

AGDC President's Report Joe Dubler

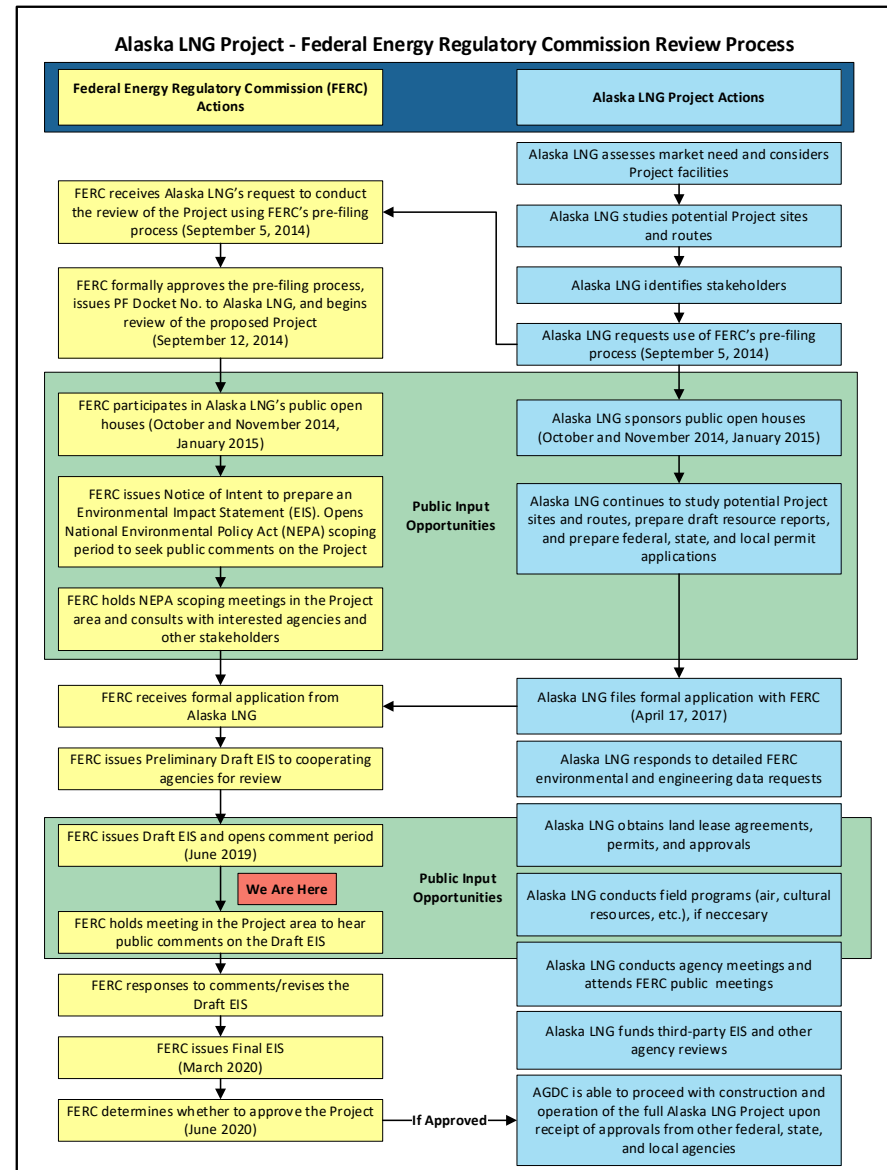
August 8, 2019



- AGDC reorganization announced July 10
- Reflect primary focus: completing FERC authorization, scheduled for June 2020
- Reducing staff, contractors and FY20 scope of work accordingly
- FERC authorization opens door to additional potential parties, de-risks Alaska LNG
- Continue to represent State of Alaska role as a sovereign
- Look to other parties to unlock value and manage risk associated with Alaska LNG; AGDC to assist where possible as representative of SOA's sovereign role

- Alaska LNG Project Draft Environmental Impact Statement (DEIS) published June 28 is 3,674 pages, including appendices and map sets
- Technical review for completeness, accuracy, and consistency in impact determination underway
- Public comments due October 3, 2019
- Areas where FERC staff has deemed project impacts to be “significant,” many can be reduced or eliminated with proposed mitigations:
 - Granular fill impacts that permanently convert habitat
 - Caribou (timing of impacts, impacts to habitat)
 - Air emission impacts from the LNG Plant at start up and in Years 7 and 8
 - Aboveground facility emissions for SOx, NOx, visibility near Class I & II areas
 - Noise impacts during operations at two Noise Sensitive Areas near LNG Plant
 - “Likely to adversely affect” 6 listed species
 - Significant impacts to listed species critical habitat
- Potential substantial cumulative industry impacts (Alaska LNG and others) to subsistence
- FERC accepted preferred alternatives, left open acceptance of Denali National Park & Preserve (DNPP) alternative

