

Commercial Update

Lieza Wilcox, VP Commercial and Economics
January 10, 2019



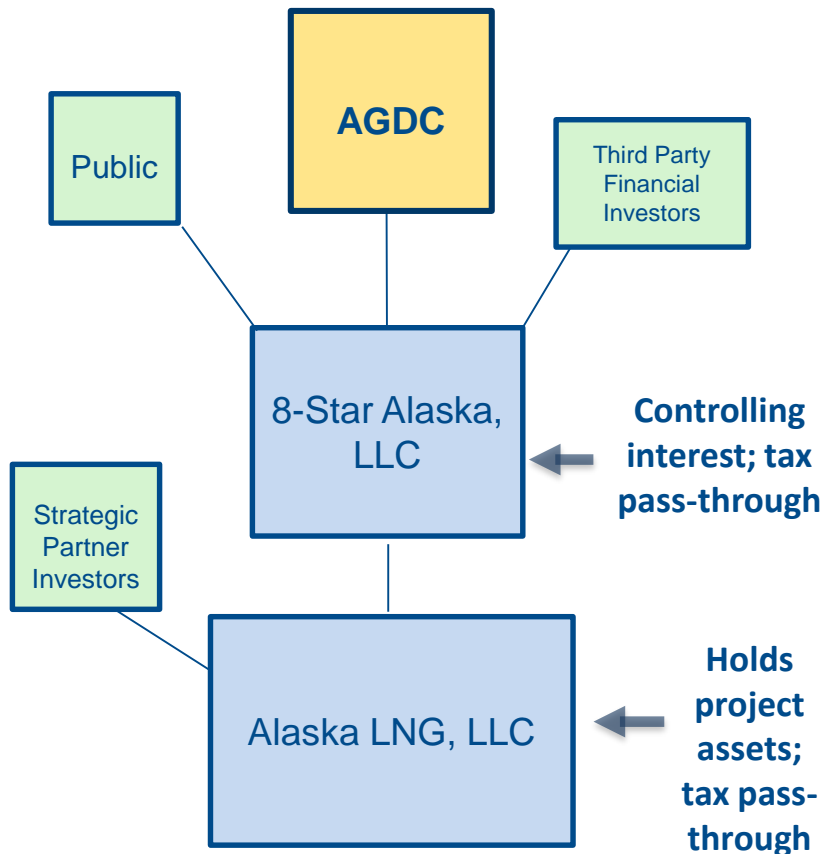
AGDC.us



- Contracts:
 - Binding term sheet agreements for the sale of gas with BP and ExxonMobil.
 - Despite macro trade challenges, continued to progress Joint Development Agreement negotiations.
 - Extended JDA to complete definitive agreements.
 - Completed upstream due diligence.
 - Moved Letters of Intent (LOIs) for sale and purchase of LNG into detailed term negotiations.
 - Project data due diligence conducted by several buyers.
 - Major buyer invited AGDC to participate in long-term tender.
 - 6 active Heads of Agreement negotiations.
 - Maintaining and developing other customer relationships to progress to definitive agreements.

- Finance:
 - Engaged Goldman Sachs and Bank of China as global capital coordinators.
 - Built a project finance model, tested through Goldman Sachs.
 - Nearly complete project equity pitch book.
 - Continuously supporting AGDC leadership and commercial team:
 - Evaluating finance structure options.
 - Testing price scenarios.
 - Modeling proposed contracts.
 - Cooperating with State agencies to align project assumptions.
 - Established 8-Star, LLC as project investment vehicle.

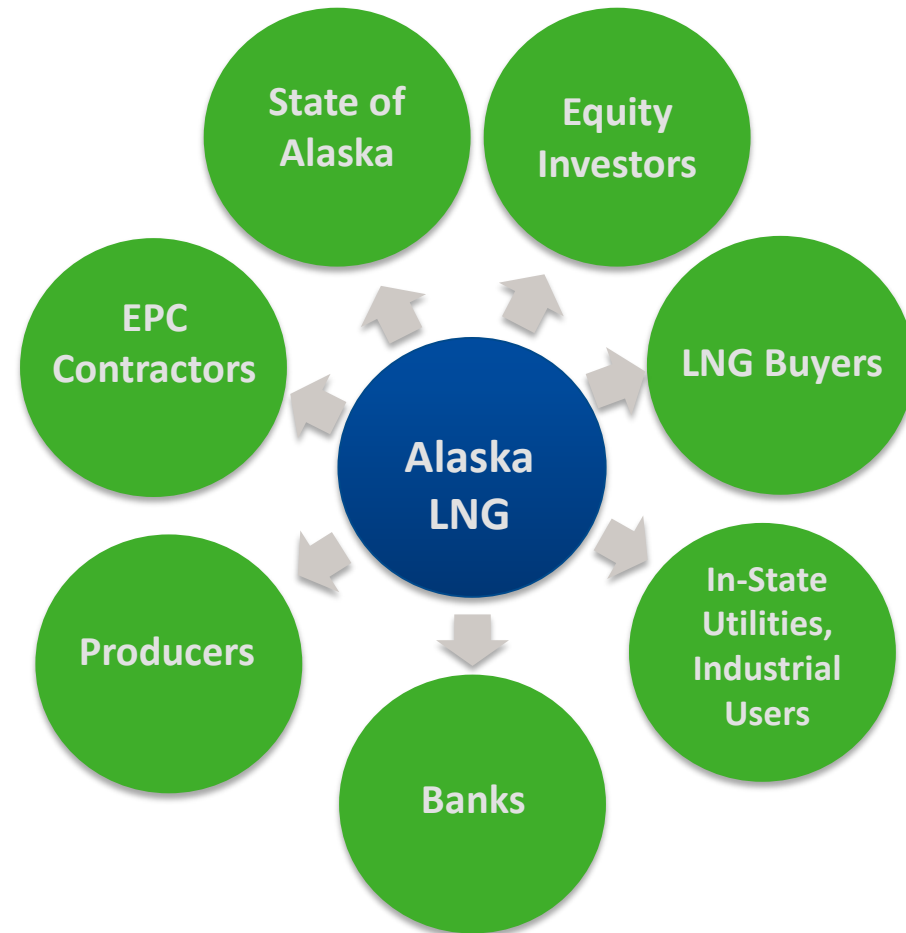
Project Structure



- Alaska's Legislature tasked AGDC with establishing the operating structure for a natural gas pipeline project.
- The Legislature empowered AGDC to create or acquire entities to carry out this task.
- The project has advanced to the point where potential LNG customers, investment bankers, and investors require understanding of the operating structure.
- There will be two new limited liability companies:
 - (1) 8-Star – controlled by AGDC.
 - (2) Alaska LNG – controlled by 8-Star.
- Tax pass-through LLCs preserve AGDC/State of Alaska tax-exempt status for project income.
- 8-Star will allow Alaskans and others to invest in the project at the appropriate time.
- Alaska LNG will construct, own, and operate the project.

