDC MANAGEMENT/OPERATIONAL
  - A. Committee Chair Updates
  - B. External Affairs Update
  - C. Project Update
- IX. FINANCIALS
- X. EXECUTIVE SESSION
- XI. ANY OTHER ITEMS TO COME BEFORE THE BOARD
- XII. BOARD COMMENTS
- XIII. ADJOURNMENT

The Chair may announce changes in the Order of Business during the meeting.



# Meeting Minutes

## ALASKA GASLINE DEVELOPMENT CORPORATION REGULAR BOARD OF DIRECTORS MEETING

August 10, 2017

09:00am

A Regular Board of Directors Meeting of the Alaska Gasline Development Corporation ("AGDC") was held at the Alaska Gasline Development Corporation Board Room, 3201 C Street, Suite 604, Anchorage, Alaska, on August 10, 2017, convening at 09:00am.

The following board members were present at the meeting (or attended via teleconference) except as otherwise noted:

DAVE CRUZ  
Anchorage, AK

Chair of the Board

HUGH SHORT  
Anchorage, AK

Vice Chair of the Board

Joey Merrick  
Anchorage, AK

Secretary/Treasurer

COMMISSIONER MARC LUIKEN  
Excused Absence

Member of the Board

COMMISSIONER HEIDI DRYGAS  
Anchorage, AK

Member of the Board

WARREN CHRISTIAN  
Anchorage, AK

Member of the Board

DAVID WIGHT  
Excused Absence

Member of the Board

Phoned in at 9:25am for part of the meeting. Signed off at 11:10am.

- I. CALL TO ORDER: Chair Cruz convened the meeting at 9:05am.
- II. ROLL CALL: A quorum was declared present and the meeting was duly and properly convened for the transaction of business.
- III. CHAIRMAN'S CHOICE: Chair Cruz gave a safety briefing on the importance of wearing personal floatation devices when a person is on or around water.
- IV. APPROVAL OF AGENDA: Joey Merrick moved to approve the agenda and Hugh Short second. The approval of the agenda passed unanimously (5-0).
- V. MINUTES: Joey Merrick moved to approve board meeting minutes from June 15, 2017. Hugh Short second. The approval of the board meeting minutes from June 15, 2017 passed unanimously (5-0).
- VI. PUBLIC COMMENTS: Boardroom – None; Statewide – None
- VII. PRESIDENT'S REPORT: AGDC President Keith Meyer gave an update on AGDC's continued outreach to the Legislature, to which AGDC provides semi-monthly reports, as well as AGDC's responses to individual legislator requests for information and individual legislator meetings. AGDC is responding to requests to appear at committee meetings, which AGDC expects to happen in mid-October. AGDC is also working with Federal administration to explore means to expedite specific federal processes. Last, President Meyer highlighted AGDC's commercial, regulatory, and communications areas.
- VIII. NEW BUSINESS – AGDC MANAGEMENT/OPERATIONAL ISSUES:
  - A. Committee Chair Update

Technical Committee – Warren Christian said the technical committee discussed AGDC permitting and the FERC process. The

AGDC staff has been diligent in answering FERC's questions and the FERC application will be an ongoing process.

- B. External Affairs Update: AGDC VP of Communications Rosetta Alcantra stated that her team has been focusing on keeping the legislators, state offices, and the public apprised of the most current information that involves AGDC. Further, there are a number of trade shows coming up that will permit AGDC to continue reaching out to Alaskans.
  - C. Commercial Update: VP of Commercial and Economics Lieza Wilcox gave a presentation highlighting AGDC's Alaska LNG marketing, Capacity Solicitation, in-State marketing, Alaska LNG commercial structure, and State-led project cost efficiencies.
  - D. PROJECT UPDATE: Frank Richards, Vice President of Engineering and Program Management, gave an overview of the Alaska LNG Project that focused on the following regulatory processes: pipeline and environmental, regulatory, and land (ERL).
- IX. FINANCIAL UPDATE: Lieza Wilcox, Vice President of Commercial and Economics, gave an update on the operating and capital budget through June 2017.
- X. EXECUTIVE SESSION: None
- XI. ANY OTHER ITEMS TO COME BEFORE THE BOARD: None
- XII. COMMENTS: Commissioner Drygas expressed her concerns about the continued negative Alaska press and offered to become another member of the Communications Committee to help develop a rapport with the reporters and help them understand the project and the benefits of the project to Alaskans.
- Warren Christian shared with the Board members that there is a white paper available on the permitting process if they would like further information on it.



## Meeting Minutes

XIII. ADJOURNMENT: Commissioner Drygas moved to adjourn, Joey Merrick second, none opposed. The meeting adjourned at 12:45pm.

 10-23-17  
Dave Cruz, Chair Date

# Board of Director's Meeting

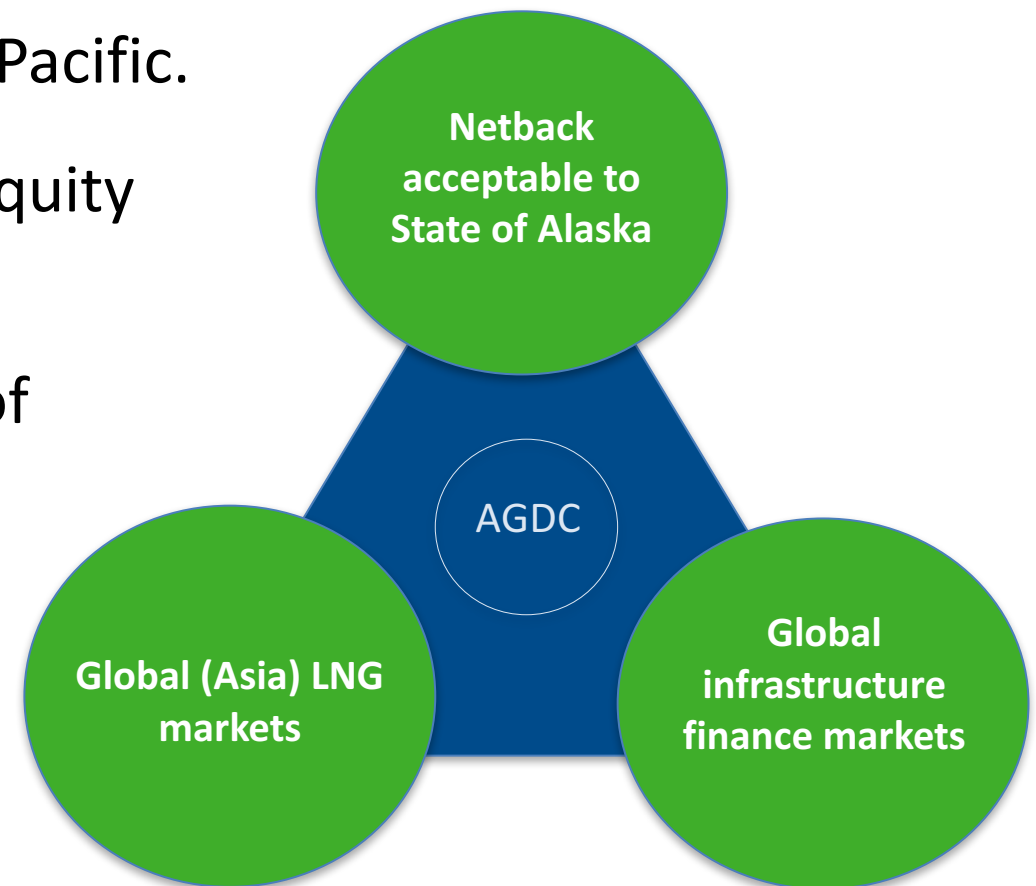
October 23, 2017

## President's Report

- **AGDC recently hired Perkins Coie LLP as General Counsel.**
  - Elena Romerdahl, formerly an assistant attorney general in the Alaska Department of Law's Natural Resources section, is AGDC's point of contact at Perkins Coie.
  - Ms. Romerdahl also serves as counsel in the Environment, Energy & Resources practice in Perkins Coie's Anchorage office.
  - AGDC will use Perkins Coie on an as-needed basis for general counsel support.
- **AGDC continues to contract through the Department of Law for legal support and to engage the following counsel for outside legal support.**
  - Lindsey Holmes – lead DOL attorney for AGDC.
  - Greenberg Traurig – commercial agreements and regulatory support.
  - Milbank – finance counsel.
  - Nixon Peabody – tax counsel.
  - Stoel Rives – in-state commercial work and permitting/regulatory.