FERC Review Process Update



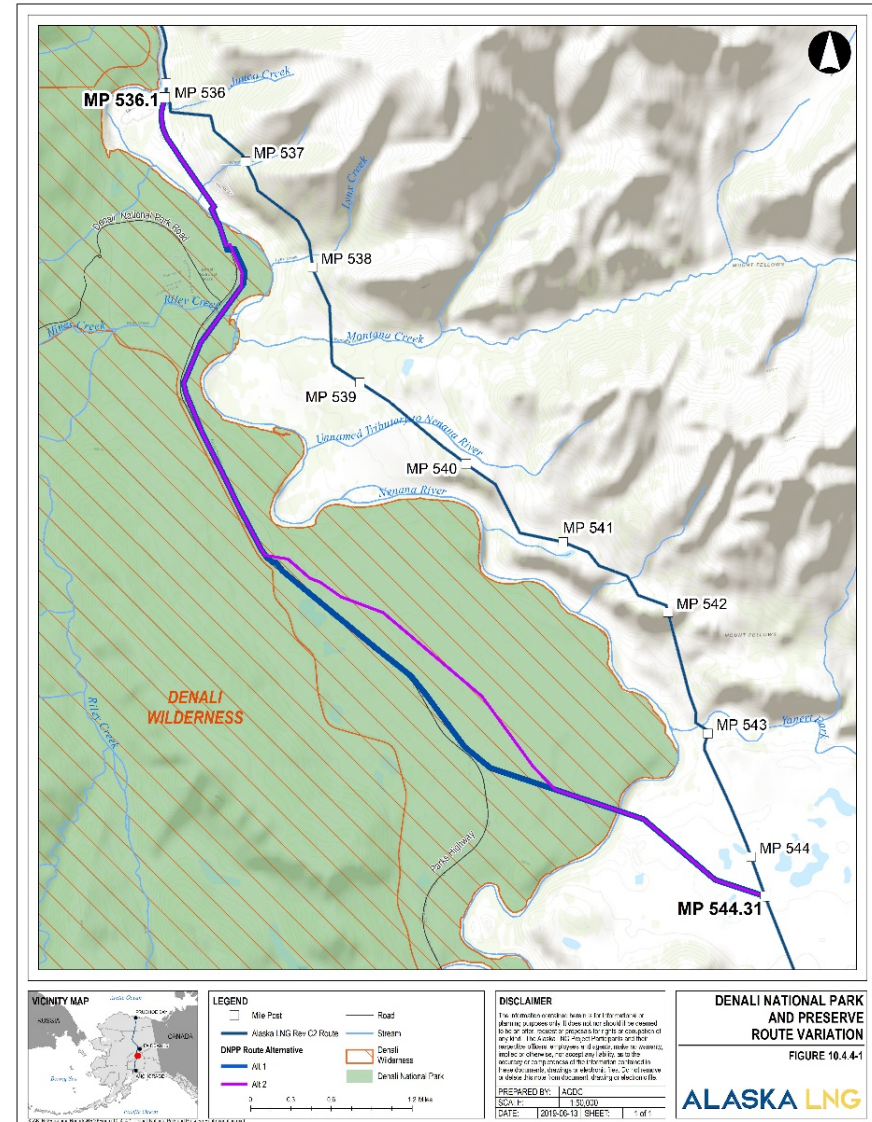
Positives...

- AGDC has initiated project changes since 2016 that reduced environmental impact and improved project benefits:
 - ASAP Project data leveraged for Alaska LNG
 - LNG water source – City of Kenai
 - Kenai Spur Highway Re-Route selection
 - Designation of interconnections
 - Elevated Point Thomson Transmission Line river crossings
- No scope changes to Project Design Basis
 - No change to Proposed Actions
 - No change to Jurisdictional issues
 - No change to first 60 miles of buried mainline
 - DNPP Alternative identified as sufficient and acceptable
- Design engineering requirements fulfilled
- Basic environmental data requirements fulfilled
- No further field programs required prior to the FERC Order (e.g., geotechnical, wetlands, cultural, fisheries, etc.)
- No change to FERC schedule