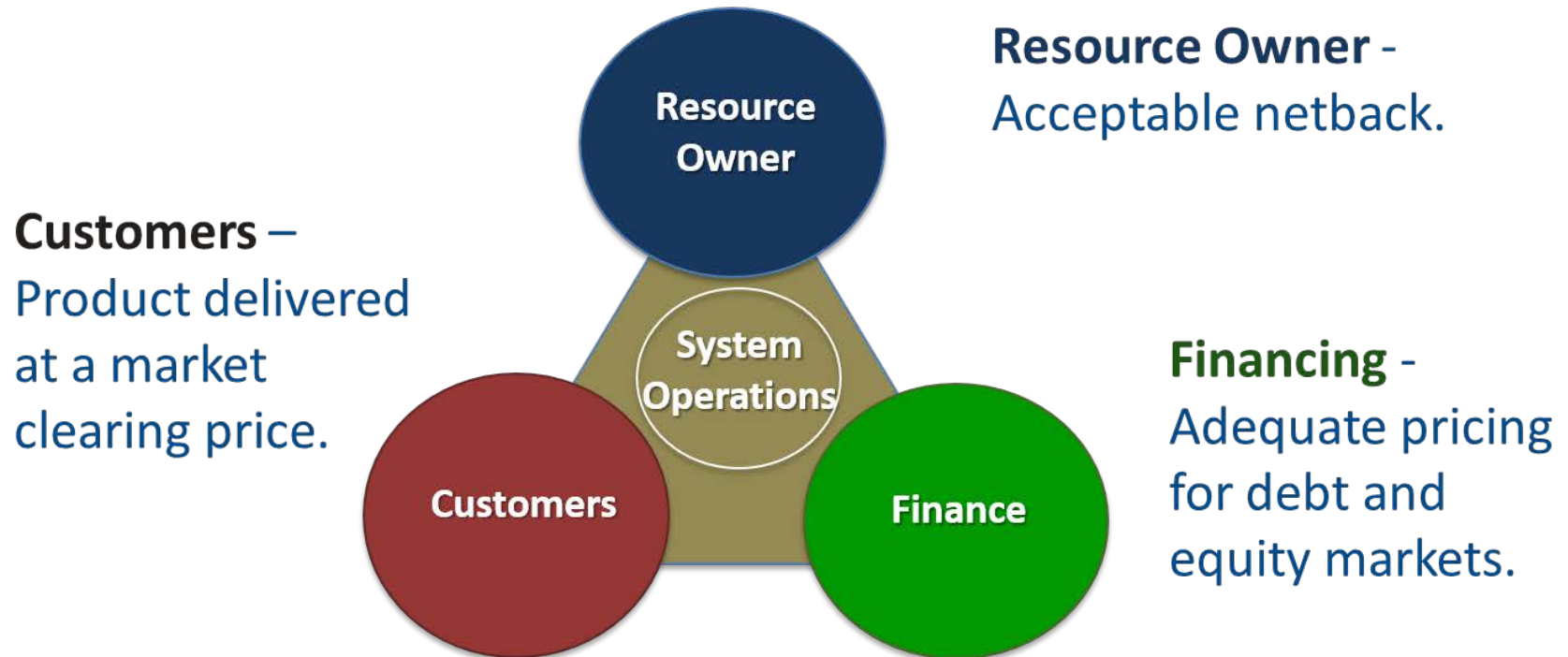
Project and Mission Success

- The mission of AGDC is to provide access to maximize the value of Alaska North Slope gas resource through development of infrastructure necessary to move the gas to local and export markets.
- Current Alaska gas demand constitutes less than 10% of the Alaska LNG export project as designed, and cannot be relied on to support a project economically.
- To bring the project to reality and provide in-state gas, an LNG anchor facility needs to be developed.
 - Leading the project means bringing all value chain participants together to find the successful balance.



Commercial Project Success

- All infrastructure and resource development projects have similarities.
- Three key drivers have to be balanced to make the project economic.



AGDC Contributions to the Project

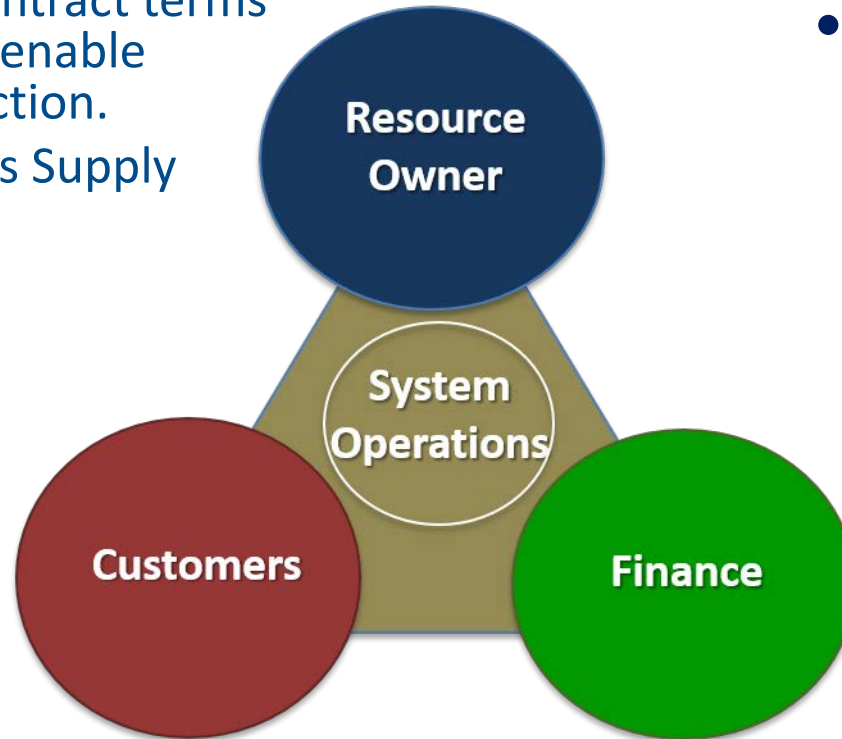
- Ability to drive and focus State of Alaska enablers:
 - Upstream Royalty/Tax considerations,
 - Payment in lieu of tax (PILT),
 - Decision to invest,
 - In-State gas demand,
 - ROW access,
 - State of Alaska's long-term resource development objectives.
- Access to tax benefits that help lower cost of supply.
- Relationship with sovereign governments and state-owned companies.
- Secure overall State of Alaska interests in the project.
 - Cooperate with State Legislature and Administration to find the appropriate level and structure of project participation.

- Gas Supply:

- Reach RIK contract terms with DNR to enable RIK/RIV selection.
- Conclude Gas Supply Agreements.

- LNG Buyers:

- Pursue definitive agreements for LNG sales.



- Finance:

- Raise strategic project equity.
- State of Alaska participation.
- Financial Investor road show.
- Conclude initial debt financing agreements.

- 2019 will focus on completing definitive agreements with off-takers, equity participants, and gas suppliers.
 - The key to further project development is securing offtake and gas supply agreements, which underpin financing.
 - Equity fundraising will follow a parallel path.
- State of Alaska's participation in the project is an important decision point.