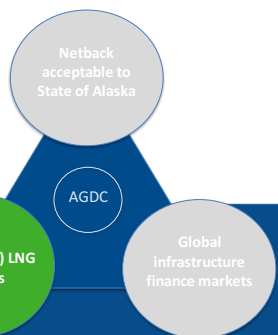
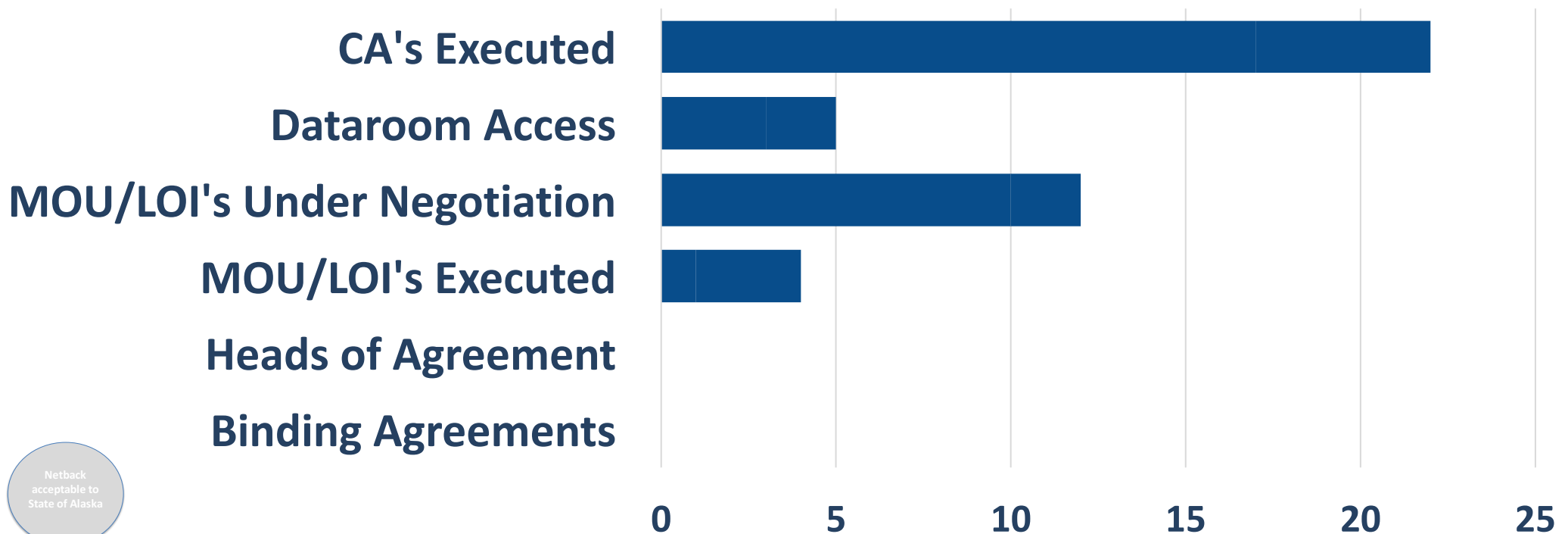
## A successful execution of the project will balance three primary objectives:

- Clear the LNG market in the Asia-Pacific.
- Acceptable pricing for debt and equity markets.
- Acceptable netback to the State of Alaska.

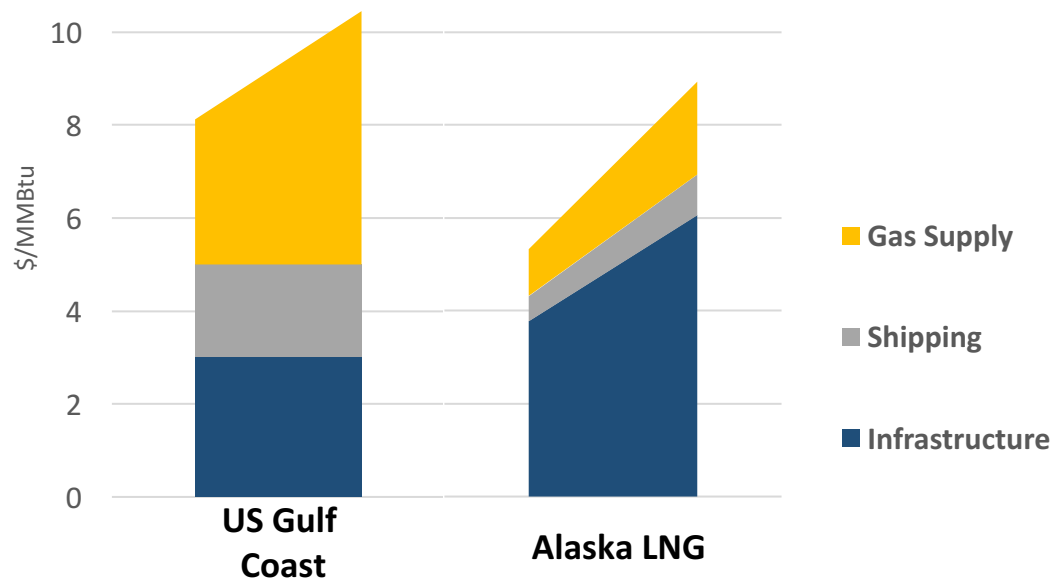




- **AGDC is making commercial progress by raising awareness, engaging, and signing initial agreements with major LNG buyers.**
  - Mailings, headlines, conference appearances, and personal visits.
- **Most Asian LNG buyers are now aware that Alaska is developing an LNG project and recognize supply from Alaska could be strategic.**



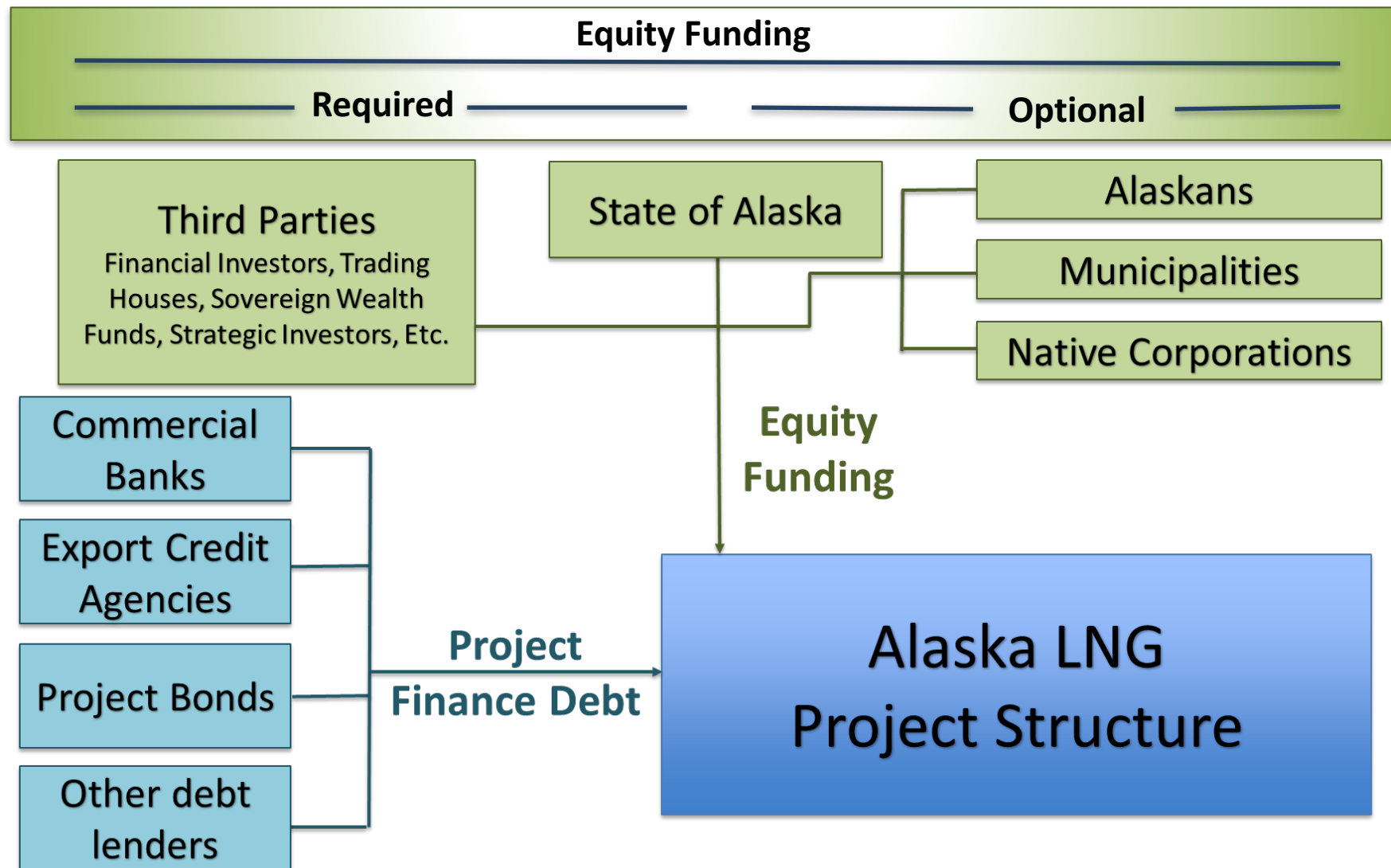
## US Gulf Coast Versus Alaska LNG Delivered to Asia 2025 LNG Price Forecast