Online - AGDC.us



@Alaska_LNG



@AKGaslineDevelopmentCorp



Technical and Regulatory Projects Report

Frank Richards, Senior Vice President of Program Management
January 10, 2019

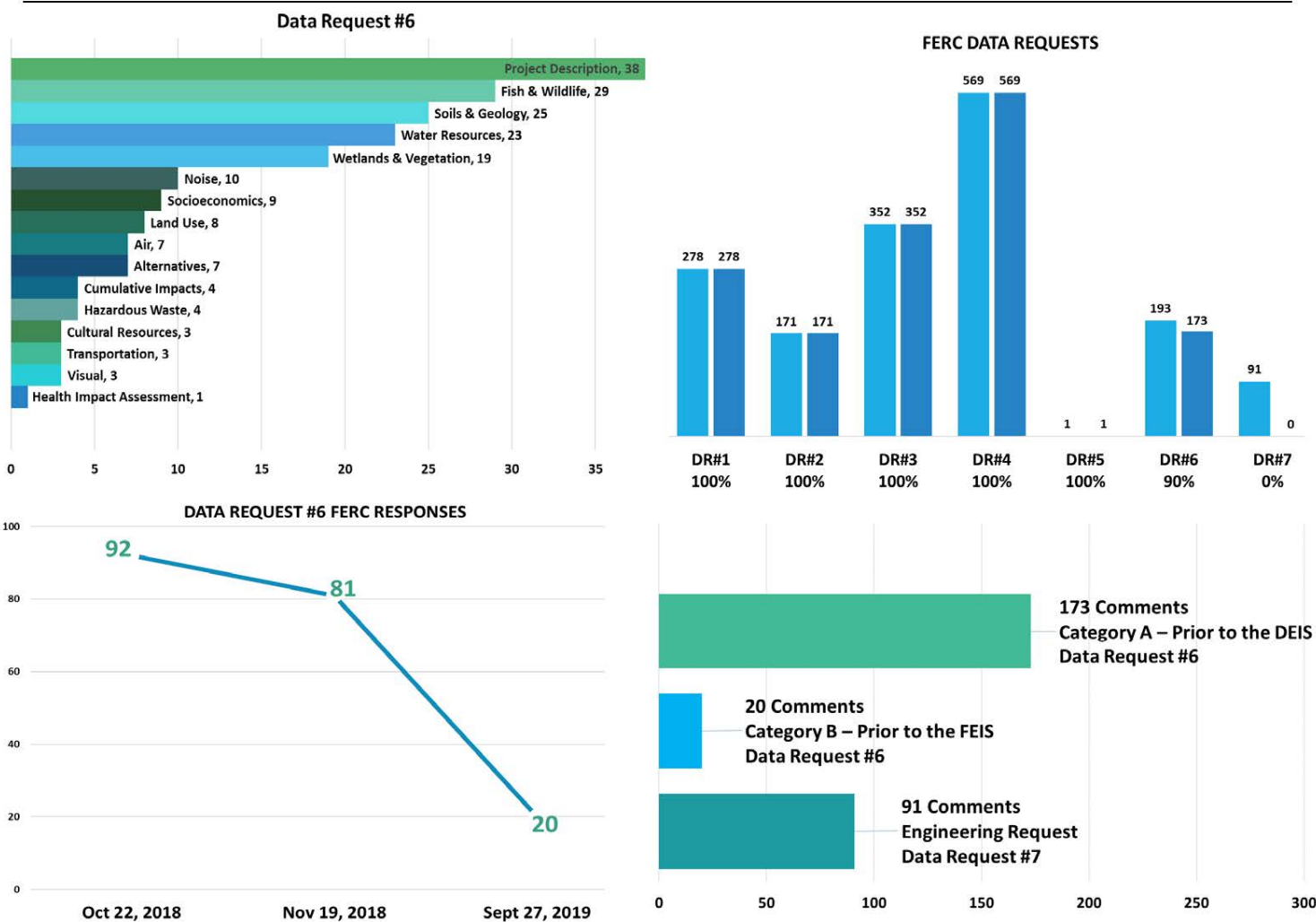


FERC Section 3 Application & EIS Process

- FERC Environmental Data Request #4:
 - Final submittal on October 30, 2018; Complete
- FERC Environmental Data Request #5 – hydraulic modeling request – complete.
- FERC Environmental Data request #6 – delivered October 2, 2018.
 - 193 FERC comments; 173 of 193 submitted with 20 remaining comment responses due prior to Final EIS.
- FERC Draft EIS – February 2019.
- FERC Engineering Data Request #1 – Received December 27, 2018.
 - 91 FERC comments: geotechnical design, process design, hazardous materials, fire protection, engineering standards, etc.

Updated: December 2018

FERC Data Requests – Dashboard



FERC Section 3 Application & EIS Process (Cont.)

- Procurement for 3rd Party Fire Protection contactor completed.
 - Proposals reviewed and scored by AGDC and submitted to FERC.
 - FERC reviewed proposals and selected Quest Consultants, Inc.
 - AGDC Task Order executed November 28, 2018.
 - Memorandum of Understanding (MOU) between FERC, AGDC and Quest Consultants, Inc. executed December 19, 2018.

Air Permits:

- Draft air permits for GTP expected May 2019 and for LNG expected August 2019.

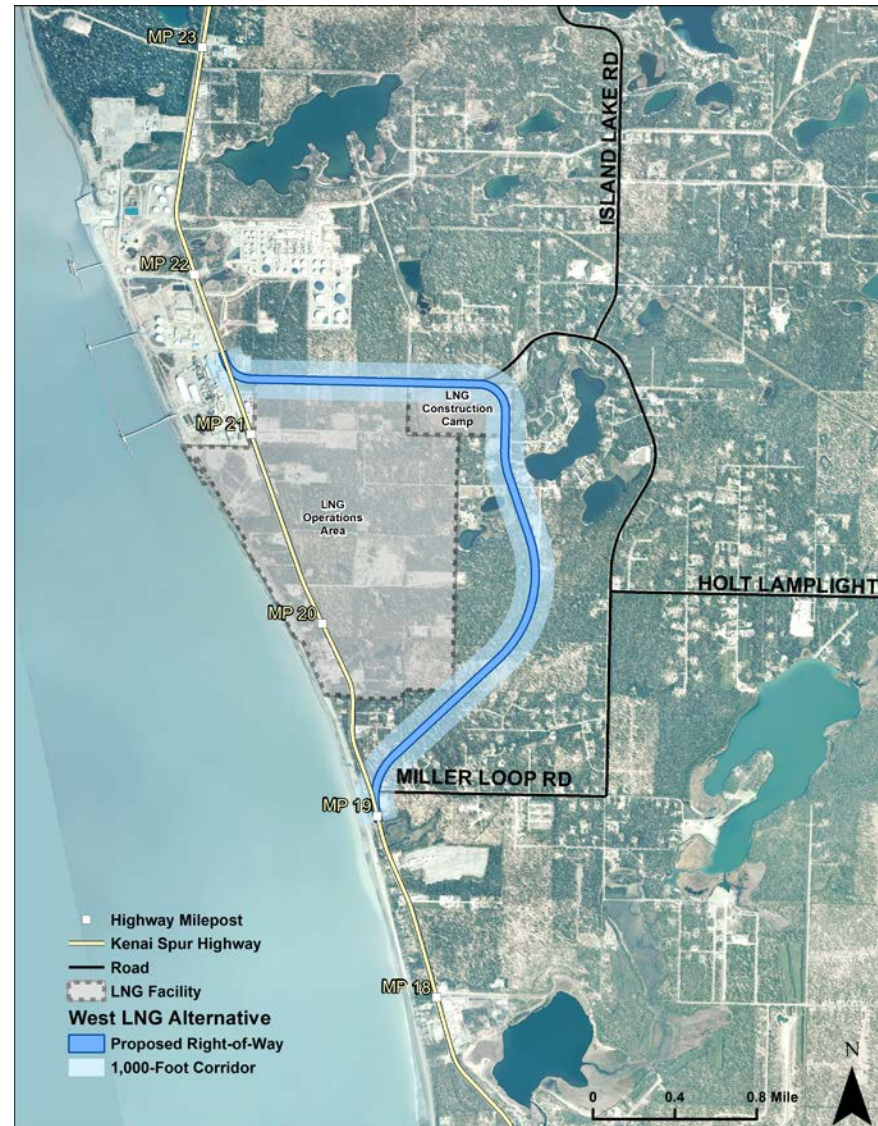
PHMSA:

- Federal Register publication of conditions for 4 special permits expected April 2019:
 - Mainline Block Valve (MLBV),
 - Strain Based Design (SBD),
 - Crack Arrestor (CA),
 - Three Layer Polyethelene (3LPE).
- Pipe-in-Pipe special permit expected December 31, 2019.
- Design Spill Package permit expected February 2019.

USCG Bridge Permits:

- Transmitted all USCG Bridge Permits on December 19, 2018; Public Notice of Applications expected March 2019.

- Lounsbury and Associates finalized and delivered Kenai Spur Highway 30% Plans, Specs and Estimate (PS&E) package.
- Initial roadway design complete and includes:
 - Horizontal/Vertical Alignment,
 - Optimized highway curves,
 - Refinement to reduce ROW impacts.
- 30% PS&E package, Design Study Report (DSR), Alternative Delivery memo, Environmental Constraints Analysis and all other deliverables transmitted on schedule to AGDC on December 20, 2018.



Environmental, Regulatory and Land (ERL) and Engineering:

- U.S. Army Corps of Engineers (USACE) published Final Supplemental Environmental Impact Statement (SEIS) – June 22, 2018.
- Cultural Resources working group meeting held October 19, 2018 required significant re-work on the ASAP Programmatic Agreement (PA).
- Final Programmatic Agreement (PA) signed early December 2018 by all Signatories.
- USACE and BLM to have signed joint Record of Decision (ROD) December 2018.
- Bureau of Land Management (BLM) anticipates issuance of a Federal Grant of Right-of-Way (ROW) February 2019.

Presentations:

- University of Alaska Board of Regents Academic & Student Affairs Committee – November 1, 2018.
- CIRI Tikahtnu Forum – November 9, 2018.
- Wasilla Chamber of Commerce – December 4, 2018.

Meetings:

- Alaska LNG Project Advisory Committee – November 14, 2018 and December 4, 2018.
- Community Advisory Council – November 14, 2018.
- Alaska Municipal League Roundtable – November 15, 2018.
- Nikiski Community Council – November 19, 2018.
- Multiple meetings with Ahtna, Inc. – November/December 2018.

ASAP Project:

- Joint Record of Decision – Army Corps of Engineers and BLM – January 2019
 - After BLM furlough
- Section 404 Permit – Army Corps January 2019
- Highway Use Agreement – DOT&PF January 2019
- Federal Right-of-Way Grant – BLM March 2019
 - Denali National Park application – March 2019

Alaska LNG Project:

- Draft Environmental Impact Statement – February 2019
- Public meetings – April 2019
- AGDC review and comment on DEIS
- Timely response to additional FERC data requests
- Potential summer field work – cultural resources, geotechnical, etc.
- Final Environmental Impact Statement – November 2019
- ROW discussions with private landowners
- State permit applications

- **Optimize project design basis in line with commercial agreements.**
- **Develop contracting strategy to define and mitigate owners risk**
- **Refine project execution strategy for ASAP and Alaska LNG:**
 - **Detail responsibilities: designs, permits, constructs, and operates the Project.**
- **AGDC's Project Management Team (PMT) will be the Owner's organization to oversee the Project and implement systematic compliance assurance process.**
- **Determine role of Alignment Partners in PMT**
- **Contract Program Management Contractor (PMC) to augment the Owner's management team and provide:**
 - Engineering standards.
 - Project management systems and tools.
 - Integration & interface management.

Contracting Strategy: Pipeline

- **Pre-qualify EPC Management (EPCM) contractors for the mainline pipeline.**
- **Pre-qualify Alaskan contractors for pipeline and civil construction**
- **Approve a contracting strategy to single source with an open book negotiation of an EPCM Contract, or:**
 - Competitively bid the EPCM work with minimum three EPCM contractors.
- **If the successful EPCM contractor was not the original author of the Pre FEED/FEED work, then EPCM shall verify and take ownership of documentation.**
- **EPCM and AGDC to reach agreement of the risk allocation and terms and conditions in preparation for contract execution at FID.**
- **Contract price as a lump sum where scope definition is sufficient; provisional sums for less well defined scope of work.**
- **EPCM to prequalify and award subcontracts for the mainline construction, Fairbanks lateral and connecting transmission lines.**

Contracting Strategy: N Slope and LNG Plants

- **Pre-qualify Engineering, Procurement and Construction (EPC) contractors for the Gas Treatment and LNG plants.**
- **Approve a contracting strategy to single source with an open book negotiation of an EPC Contract, or:**
 - Competitively bid the EPC work with minimum three EPC contractors.
- **If the successful EPC contractor was not the original author of the Pre-FEED/FEED work, then EPC shall verify and take ownership of documentation.**
- **EPC and AGDC to reach agreement of the risk allocation and terms and conditions in preparation for contract execution at FID.**
- **Contract price as a lump sum where scope definition is sufficient; provisional sums for less well defined scope of work.**

Initial 12-Month Execution Scope

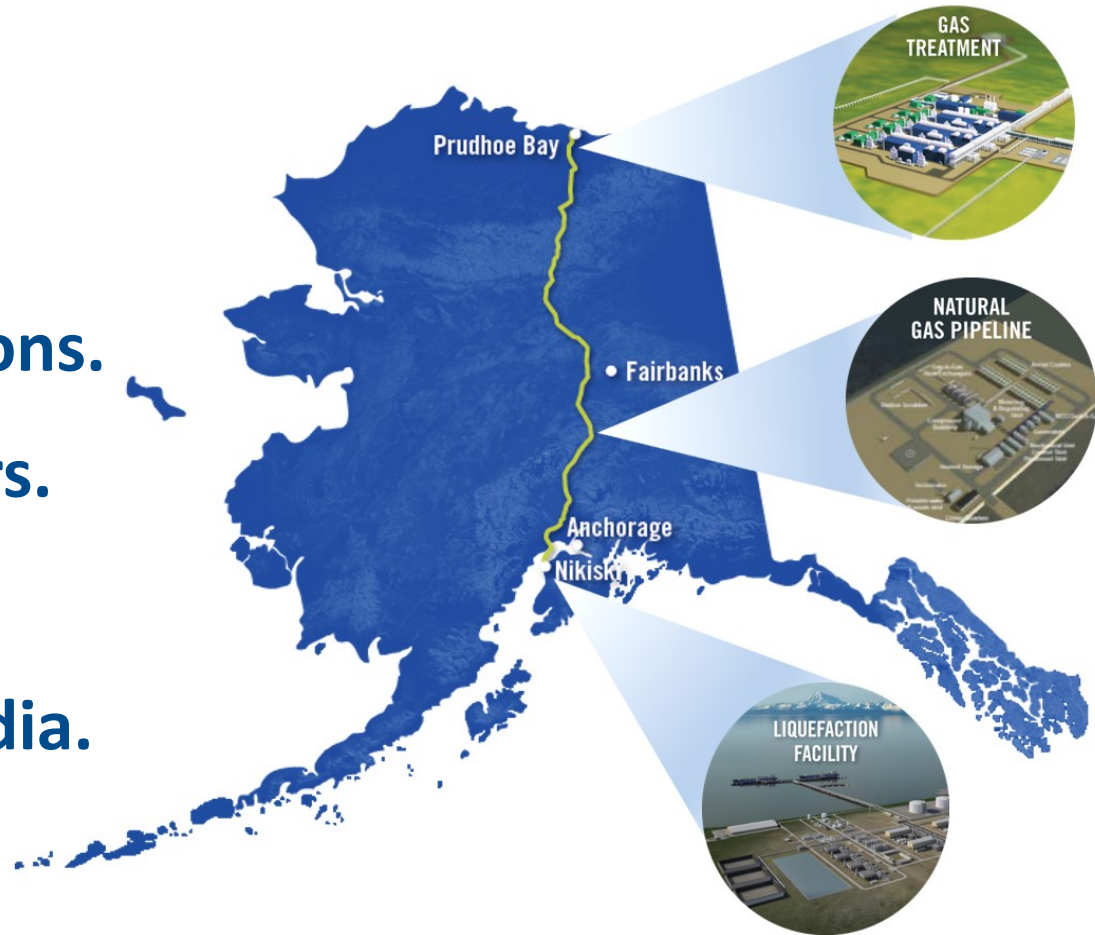
- **Formation of Project Management Team (PMT).**
- **Environmental, Regulatory, & Lands (ERL).**
- **Gas Treatment Engineering.**
- **Pipeline Engineering.**
- **LNG Engineering**
- **Pipeline Survey.**
- **Early Works:**
 - Module Fabrication Mobilization.
 - Long Lead Self Propelled Modular Transports.
 - West Dock Upgrades & Bridge Bypass.
 - Fuel Storage & Dispensing.
 - Communications Backbone Systems.