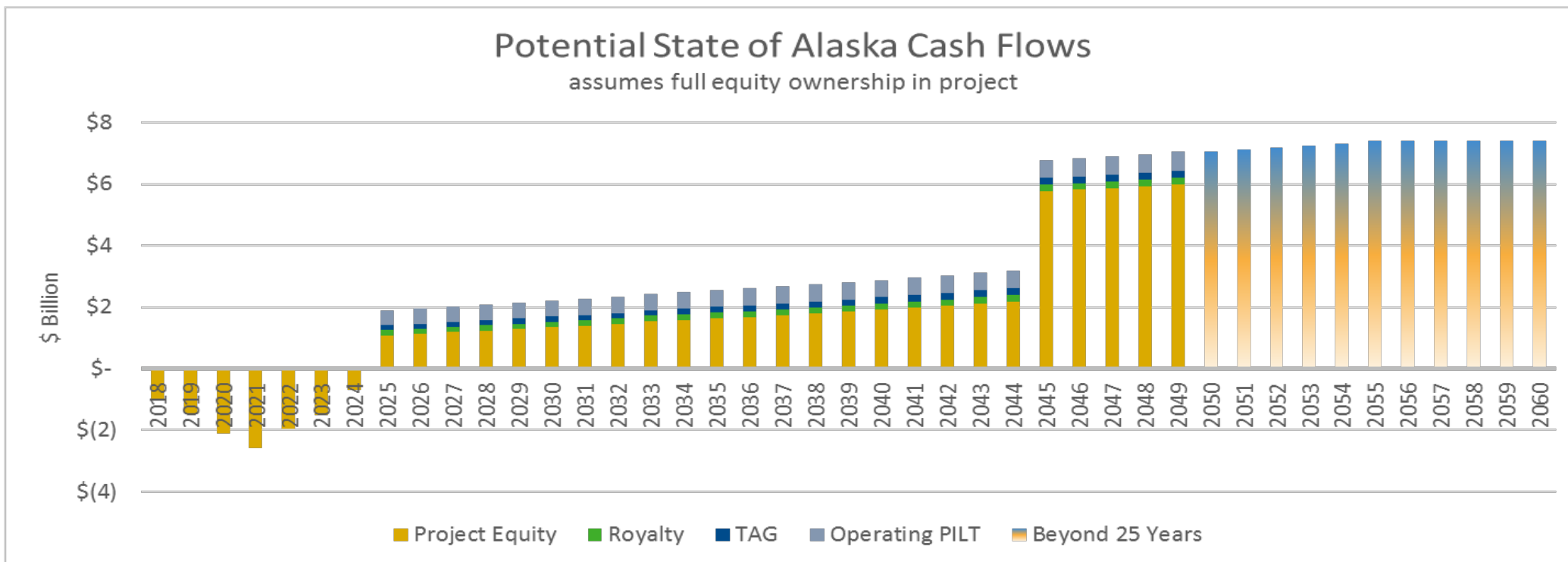


- Shipping and gas supply advantage offsets higher pipeline costs.
- North Slope gas supply is not connected to other markets, with relatively low incremental development and production costs.
- Most of the investment is capital associated with transportation and liquefaction; can be priced on stable basis.

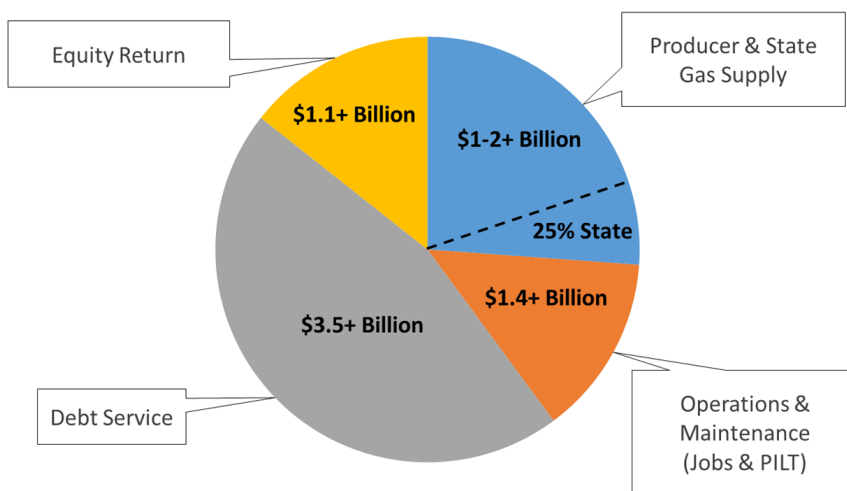
# STRUCTURE AND FINANCING OPTIONS

Equity investment in the project will be required; AGDC is pursuing a development path that will provide the State with an option to invest, but not the requirement to invest; Alaskans will also have the option to invest.





Distribution of Alaska LNG Export Revenue  
\$8 - 10 Billion Annually



## Equity-only ROE:

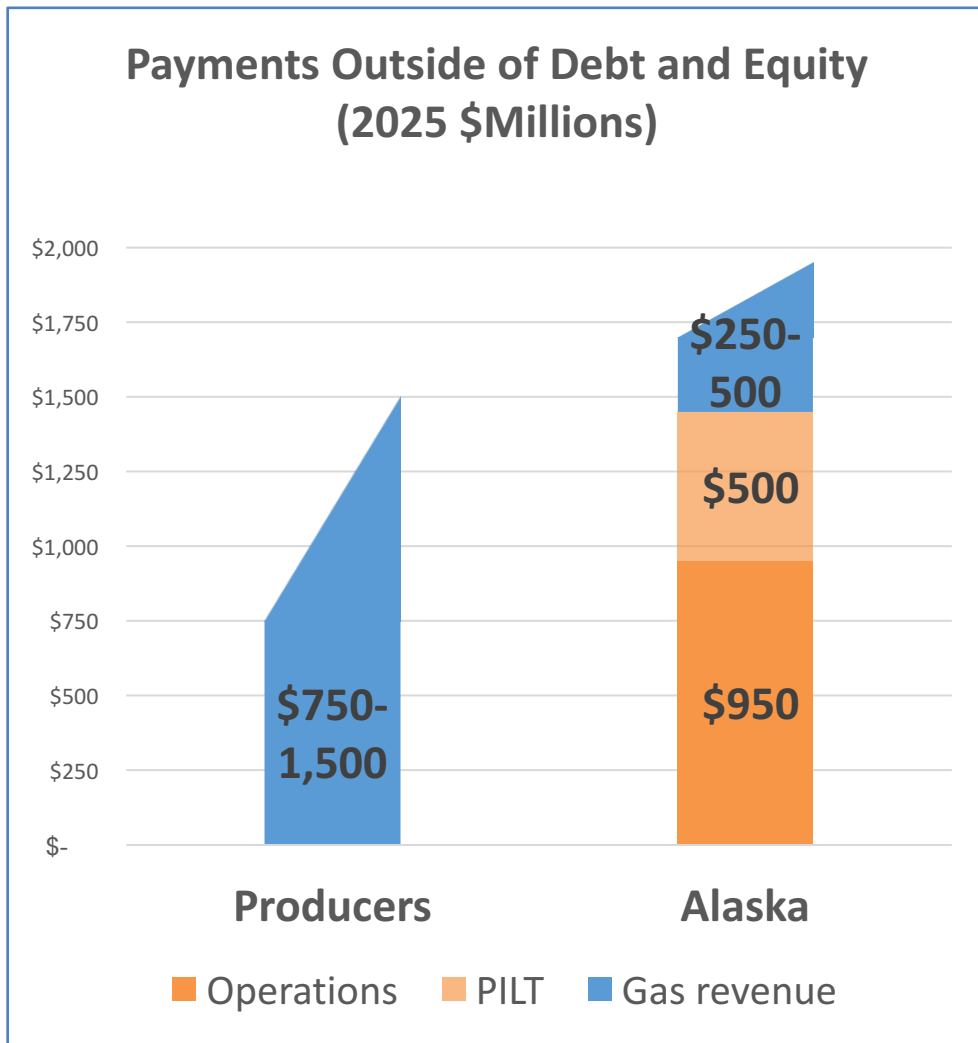
- 8% through initial period.
- 10% life of project.