Communications Update

Tim Fitzpatrick, VP External Affairs & Government Relations
Donna Bach, Director of Alaska Native Affairs
January 10, 2019



- Media Relations.
- Marketing.
- Government Relations.
- Alaska Native Affairs.
- Coalition.
- Social & Digital Media.



Rapid Response:

- 28 media inquiries since prior board meeting (11/8).

Business/Economy

Tariff pause doesn't alter talks with China on Alaska LNG, officials say

Author: Elwood Brehmer, Alaska Journal of Commerce Updated: December 5 Published December 5

Alaska Gasline Development Corp. officials believe the recent announcement of a 90-day pause on new tariffs between the U.S. and China is a positive development, but it has not changed their broader approach to reaching firm agreements with their Chinese counterparts.



President Donald Trump with China's President Xi Jinping during their bilateral meeting at the G20 Summit, Saturday, Dec. 1, 2018 in Buenos Aires, Argentina. (AP Photo/Pablo Martinez Monsivais)

AGDC spokesman Jesse Carlstrom said the leaders of the state agency have continued to monitor what they refer to as the "trade friction" between the countries, which they view as short-term, while Alaska LNG is a generational project.

They have remained consistent in their view of the U.S.-China trade dispute while working to finalize deals to underpin the Alaska LNG Project with three of China's largest companies.

Anchorage Daily News, 12/5/18

17 DECEMBER 2018 COMMENT

Alaska Gasline Development Corp leads capex in North America

By GlobalData Energy

SHARE



On the midstream side, AGDC is expected to lead gas processing segment in terms of new-build capex. Credit: Courtesy of Luca Galuzzi (Lucag)

GlobalData's latest report, [Top Oil and Gas Companies Capital Expenditure Outlook for Midstream and Downstream Segments in North America – Alaska Gasline Development Corp Leads Capex among Companies in Region](#) states that Alaska Gasline Development Corp (AGDC), Canada Stewart Energy Group Ltd and NextDecade Corp are the top spenders among all oil and gas companies in North America, in terms of new-build capital expenditure (capex) to be spent on planned and announced projects across midstream and downstream segments (including petrochemicals) during 2018–2025. AGDC tops the list with capex of \$37.3bn expected to be spent on four oil and gas projects in North America. Canada Stewart Energy and NextDecade Corp follow, with capex of \$30.3bn (three projects) and \$28.4bn (four projects), respectively.

Hydrocarbons Technology, 12/17/18

Upcoming trade shows/events: generate exposure, engage, educate, and recruit Coalition members.

- KPEDD Industry Outlook Forum (Jan 9).
- The Alliance/Meet Alaska Show (Jan 18).
- World Trade Center Alaska-China Conference (Jan 24).
- Alaska State Chamber Fly-in (Jan 30-31).



Raising in-state awareness of Alaska LNG and AGDC.

- ***Alaska Business Monthly***
“Power List” January Issue.
 - Mailed to all subscribers.
 - Distributed to top executives in the Power List.
 - Year-round distribution at conferences, trade shows, meetings, and newsstands.



**ALASKA'S
OPPORTUNITIES**

RESOURCE DEVELOPMENT

Alaska LNG will be the biggest economic driver in Alaska since the Trans Alaska Pipeline was built. Beyond the direct positive impacts to the construction industry and support sectors, the project will create opportunity for new resource projects including mines, and other commercial opportunities. Alaska LNG will launch economic development and opportunity for the next generation.



ALASKA LNG™

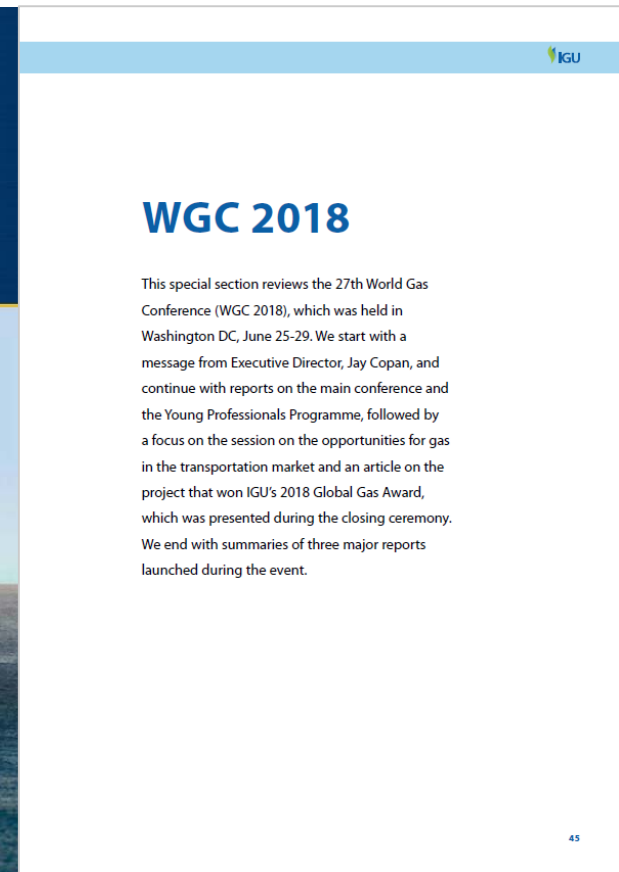
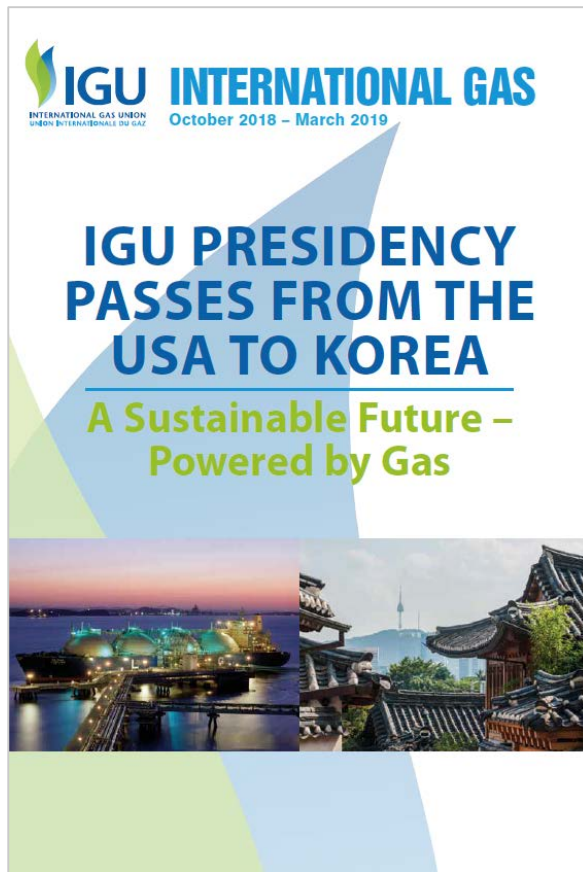
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DEVELOPMENT CORP. 