## Equity ROE plus RIK/TAG and PILT:

- 13% during initial period.
- 15% life of project.

# VALUE TO ALASKA: OPPORTUNITY

The gasline and LNG infrastructure provides enormous value to Alaska; there is a significant opportunity cost of not developing the project.



Item	Annual Value	State's Share/yr	
Gas Resource	1 TCF/yr @ \$1-2/Mcf =\$1-2 Billion	25%	\$250-500+ MM
PILT	\$450-500 MM	100%	\$450-500 MM
Operations	\$950 MM	100%	\$950 MM
Equity Return	\$1.1 Billion	0 to 100%	
Net Revenue After Debt Retirement	\$6 Billion	0 to 100%	

- Opportunity for the State to generate \$1.6-\$2.0B per year upon project completion.
- Alaska can elect to be an equity investor.
- Significant upside opportunity given long-term LNG price forecasts.

ALASKA  
GASLINE  
DEVELOPMENT CORP.

# ALASKA LNG: EXTERNAL RELATIONS & COMMUNICATIONS UPDATE October 23, 2017



[www.agdc.us](http://www.agdc.us)

- Legislative semi-monthly reports.
  - (Aug. 15, Aug. 31, Sep. 15, Sep. 29).
- Individual meetings with Legislators.
  - Preparation for Oct. 16 presentation to Joint Senate & House Resources Committee.
- Responses to questions regarding:
  - IRS Private Letter Ruling that AGDC qualifies as a tax-exempt political subdivision of the State of Alaska.
  - Federal Permitting Improvement Steering Council (FPISC)'s approval of AGDC's request to include the Alaska LNG project as a "covered project" under Title 41 of the Fixing America's Surface Transportation Act (FAST-41).

AGDC Semi-Monthly Report to Legislators – September 29, 2017

- Senior officials representing a LNG buyer in Southeast Asia traveled to Anchorage to meet with AGDC and learn more about Alaska LNG on September 18-19, 2017. The visit included a number of meetings, presentations, and facility tours. The representatives paid all of their own travel and lodging expenses.
- AGDC commenced negotiations with Alaska's major producers for natural gas wellhead sales based on the producers' implied interest during the Foundation Customer Capacity Solicitation, which ran from June 15, 2017 through August 31, 2017.
- AGDC continues to build project awareness and address the misperception of Alaskan gas in the Asian marketplace through an enhanced marketing campaign. Due to this effort, in the last seven months, Alaska LNG has gained the attention of many large buyers in Korea, China, Japan, and other markets in the Asia-Pacific region. There is recognition Alaska has the unique ability to deliver energy stability at competitive prices and with reliability and shipping advantages.



Potential Alaska LNG buyers learn about remote Alaska construction techniques during a site visit to STG Inc. in Anchorage on September 18, 2017

### 3. Regulatory and Program Management

AGDC continues to progress the major permits needed for the Alaska LNG project. While Alaska LNG moves forward as AGDC's priority project, the Alaska Stand Alone Pipeline (ASAP) continues to advance toward a final environmental impact statement and record of decision.

#### 3.1 Alaska LNG Project

- On September 21, 2017, AGDC responded to the Federal Energy Regulatory Commission's (FERC) second data request (issued on July 28, 2017) regarding Resource Report numbers 2, 3, and 4 along with a set of general data requests related to the use of granular fill. In the responses, AGDC provided answers to as many questions as possible using existing data as well as a delivery schedule for the remaining responses.
- AGDC met with several federal regulatory agencies in Washington, D.C. throughout the week of September 25, 2017. While in D.C., AGDC also updated members of Alaska's congressional delegation and their staffs on recent Alaska LNG project progress.
- AGDC continues to brief Trump Administration officials on the regulatory and environmental challenges of permitting a pipeline and export project. While in Washington, D.C., throughout the week of September 25, 2017, AGDC met with the director of the Council on Environmental Quality (CEQ) and other high-level White House officials. AGDC asked the CEQ to instruct agencies to coordinate with each other in order to reduce duplicative requests to AGDC in order to improve

3

# COMMUNICATIONS INITIATIVES

- Media interviews with:
  - Chinese news agencies, CCTV America and Xinhua News Agency, in Anchorage, Sep. 12.
- Issued press releases regarding:
  - President Trump’s Executive Order on establishing discipline and accountability in the environmental review and permitting process for infrastructure, Aug. 16.
  - Federal Permitting Improvement Steering Council (FPISC) determination that Alaska LNG is a “covered project” under Title 41 of the Fixing America’s Surface Transportation Act (FAST-41), Aug. 18.
  - AGDC’s Foundation Customer Capacity Solicitation results, Sep. 6.





# COMMUNITY OUTREACH

- Promoted Alaska LNG at:

- Alaska State Fair during “Energy Day” in Palmer, Aug. 24.
- UAF Engineering Career Fair in Fairbanks, Sep. 20.
- Alaska Chamber Fall Forum in Sitka, Oct. 10-12.

- Presented project updates at:

- Kodiak Community Forum in Kodiak, Aug. 24.
- Commonwealth North’s Energy Action Coalition luncheon in Anchorage, Aug. 25.
- Anchorage Assembly during a work session in Anchorage, Sep. 8.
- Mat-Su Valley Board of Realtors in Wasilla, Sep. 19.
- Russian Jack Rotary, Oct. 17.
- Community Advisory Council meeting, Oct. 18.

- Upcoming events:

- AFN Annual Convention in Anchorage, Oct. 19-21.
- Alaska Miners Association Fall Convention & Trade Show in Anchorage, Nov. 7-12.
- RDC Annual Alaska Resources Conference in Anchorage, Nov. 15-16.



*UAF Engineering Career Fair, Fairbanks.*

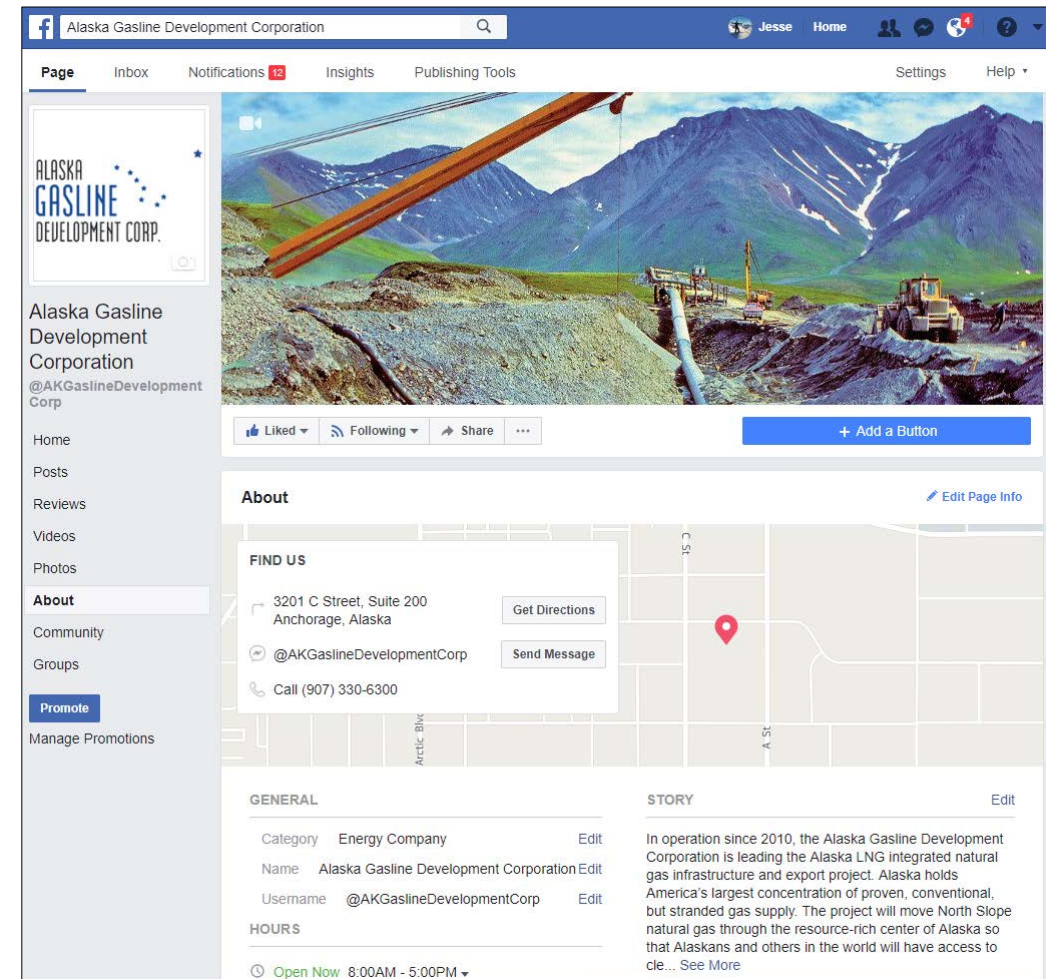
# SOCIAL MEDIA

- **Facebook:**

- Launched the corporation’s Facebook page on September 11.
- Primary purpose of the page is to inform Alaskans about AGDC and the Alaska LNG project.
- Page includes information on AGDC’s history, milestones, goals, and the global natural gas industry.
- Posts to the page will be made on a regular basis with information on Alaska LNG as the project moves forward.


	Total Reach	Engaged Users	Total Impressions
<b>September</b>	<b>3,557</b>	<b>158</b>	<b>5,325</b>

- Total reach means “total unique people who saw content on Facebook.”
- Engaged Users “people who liked, commented or shared.”
- Total Impressions “total amount of times anyone saw AGDC content.”




- **LNG World Market Update:**
  - Features LNG news from around the world.
  - Distributed weekly.
- **“In Case You Missed It” email:**
  - Features national and local LNG news.
  - Distributed weekly.
- **Website:**
  - Traffic to AGDC.US continues to grow.

MONTH	TRAFFIC VISITS
Mar 2017	2,125
April 2017	2,700
May 2017	2,308
June 2017	2,498
July 2017	1,942
August 2017	2,268



**ALASKA MOVING FORWARD:**  
DELIVERING NATURAL GAS TO THE WORLD



## LNG WORLD MARKET UPDATE

September 28, 2017


Analysis predicts LNG is the answer for emerging industry growth in Southeast Asia, Chevron may miss mid-October target to close sale of Bangladesh gas field, Australia's east coast LNG operators appear to have avoided restrictions put on the volumes of LNG they are allowed to export next year, Chinese investment in liquefied natural gas (LNG) industry for 2017 expected to be one of the best years on record. Subscription options for this report are available at the bottom of this email. Please contact AGDC External Affairs at [externalaffairs@agdc.us](mailto:externalaffairs@agdc.us) with questions.

### Natural Gas

**HH Spot Price**  
\$2.96 (\$/MMBtu)  
*September 25 close*

**Weekly Change**  
↓ \$0.15 (-4.82%)

**Trend**



Source: EIA


### LNG Could Be the Answer for ASEAN

[\(UPI.com; September 27\)](#) - Emerging economies in Southeast Asia could look to LNG as a way to help address an emerging need for energy cooperation, analysis finds. As of this year, the Association of Southeast Asian Nations had 208 gigawatts of power capacity installed and needs more than twice that much by 2035 to keep up with demand. The pace of development in Southeast Asia means electricity consumption is on pace to grow by more than 8 percent each year for at least the next 10 years and the emerging economies in the region are searching for new ways to access power. Wood Mackenzie estimates regional demand for LNG to triple within the next 10 years. [Read more.](#)

### LNG Import Price

**Japan**  
\$8.30 (\$/MMBtu)  
*September 2017*

**Trend**



### Chevron May Miss Mid-October Target to Close Sale of Bangladesh Gas Field

[\(Reuters; September 26\)](#) - Chevron Corp may miss its mid-October target for closing the agreed \$2-billion sale of its natural gas assets in Bangladesh to a Chinese consortium, as Dhaka weighs the prospect of a counterbid. The Bangladesh assets would provide a much-needed addition to the reserve base of Zhenhua Oil, which is among the smallest state-run Chinese oil and gas firms. A completed deal would also mark the first major Chinese energy investment in the South Asian nation, where China is vying with India and Japan for influence. [Read more.](#)

## LETTER FROM THE PRESIDENT

Fellow Alaskan,

It has been a significant third quarter for the Alaska Gasline Development Corporation (AGDC). The Alaska LNG project has advanced well over the past three months, through a number of regulatory and commercial accomplishments.

We continue to move forward with the regulatory permitting process for both the Alaska LNG and the Alaska Stand Alone Pipeline (ASAP) projects. With Alaska LNG, our staff has been busy responding to additional data requests from the Federal Energy Regulatory Commission as they review our application to obtain a Natural Gas Act Section 3 permit. With ASAP, we concluded a busy summer of public meetings across Alaska in conjunction with the U.S. Army Corps of Engineers.

Our three primary focus areas continue to be: completing the regulatory process, pursuing binding commercial agreements to underpin the financing of Alaska LNG, and financial structuring.

In July, senior level representatives from major Chinese companies visited Alaska to meet with AGDC and learn more about Alaska LNG. While we arranged a number of meetings, presentations, and facility tours, the representatives paid all of their own travel and lodging expenses.

The commitment shown by this travel and attention is a testament to their serious consideration of Alaska LNG as a potential source for long-term, reliable, clean energy. We are continuing the conversation with these companies in a series of follow up meetings.

Momentum toward reaching binding commercial agreements continues to grow. To date, AGDC has signed 20 confidentiality agreements and is currently reviewing 13 draft letters of intent involving entities from a number

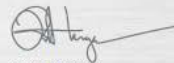
of different countries across the Asia-Pacific region. Additionally, two memorandums of understanding have been fully executed. Though none of these represent binding agreements, they are all critical steps in the commercial process as we work to secure long-term, multi-billion dollar contracts.

In addition to recent advancements on the commercial front, my optimism in Alaska LNG continues to grow as a result of support on the Federal level. We recently received word from the Internal Revenue Service that AGDC qualifies as a political subdivision of the State of Alaska and will not be subject to federal income tax and can issue tax-exempt debt. Furthermore, in August, the Federal Permitting Improvement Steering Council granted "covered project" status to Alaska LNG under Title 41 of the Fixing America's Surface Transportation Act (FAST-41), which will improve the timeliness, predictability, and transparency of the Federal environmental review and authorization process.

We capped Q3 off with the successful conclusion of the Alaska LNG Foundation Customer Capacity Solicitation, where an Alaskan producer as well as AGDC secured foundation customer status on the transportation and liquefaction system. Additionally, all three of Alaska's major North Slope producers expressed interest in selling gas to AGDC for further sale to the global LNG markets.

Going into the final few months of 2017, I am optimistic AGDC has what it takes to develop the infrastructure necessary to liberate Alaska's vast North Slope natural gas resource. I believe today, more than ever, that Alaska LNG is needed, competitive, and achievable – now is the time to take Alaska LNG across the finish line.

Sincerely,



Keith Meyer



PHOTO: Representatives from one of Asia's largest oil & gas companies meet with AGDC and State of Alaska officials in Anchorage in July 2017. (Photo courtesy of Office of the Governor Bill Walker)



PHOTO: Tokyo Gas President Michiaki Hirose and Tokyo Gas America President Shunjiro Yamashita meet with Governor Bill Walker, AGDC, and other State of Alaska officials in Juneau on July 31, 2017. (Photo courtesy of Office of the Governor Bill Walker)

## LNG BUYERS VISIT ALASKA

**MAJOR LNG BUYERS ACROSS THE ASIA-PACIFIC REGION ARE INCREASINGLY RECOGNIZING ALASKA LNG AS A PRIZE WORTH PURSUING. ON THREE SEPARATE OCCASIONS THROUGHOUT Q3, SENIOR OFFICIALS REPRESENTING MANY NATIONS VISITED ALASKA TO SEE FIRSTHAND HOW ALASKA LNG CAN BE THEIR REGIONAL SUPPLIER FOR RELIABLE, LOW-COST, CLEAN ENERGY.**

In July, senior officials from one of China's national oil & gas companies came to Anchorage for a number of meetings, presentations, and facility tours that included a trip to see existing facilities on the North Slope.

Later that same month, Tokyo Gas President Michiaki Hirose and Tokyo Gas America President Shunjiro Yamashita traveled to Juneau to discuss Alaska LNG with AGDC and other State of Alaska Officials. Tokyo Gas, which is Japan's largest distributor of natural gas, has a relationship with Alaska that dates back to 1969 when the state sent the first LNG shipment to Japan from North America.

## ALASKA LNG FOUNDATION CUSTOMERS CONFIRMED

On August 31, AGDC concluded the capacity solicitation process for foundation customers on the Alaska LNG system. In addition to AGDC and an Alaska producer submitting a conforming intent to subscribe for capacity on the system, each of the three major producers expressed interest in selling gas to AGDC for further sale to the global LNG markets. Once the agreements are completed, AGDC will have gas supply and foundation customer capacity that will allow the organization to provide an attractive bundled LNG sale to global customers.

In addition to providing a clear pathway for LNG sales, AGDC will now be able to better determine the potential phased development of the system to meet market demand. Phasing has the potential to reduce initial capital cost without sacrificing long term capacity.