Raising global awareness of Alaska LNG and AGDC.

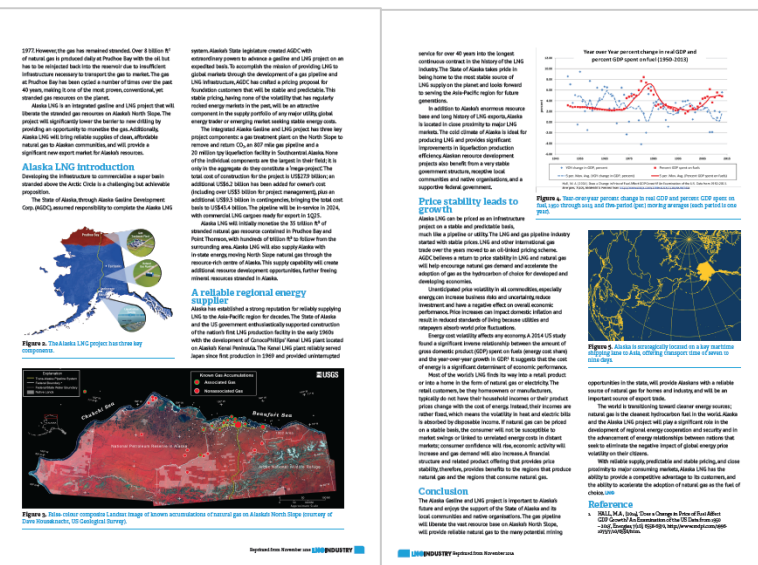
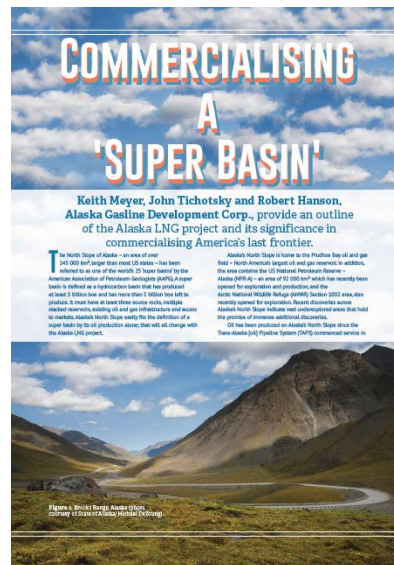
- IGU Magazine (Oct 2018/March 2019)



Raising global awareness of Alaska LNG and AGDC.



- LNG Industry Magazine (Nov):
 - Alaska LNG featured on the cover.
 - 4-page article highlighting Alaska's North Slope "Super Basin".



- **Federal regulatory engagement and support.**
 - Provide Alaska LNG project information to Governor Dunleavy for use during December 13 meeting with President Trump; specifically addressed:
 - U.S. Benefits.
 - Alaska Benefits.
 - Alaska's Competitive Advantages.
 - Assist regulatory team with federal agency interaction.
 - Coordinate CODEL comments for AGDC project announcements.

- **Ongoing state legislative engagement.**
 - Ongoing outreach to Legislators.
 - Monitor what is being said about the Alaska LNG project.

Sen. Hoffman on KYUK
(12/26/18)

Hoffman: "Crime. That seems to be a big issue in Anchorage, Fairbanks, and other areas; Senate Bill 91. So that's going to receive a lot of attention. The other third rail that is going to receive a lot of attention is what are we going to do with the gas line. Over the last eight years, we spent over \$1 billion in studies and working towards permits. So, we have the Alaska LNG line that I think we need to make sure we get permits for. We're really close to that, and it's going to take some \$20 million in order to accomplish that."

- Apprise Legislative Leaders ahead of project announcements.
- **State intergovernmental relations:**
 - Coordinate messaging with Governor's communications staff.
 - Resume weekly stakeholder call with AGDC and state agencies.

- **Resolution Passed by Alaska Federation of Natives.**
 - Resolution sponsored by ASRC, CIRI, Doyon and Ahtna.

<div data-bbox="117 529 193 596"> </div> <div data-bbox="297 521 477 565"> <p>ALASKA FEDERATION OF NATIVES 2018 ANNUAL CONVENTION RESOLUTION 18-16</p> </div> <p>TITLE: CALLING ON AFN TO WORK WITH THE ALASKA GASLINE DEVELOPMENT CORPORATION (AGDC) TO ENSURE COOPERATION BETWEEN ALASKA NATIVES AND THEIR RESPECTIVE ECONOMIC INTERESTS TO PROVIDE TO AGDC SUBJECT MATTER EXPERTISE AND SUPPORT SERVICES TO ADVANCE AGDC'S WORK</p> <p>WHEREAS: The Alaska Federation of Natives (hereinafter "AFN") is a body of members of full sovereign nations and Alaska's economic interests; and</p> <p>WHEREAS: The AFN is a distinct entity representing Alaska's rich ethnic and cultural groups and interests in dealing with critical issues of public policy and government; and</p> <p>WHEREAS: AGDC is developing the Alaska natural gas pipeline and LNG export project "Project" as defined in AS 31.25.005(5) to provide a future economic benefit to the State of Alaska, and the Native community through the commercialization of stranded North Slope gas resources, lower energy costs and meaningful employment opportunities to all Alaskans, and overall improvement in the Alaskan economy; and</p> <p>WHEREAS: AGDC intends to procure, or cause to be procured, services, labor, products, and natural resources from qualified businesses located throughout Alaska, including organizations owned by Alaska Natives, regional corporations, village corporations, tribal organizations and municipal organizations; and</p> <p>WHEREAS: AGDC intends to encourage the hiring of qualified residents from throughout Alaska for management, engineering, construction, operations, maintenance, and other positions for the design, construction and operation of the Alaska natural gas pipeline and LNG Project; and</p> <p>WHEREAS: AGDC intends to seek rights-of-way from Alaska Native land owners which will impact the cultural and traditional practices, and economic development for Alaska Natives; and</p> <p>WHEREAS: AFN is informed of the provisions of the SB138 and the articles of the 28th Legislature of the State of Alaska's mandate for the "Alaskans First" provision of the statute, understanding there are many rural communities in the State where it is not economically feasible to transport gas for local use; and</p> <p>WHEREAS: AFN acknowledges the intent behind the creation of AS 37.05.610 by the Alaska State Legislature in forming the Alaska Affordable Energy Fund is to "maximize</p>	<p>the benefit of the people of the State" for those not directly along the project route to apply for future rural energy infrastructure projects in the future; and</p> <p>WHEREAS: AFN has a deep rich history of members who have advocated for the responsible stewardship of land, natural resources and critical economic issues as it pertains to public policy and collaboration with government entities in order to best highlight capabilities that can be used to advance the Alaska natural gas pipeline and LNG export project; and</p> <p>WHEREAS: AFN supports AGDC's effort to develop the Alaska natural gas pipeline and LNG export project and desires to share in the economic benefits of the project through services, employment, and other means as it pertains to Alaska's economy and the AFN delegation's interests in promoting the cultural, economic and political voice for the entire Alaska Native community.</p> <p>NOW, THEREFORE, BE IT RESOLVED the Alaska Federation of Natives supports the continued work of the Alaska Gasline Development Corporation (AGDC) to ensure cooperation between Alaska's First People and AGDC in determining how the greater Alaska Native community's subject matter expertise, talent capabilities, labor force, and subsidiary or affiliate companies can be used to support the development requirements necessary to advance AGDC's work and build the Alaska natural gas pipeline and LNG export project; and</p> <p>BE IT FURTHER RESOLVED, the Alaska Federation of Natives encourages AGDC to continue its cooperation and engagement with Alaska Natives and to employ and engage Alaska Native subject matter expertise, talent, capabilities, workforce, and subsidiary or affiliate companies to advance AGDC's work and build the Alaska natural gas pipeline and LNG export project; and</p> <p>BE IT FURTHER RESOLVED, the Alaska Federation of Natives encourages AGDC to continue its cooperation and engagement with Alaska Native landowners and tribes, to provide fair and equitable compensation for the use of their lands, to protect encumbered lands from trespass, and to restore any impacted lands to their natural state.</p> <p>BE IT FURTHER RESOLVED, that AFN calls for the provisions of the five off-takes for Alaska energy, and for the use of Alaskans as provided for in the development of the Alaska Stand-Alone Pipeline (ASAP) project) also be provided for in the development of the AGDC ADLNG project, and that AGDC works with landowners and tribes to assist in identifying placement of the off-takes; and</p>	<p>BE IT FURTHER RESOLVED, that AFN with advocate for ANC and tribal participation in the development of regulations which would manage the Alaska Affordable Energy Fund, to ensure rural Alaskans and tribal communities benefit equitably from the Alaska gas line.</p> <div data-bbox="1329 639 1400 706"> </div> <div data-bbox="1406 654 1541 716"> <p><i>Julie Kitka</i> Julie Kitka President</p> </div> <p>SUBMITTED BY: ARCTIC SLOPE REGIONAL CORPORATION COOK INLET REGION, INC. DOYON, LIMITED AHTNA, INC.</p> <p>COMMITTEE ACTION: RECOMMEND SEND TO CONVENTION FOR CONSIDERATION</p> <p>CONVENTION ACTION: AMENDED AND PASSED</p>
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- Coalition of 40 diverse, business & labor groups:

COALITION BENEFITS

AGDC provides the Alaska Gasline Coalition with regular project updates and highlights opportunities for Alaskans to get involved in moving Alaska LNG forward.



Email the Coalition

Learn more about the Alaska Gasline Coalition and how your organization can get involved.

CURRENT MEMBERS

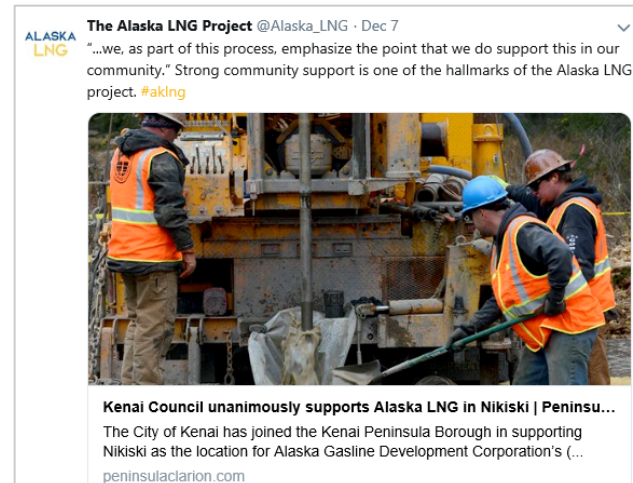
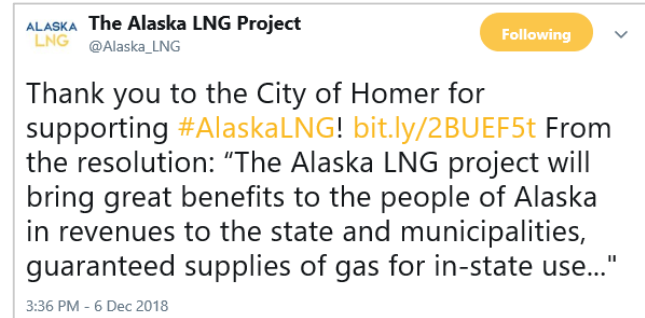
Airport Equipment Rentals (AER)	Frontier Supply Company
Alaska AFL-CIO	GCI
Alaska Crane	GHEMM Company, Inc.
Alaska Land Status	Homer Ocean Charters
American Marine International	Kenai Peninsula Builders Association (KPBA)
Anchorage Chamber of Commerce	Laborers' Local 341
Anchorage Economic Development Corporation (AEDC)	Laborers' Local 942
Arctic Slope Regional Corporation (ASRC)	Logistics, LLC
Aspen Hotels of Alaska	Merrick Alaska
Bilista / Brice Companies	National Electrical Contractors Association (NECA) - Alaska Chapter
BDO	Northern Air Cargo, Inc.
Brilliant Media	Northern Air Maintenance Services, Inc.
Building-Construction Trades Unions Fairbanks	Pape Kenworth Alaska
Calista Corporation	Plumbers & Pipefitters, Local 375
Construction Industry Progress Fund (CIPF)	Seward Chamber & CVB
Cruz Companies Alaska	Skylar Travel
Doyon Limited	Soldotna Chamber of Commerce
EXP	STG Incorporated
Fairbanks Central Labor Council, AFL-CIO	Waste Management
Fairbanks Economic Development Corporation (FEDC)	World Trade Center

- **Supporting Community Advisory Council (CAC).**

- Next meeting scheduled for January 17.

- **Generating Resolutions of Support:**

- Alaska Federation of Natives (18-16).
- Kenai Peninsula Borough (2018-0-45).
- Kenai Peninsula Economic Development District (KPEDD).
- Kenai Chamber of Commerce & Visitor Center (2018-03).
- City of Soldotna (2018-047).
- City of Seward (2018-097).
- City of Homer (18-091).
- City of Seldovia (19-09).
- City of Kenai (2018-65).

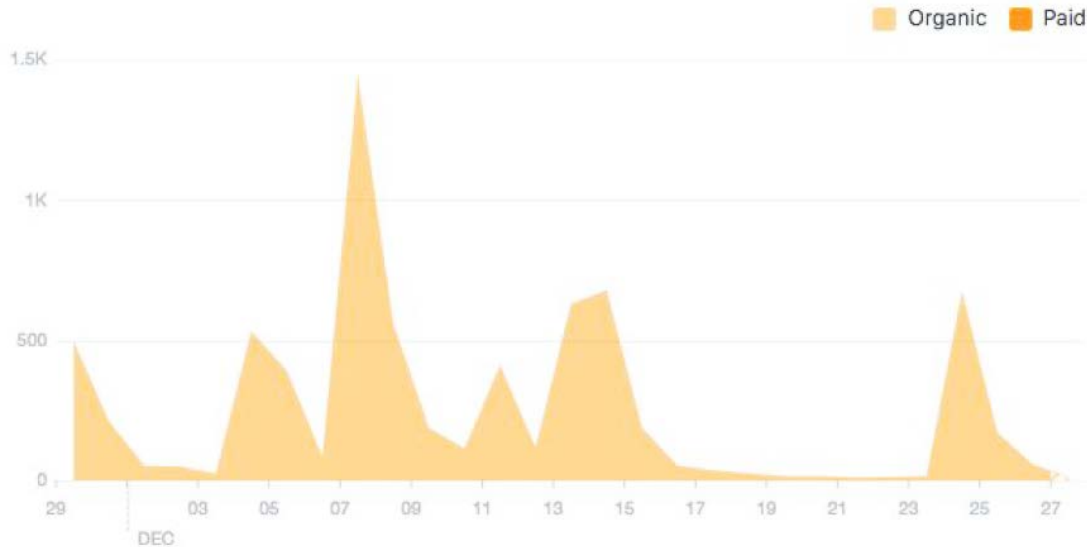


Facebook

*Small but growing influence.
Audience growth up 0.2%.
Engagements: 1,017.*

Post Reach

The number of people who had any posts from your Page enter their screen. This number is an estimate.