03

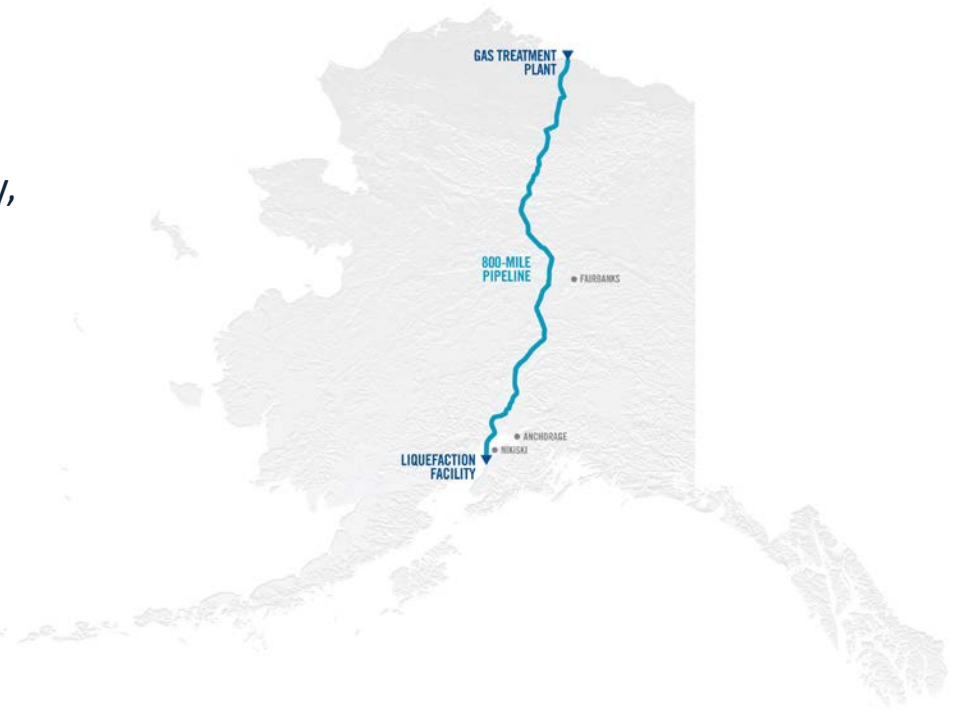
- Distributed printed and electronic versions of Q3 newsletter.

- LNG Buyer Delegation Visits Alaska:
  - Senior officials representing a LNG buyer in Southeast Asia traveled to Anchorage to meet with AGDC and learn more about Alaska LNG.
  - Itinerary included a number of meetings, presentations, and facility tours.
  - September 18-19, 2017.
  - Members of the delegation paid all of their own travel and lodging expenses.



# UPCOMING ACTIVITIES

- Annual Report
- Preparation for tradeshows/conferences
- Refresh collateral materials
  - Focus on key message development on affordable energy, economic growth, jobs and clean energy.
  - Updates to web site presence to include more commercial/marketing information.
  - Lessons Learned from past year.
- Inter-departmental collaboration to focus on their communications and collateral needs.
- Develop schedule instate community outreach and international opportunities.



# PUBLIC OPINION POLL

- **AGDC conducted public opinion poll:**

- Fielded: September 26-29, 2017.
- Sample of 700 Alaska Registered Voters.
- Highly representative sample in terms of age, gender, education level and geographic location.
- 95% confidence.

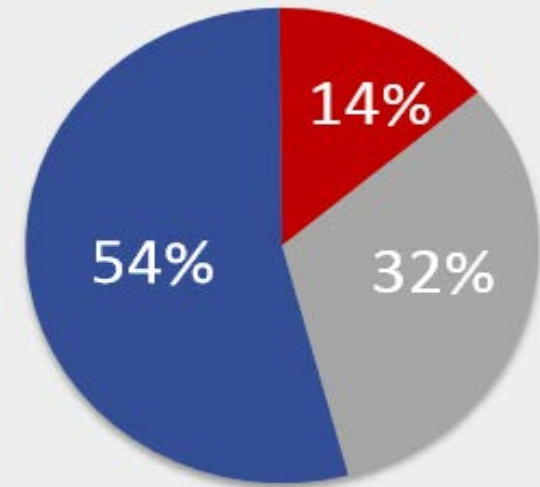
Purpose of the Poll:	Major takeaways from Poll:
<ul style="list-style-type: none"><li>• Establish benchmark and track changes.</li></ul>	<ul style="list-style-type: none"><li>• Support (76%) for project once respondents know what it is and what it offers.</li></ul>
<ul style="list-style-type: none"><li>• Guide overall messaging and targeted audience.</li></ul>	<ul style="list-style-type: none"><li>• Jobs and Economic Impact are top reasons for support of the project.</li></ul>
<ul style="list-style-type: none"><li>• Determine areas that need improvement.</li></ul>	<ul style="list-style-type: none"><li>• Awareness of project and AGDC.</li></ul>
<ul style="list-style-type: none"><li>• Incorporate findings to better communicate with various audiences.</li></ul>	<ul style="list-style-type: none"><li>• Message testing shows five messages have very strong appeal (over 40% much more supportive, over 70% total support).</li></ul>
<ul style="list-style-type: none"><li>• Utilize findings to areas where messages need to be refined or outreach increased.</li></ul>	<ul style="list-style-type: none"><li>• Clean energy message tests surprisingly well, nearly as strongly as economy and jobs messages.</li></ul>

# SOME KEY RESULTS

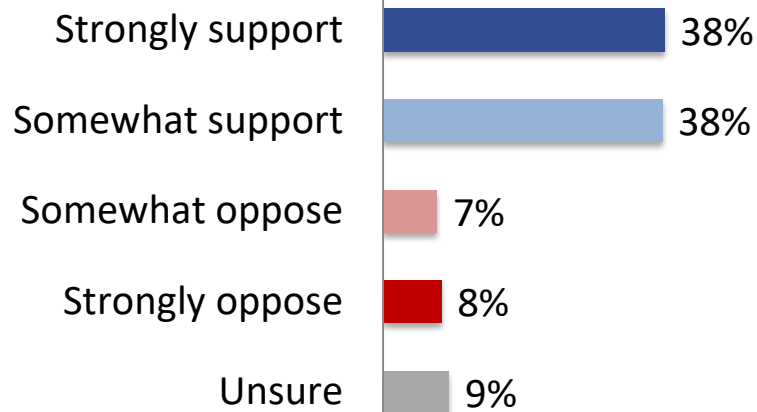
- Still some lack of project awareness especially in rural areas.
- Respondents with knowledge of project generally supportive.
- Interest to invest if made available.

What is the Alaska LNG project?

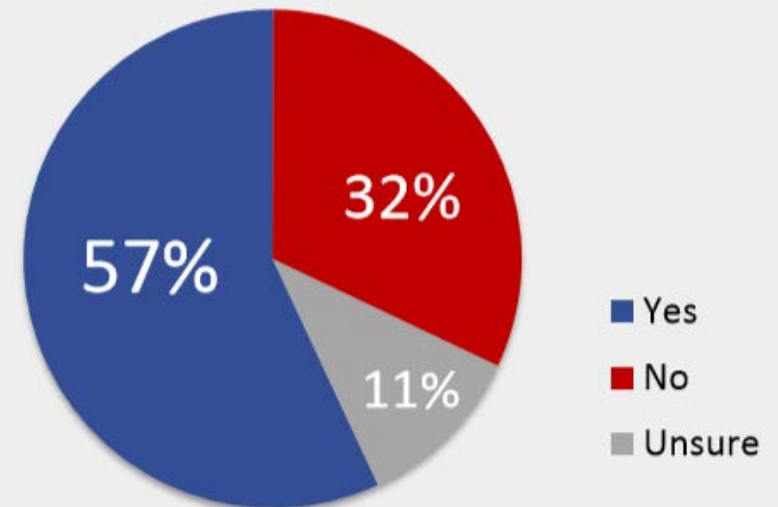
- Generally correct
- Generally incorrect
- Unsure



*Do you generally support or oppose the Alaska LNG project?*



*Would you be interested in investing if shares made available?*





# REASON FOR SUPPORT OF ALASKA LNG

## Why Support Alaska LNG Project by Location

Among 76% in Support of Project

	Overall	Anchorage	Southcentral	Interior	Southeast	Rural
Top Mention	Jobs 28%	Economy 25%	Jobs 35%	Jobs 26%	Economy 24%	Jobs 38%
	Economy 21%	Jobs 24%	Economy 21%	Gas for Alaska 24%	Jobs 20%	Economy 14%
	Revenue to the State 10%	Revenue to the State 10%	Revenue to the State 11%	Cleaner energy, reduce pollution 18%	Cleaner energy, reduce pollution 12%	Revenue to the State 13%
	Cleaner energy, reduce pollution 10%	Cleaner energy, reduce pollution 10%	Have resources, need to develop 7%	Economy 14%	Revenue to the State 12%	Have resources, need to develop 11%
	Gas for Alaska 10%	Gas for Alaska 8%	Gas for Alaska 7%	Good for Alaska 5%	Gas for Alaska 7%	Money for PFD 6%
	Have resources, need to develop 7%	Have resources, need to develop 7%	Cleaner energy, reduce pollution 7%	Revenue to the State 5%	Have resources, need to develop 7%	Gas for Alaska 5%
	Diversify economy 3%	Diversify economy 4%	Gas is being wasted now 2%	Gas is being wasted now 1%	Diversify economy 4%	Cleaner energy, reduce pollution 2%
Bottom Mention						

ALASKA  
GASLINE  
DEVELOPMENT CORP.

ALASKA LNG

AND

ASAP

Alaska's In-State Gas Pipeline

OCTOBER 2017  
BOARD OF DIRECTORS  
MEETING

[www.agdc.us](http://www.agdc.us)

## Fixing America's Surface Transportation Act (FAST-41)

- Trump Administration recommended
- Application: August 7<sup>th</sup> – Acceptance: August 17<sup>th</sup>
- Enhanced coordination
- Increased accountability
- Permitting dashboard
  - Permitting timetable within 60 days
  - Comprehensive schedule for ALL federal permits
- Steering Committee reports to White House
- Transparency for public
- Requires federal agencies to report to OMB, if delays
- State permitting agencies may participate

## ***Establishing Discipline and Accountability in the Environmental Review and Permitting Process for Infrastructure – August 15, 2017***

- Major Goals
  - Environmental reviews & authorizations ~ 2 years
  - Performance accountability
  - Develop and follow permitting timetable
  - One federal decision
- CEQ-lead Inter-agency Working Group
- Energy Corridors of Federal Lands
  - Expedited environmental reviews
- All federal authorizations within 90 days of Record of Decision

## ▪ Regulatory

- AGDC has met with key regulatory agency staff in Washington, D.C.
  - NOAA Fisheries, DOI, CEQ, White House, EPA, PHMSA, FPIC
  - CODEL
- FERC Section 3 Application & EIS Process
  - FERC Data Responses
    - Approximately 262 / 801 complete to date
    - Awaiting comments on RR13 (final data request not received)
    - No NEPA schedule yet
  - Continuing to work wetland jurisdictional issues
  - ERM continues to draft the Preliminary Administrative EIS (PAEIS)
- USACE 404 Application
  - Corps suspended application in June, provided 117 data requests (25% complete; target completion date – end of January 2018)
  - Sediment Sampling and Analysis Plan (SAP) developed for Nikiski MOF
  - Agencies gave tentative approval
  - Sampling to occur in December, Analysis results by January

- **Regulatory – continued**

- NOAA Fisheries – Petition for Incidental Harassment
  - In addition to agency meetings in Washington, D.C., Fairweather Science has facilitated discussion on acoustics methodology for Cook Inlet
  - Expect final review in early November, Submit final petition December
  - 1.5 year process for a Letter of Authorization w/ 2 public comment periods
- Air Permits
  - Met with federal land managers in Denver to discuss project impacts on Class 1 and Class 2 airshed impacts and mitigation
  - Air sampling to begin in November at Tesoro fence line
  - Modeling protocols submitted to ADEC in September
  - Major source permit applications expected in November (GTP / LNG)
- USFWS – Bald and Golden Eagle permits
  - A NEPA process will be required for take of bald and golden eagle (2 years as a stand alone process)
  - Working to integrate this within the FERC NEPA Process
- PHMSA
  - AGDC requested that PHMSA integrate the Special Permit NEPA process into the FERC NEPA process

## ▪ Pipeline

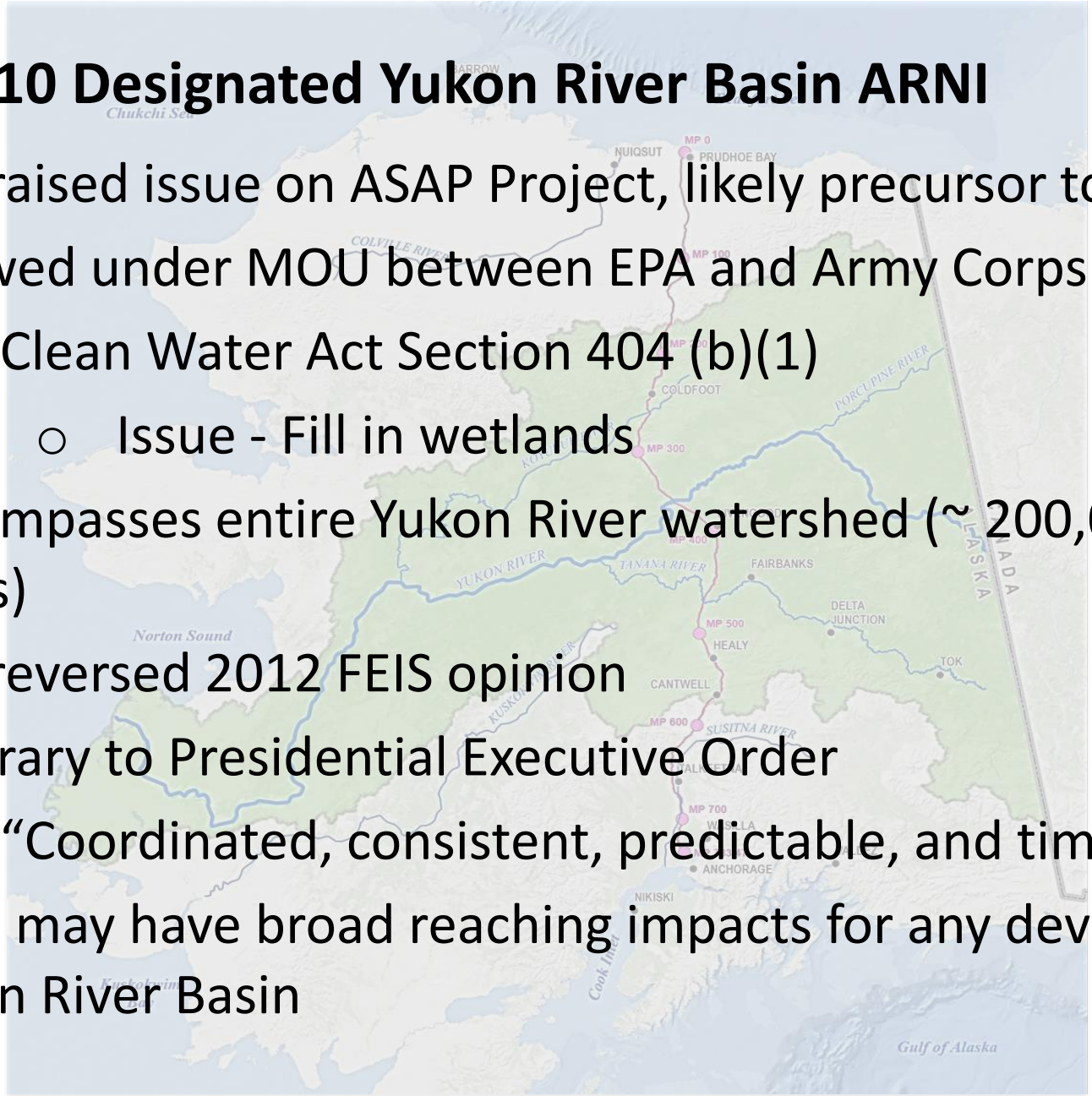
- Pipeline Engineering is continuing its major focus – responding to FERC comments on the reported timelines for each Data Request
  - Working with a number of subcontractors: Worley-Parsons- Calgary and Houston/Intecsea, Michael Baker International, PRL Logistics, Golder & Associates, HDR, Fugro as well as a number of individual SMEs
  - Met with seven line pipe manufactures in advance of test pipe solicitation
  - Also, working on associated USACE comments
- Major studies underway:
  - Update Construction Execution Plan (as per FERC filing basis)
  - Update workpad justification and collate former related responses into a single targeted document for FERC
  - Develop Hydrotest Plan esp. with specific water sources and disposal areas
- Completed reports for acquisition costs and environmental site analysis for the alternatives to the Kenai Spur Highway relocation.
  - Initiated new traffic impact analysis reports for Facility construction impact on neighboring traffic.