Twitter

*Profile visits up 12.7%.
Audience growth up 11%.
Engagement Rate: 2.1%.*

Top media Tweet earned 182 impressions

The Alaska Gasline Coalition is growing! Eleven Alaskan businesses from across the state just joined the effort to support the Alaska LNG project. Your organization can join, too! Learn more at: agdc.us/coalition/ [#AlaskaLNG pic.twitter.com/PPtjtOJKCZ](https://pic.twitter.com/PPtjtOJKCZ)



Get Involved.
Get Ready.
Get Engaged.



AGDC.us



Financial Update

January 10, 2019



Expenditures and Projected Funds

Reporting Period January 2017 to June 2019

Quarterly Project Spend (\$0,000) Major Activities	Actuals (Jan17-Nov18) 23-Months	1-Month			Total Spend
		FCST 2Q FY19	FCST 3Q FY19	FCST 4Q FY19	
Regulatory (FERC)	32,106	1,200	3,900	6,200	43,406
Commercial (Agreements)	13,359	750	2,300	2,400	18,809
Project Finance	1,360	170	500	700	2,730
Communications	2,076	100	300	450	2,926
AGDC Corporate (Operating)	17,493	700	2,400	2,500	23,093
Total Monthly	66,394	2,920	9,400	12,250	90,964
Period Monthly Burnrates	2,887	2,920	3,133	4,083	

Estimated Spend.



Projected Fund Balance Fund	(Nov 2018) Ending Balance	FCST 2Q FY19	FCST 3Q FY19	FCST 4Q FY19
AKLNG Total	39,750	36,830	27,430	15,180
ASAP Total	0			
Remaining Balance	39,750	36,830	27,430	15,180

Estimated Balance.



Notes:

Operating Budget Variance Analysis

Actuals Reporting Period July 2018 to November 2018 (FY19)

Fiscal Year

Operating Expenditures (\$000s)	Full FY19 Budget	FY19 YTD Actuals	FY19 YTD Budget	FYTD Variance (Under)/Over	Percent Spent
Account					
Personal Services	6,096	2,182	2,540	(358)	36%
Travel	500	86	208	(122)	17%
Services	3,240	1,146	1,350	(204)	35%
Commodities (Office/IT Supplies etc.)	550	166	229	(63)	30%
Depreciation		6	-	6	-
Operating Total	\$ 10,386	\$ 3,585	\$ 4,330	\$ (745)	35%

Variance Drivers

Personal Services- AGDC in-house full time PCN headcount is 20 verses budgeted headcount of 25.

Fiscal Year

Operating Expenditures (\$000s)	Full FY19 Budget	FY19 YTD Actuals	FY19 YTD Budget	FYTD Variance (Under)/Over	Percent Spent
Department					
Executive Team	3,189	1,159	1,529	(370)	36%
Commercial Team	854	287	356	(69)	34%
External Affairs Team	1,386	314	378	(64)	23%
Legal Team	275	69	115	(46)	25%
Finance Team	1,269	438	529	(91)	35%
Admin Services Team	2,147	861	895	(34)	40%
IT Data Mgmt Team	1,266	457	528	(71)	36%
Operating Total	\$ 10,386	\$ 3,585	\$ 4,330	\$ (745)	35%

Variance Commentary –

AGDC currently has five full time PCN vacancies. The vacant positions account for 45% of the operating budget underrun (\$358K). The remaining 55% of the underrun is due to timing of travel and services (\$384K). AGDC expects to fill the vacancies when project financing is obtained.

Notes:

Expenditure Variance Analysis

Reporting Period January 2017 thru November 2018

AFE Expenditures (\$000s)	AFE ITD Actual Spend 23-Months	AFE ITD Budget 23-Months	Variance
Regulatory/Program Management	32,106	34,735	(2,629)
Commercial	14,720	17,292	(2,572)
Communications	2,076	2,388	(312)
Operating (Non-AFE)	17,512	18,257	(745)
AGDC Total	\$ 66,414	\$ 72,672	\$ (6,258)

Variance Drivers

Significant austerity program was implemented to extend use of allocated funding.

Regulatory Variance Drivers:

- Timing of FERC related activities (-\$0.459 MM)
- Timing of Core Regulatory activities (-\$2.17 MM)

Efficiency Gains:

- Use of internal resources for FERC comment responses.
- Continuity of effort with no work stoppages.
- Team Optimization

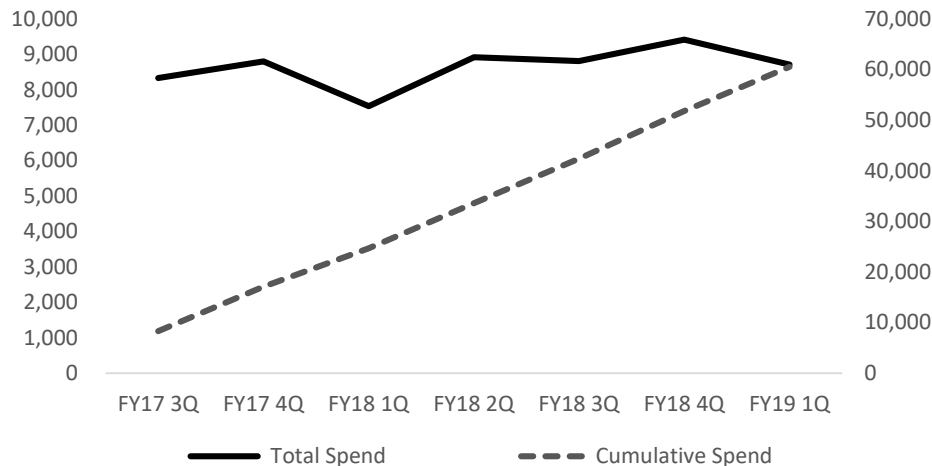
Commercial Variance Drivers:

- Timing of Core activities (-\$0.689 MM)
- Timing of Financing activities (-\$1.88 MM)

Efficiency Gains:

- Use of internal resources for drafting of key agreements.
- Continuity of effort with no work stoppages.

Quarterly Spend Profile (\$0,000)



Notes:

AFE-Authorization For Expenditures (Board Approved).
ITD-Inception To Date. Budget values include contingency.
Chart above includes full complete quarters only

FY20 Operating Budget Review

January 10, 2019



FY20 Operating Budget

- AGDC Management is requesting board approval of the FY20 Operating Budget
- AGDC submitted “status quo” FY20 Operating budget to OMB
- Current FY19 headcount is 25 including five vacancies
 - Pipeline Engineer
 - SPA Negotiations Manager
 - LNG Distribution Specialist
 - VP, Finance
 - HR Specialist
- Vacant Positions will be filled during project ramp-up

Notes:

Operating Budget FY19 vs FY20

AGDC Operating Budget (\$0,000)	2019 Auth	2019 Proj	2020 Governor's Proposed
Personal Services	\$ 6,096	\$ 5,900	\$ 6,236
Travel	\$ 235	\$ 500	\$ 235
Services <i>(Lease, Contractual, etc.)</i>	\$ 3,805	\$ 3,486	\$ 3,665
Commodities* <i>(Office & Supplies)</i>	\$ 250	\$ 500	\$ 250
Component Total:	\$ 10,386	\$ 10,386	\$ 10,386

Full Time Component Positions (PCN): 25 25 25

Budget Assumptions Include:

- ✓ PNC headcount flat to FY19
- ✓ Budget includes 4% vacancy rate (-\$266K)
- ✓ FY18 actual vacancy rate 14% (\$875K)
- ✓ Employee contribution to health insurance premium 5% (-\$62K)

Notes:

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Get Ready.
Get Engaged.



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