- **LNG Plant & Marine Facilities**
  - H110 Gas Turbine Full-Load Test & Shop Visits
    - Current preferred LNG Plant driver for refrigerant compressors
    - A compelling alternative to the GE Frame 7, establishes bid scenario
    - Validate current air quality permitting plan
  - PHMSA Activity (typically, required to complete before FERC issues Schedule Notice)
    - Pipe-in-Pipe Special Permit Application “redacted report” request status
    - Design Spill Package data request status
  - Commenced FEED-Entry Design Change Register
    - Styled after AKLNG Pre-FEED “Major Engineering Decisions Register”
    - Examples:
      - LNG Storage Area Tertiary Berm
      - Additional Jetty Sump Surveillance in support of 1-minute design spill
    - Need to discuss governance once prototype is agreed
  - Team continues to complete responses to FERC data requests



## EPA Region 10 Designated Yukon River Basin ARNI

- EPA raised issue on ASAP Project, likely precursor to Alaska LNG
- Allowed under MOU between EPA and Army Corps of Engineers
  - Clean Water Act Section 404 (b)(1)
    - Issue - Fill in wetlands
- Encompasses entire Yukon River watershed (~ 200,000 square miles)
- EPA reversed 2012 FEIS opinion
- Contrary to Presidential Executive Order
  - “Coordinated, consistent, predictable, and timely review”
- ARNI may have broad reaching impacts for any development in Yukon River Basin



- **Environmental, Regulatory and Land (ERL)**
  - ASAP responded to 240 agency and public comments on the DSEIS
  - AGDC is working on minor alignment changes in response to public and agency comments
  - Attended and presented at cooperating agency meeting on comments
  - AGDC and the Governor have responded to EPA's potential determination that the entire Yukon River basin is an Aquatic Resource of National Importance (ARNI)
    - The Corps of Engineers granted a 30-day extension to EPA, which may affect the schedule for the Final SEIS and ROD
  - The Corps of Engineers has initiated consultation with NOAA Fisheries / USFWS under Section 7 of the Endangered Species Act
  - Draft Programmatic Agreement (PA) developed for Cultural Resources; stakeholder meetings with agencies and tribes
- **Pipeline**
  - Completed responses to USACE comments under ERL leadership
  - Pipeline Engineering is providing mapping and documentation for minor alignment changes to the ASAP pipeline in response to public and agency comments
  - AGDC has determined, and notified PHMSA, that no Special Permit is required for ASAP

***ALASKA MOVING  
FORWARD***

ALASKA  
GASLINE  
DEVELOPMENT CORP.

# ALASKA LNG: FINANCIALS UPDATE October 23, 2017



[www.agdc.us](http://www.agdc.us)

# SEPTEMBER FISCAL YEAR (FY) 2018 OPERATING BUDGET VARIANCE ANALYSIS

## Operating Expenditures by Account Fiscal Year

(\$000s)	Full FY18 Budget	FY18 YTD Actuals	FY18 YTD Budget	FYTD Variance (Under)/Over	Percent Spent
Personal Services	6,365	1,208	1,591	(383)	19%
Travel	600	126	150	(24)	21%
Services	2,771	585	693	(107)	21%
Commodities	650	89	163	(73)	14%
Depreciation		18	-	18	-
<b>Operating Total</b>	<b>\$ 10,386</b>	<b>\$ 2,027</b>	<b>\$ 2,597</b>	<b>\$ (570)</b>	<b>20%</b>

## Operating Variance Commentary:

### Variance Drivers:

- Personal Services- AGDC current In-House PCN headcount is 22 verses budgeted headcount of 27.
- Services –General Counsel position vacancy.

## Operating Expenditures by Dept. Fiscal Year

(\$000s)	Full FY18 Budget	FY18 YTD Actuals	FY18 YTD Budget	FYTD Variance (Under)/Over	Percent Spent
Executive	3,111	591	778	(187)	19%
Commercial	872	177	218	(41)	20%
External Affairs	1,329	191	332	(141)	14%
Legal	200	34	50	(16)	17%
Finance	1,390	252	348	(96)	18%
Admin Services	2,201	510	550	(40)	23%
IT Data Mgmt.	1,283	272	321	(49)	21%
<b>Operating Total</b>	<b>\$ 10,386</b>	<b>\$ 2,027</b>	<b>\$ 2,597</b>	<b>\$ (570)</b>	<b>20%</b>

Vacant positions need to be filled. As project activity intensifies the need will become more acute.

# SEPTEMBER 2017 CAPITAL BUDGET VARIANCE ANALYSIS

Capital Expenditures (\$000s)	Calendar Year		
	YTD Actuals	YTD Budget	YTD Variance
Regulatory/Program Management	12,880	28,420	(15,540)
Commercial	4,259	12,374	(8,115)
Communications	804	1,096	(292)
<b>Capital Total</b>	<b>\$ 17,943</b>	<b>\$ 41,890</b>	<b>\$ (23,947)</b>

Total Expenditures by Fund (Capital and Operating) (\$000s)		Calendar Year		
		YTD Actuals	YTD Budget	YTD Variance
AKLNG (1235)		15,933	36,707	(20,773)
ISG (1229)		2,010	5,184	(3,174)
<b>Capital Total</b>		<b>\$ 17,943</b>	<b>\$ 41,890</b>	<b>\$ (23,947)</b>
AKLNG (1235)	40% of Operating	2,692	3,116	(423)
ISG (1229)	60% of Operating	4,039	4,674	(635)
<b>Total Operating</b>		<b>\$ 6,731</b>	<b>\$ 7,790</b>	<b>\$ (1,059)</b>
AKLNG (1235)		18,625	39,823	(21,196)
ISG (1229)		6,049	9,858	(3,809)
<b>AGDC Total</b>		<b>\$ 24,674</b>	<b>\$ 49,680</b>	<b>\$ (25,006)</b>

## Capital Variance Commentary:

Variance Drivers:

### Regulatory

- Timing – Related to AFE activity ramp up and vendor engagement
- Elected Deferrals including:
  - EPC Contractor Selection
  - Legal Counsel
- Efficiency Gains
  - Use of internal resources for FERC comment responses
  - Continuity of effort with no work stoppages

### Commercial

- Timing – Related to AFE activity ramp up and vendor engagement
- Elected deferrals including:
  - Financial Advisor Selection
  - Legal Counsel
- Efficiency Gains
  - Use of internal resources for drafting of term sheets and LOIs
  - Continuity of effort with no work stoppages

Deferred activity will be executed as needed.

# SEPTEMBER 2017 CAPITAL EXPENDITURE DETAILS (CALENDAR YEAR)

Authorization for Expenditure (AFE) (\$0,000)	AFE Activity Group	AFE Activity Element	Actuals CY17 1Q	Actuals CY17 2Q	Actuals CY17 3Q	Total
Regulatory	Regulatory Core Activities	FERC	1,338	3,195	2,427	6,960
		AK LNG Cash Calls	1,179	55	0	1,234
		AKLNG Physical Asset Mgmt.	34	49	11	94
		Core Embedded Technical Team	966	1,160	956	3,082
		In State Gas Delivery	120	3	0	123
		SEIS	345	741	302	1,388
<b>Regulatory Total</b>			<b>3,981</b>	<b>5,203</b>	<b>3,696</b>	<b>12,881</b>
Commercial	Business Development	Agreements	698	151	1,113	1,962
		In-State-Gas	29	16	32	77
		Project Marketing	829	534	520	1,883
		Regulatory Support	28	1		30
	<b>Business Development Total</b>		<b>1,584</b>	<b>702</b>	<b>1,665</b>	<b>3,951</b>
	Project Finance	Equity Investor	0	97	0	97
		Project Financing / Analysis	71	64	75	210
<b>Project Finance Total</b>		<b>71</b>	<b>161</b>	<b>75</b>	<b>307</b>	
<b>Commercial Total</b>			<b>1,655</b>	<b>1,173</b>	<b>1,431</b>	<b>4,259</b>
Communications	Collateral	Marketing Material	0	28	65	93
	Msg Consistency & Transparency	Brand Identity	158	(14)	95	238
	Outreach	Engagement	0	7	12	19
	Tradeshows	AGDC LNG Promotions & Outreach	102	134	217	453
<b>Communications Total</b>			<b>260</b>	<b>154</b>	<b>390</b>	<b>804</b>
<b>Grand Total</b>			<b>5,896</b>	<b>6,531</b>	<b>5,516</b>	<b>17,944</b>

# SEPTEMBER 2017 FUND BALANCE AND EXPENDITURES

<b>Fund</b>	<b>Remaining Balance</b>	<b>CY 2017 Average Expenses/Month</b>
Instate (1229)	\$ 21,270	\$ 672
AKLNG (1235)	\$ 61,542	\$ 2,069
<b>Total</b>	<b>\$ 82,812</b>	<b>\$ 2,741</b>

Balance As of October 18,2017 including bank  
account balance.

Dollars in Thousands