1. Respond to 28 Recommended Mitigations due by end of the DEIS Review Period
 - Many have been addressed in previous FEED Data Request responses
2. If necessary, review and comment on 186 remaining Recommended Mitigations
3. Review and comment on strategic issues found in the DEIS narrative
4. Review technical completeness and accuracy
5. Continue consultation with Federal and State permitting agencies
6. Respond to SOA agency questions
7. Monitor eight FERC public comment meetings (Sept. 9-12) and two BLM public subsistence hearings (Sept. 17 & 19)

DNPP Re-Route Alternative

- DEIS includes Denali National Park & Preserve (DNPP) Route Alternatives
- More feasible constructability with less risk
- Reduced construction cost
- ANILCA Title XI risk removed
- National Park Service (NPS) ROW application in process
- AGDC Management of Change in process
- Consistent with Army Corps' Least Environmentally Damaging Practical Alternative (LEDPA) for ASAP Project



- Department of Natural Resources
 - Established Reimbursable Services Agreements (RSAs) with the State Pipeline Coordinator's Section and Office and Project Management
 - Coordinate State Agencies review of Draft EIS
 - Assist with State permitting
 - Adjudicate Alaska LNG Right of Way application
- Department of Revenue
 - Economic model validation
- Department of Environmental Conservation
 - Preliminary decision for Air Quality Permit for Gas Treatment Plant
 - Public Comment Period through August 12, 2019
 - Continued review of Air Quality Permit for Liquefaction Plant
- Department of Transportation & Public Facilities
 - Assistance with DNPP re-route
 - Permitting interface and Draft Highway Use Agreement

- The Alaska LNG Project DEIS was published on schedule
- The DEIS is a detailed and comprehensive review of environmental impacts reflecting the best available project information and environmental data
- The DEIS concludes the Purpose and Need for the project is met with the Preferred Alternatives
- AGDC is actively engaged in review and comment as the FERC applicant
- The FERC is scheduled to issue the Final Order on June 4, 2020
- Legislators and constituents can provide comments to the DEIS at FERC's website: <http://www.ferc.gov/docs-filing/docs-filing.asp>

- BP & ExxonMobil
 - First third-party financial participation in Alaska LNG in three years
 - Each funding 1/3 of AGDC's FY20 costs, up to \$10MM
 - Technical assistance with DEIS review and analysis
 - Assisting with evaluation of potential cost reduction opportunities

Financial Summary/Budget

Fiscal Year to Date Statement of Activities					
(in thousands of dollars)					
as of May 31, 2019 Unaudited					
		<u>YTD Costs</u>			
ASAP & ISG Project Expenditures		1,274			
AKLNG Project Expenditures		17,397			
AGDC General & Admin Function		8,252			
Total		<u>26,923</u>			
<u>General and Administrative by Function</u>					
		<u>YTD Costs</u>			<u>YTD Costs</u>
Executive		3,018	Personnel		5,231
Commercial		703	Travel		188
External Affairs		704	Services		1,329
Legal		155	RSA Services		114
Finance		930	Services - Mgmt Consulting		1,202
Administrative Services		1,719	Commodities		178
Data Management		1,023	Depreciation		10
Total		<u>8,252</u>	Total		<u>8,252</u>

Financial Summary/Budget

FY to Date; Approval For Expenditure ("AFE") Basis

as of May 31, 2019 Unaudited

AFE - Commercial

In State Gas Embedded Team	151,623
Project Marketing (Houston/Tokyo Team)	1,731,095
Agreements	3,121,813
Project Financing Embedded Team	710,986
Regulatory Support	198,272
Houston / Tokyo Office (rent supplies)	243,619
Gas Supply	355,376
Subtotal	6,512,783

AFE - Program Management

Core Embedded Technical Team	2,866,227
SEIS	1,203,620
AKLNG Physical Asset Mgmt	2,788
AK LNG Cash calls	13,306
FERC PMT Labor	310,069
FERC RSA	144,407
FERC BLM	154,574
FERC Engineering 3rd Parties	3,236,728
FERC EIS 3rd Parties	3,473,443
FERC Legal	148,629
Subtotal	11,553,790

AFE- Ext Affairs & Gov Relations

Collateral	181,441
Outreach	225,158
Tradeshows and Conferences	26,901
Message Consistency & Transparency	171,706
Subtotal	605,205
Total AFE	18,671,778
Total Other	8,252,166
Total	26,923,944

Questions?

ALASKA
GASLINE
DEVELOPMENT CORP.

The logo for Alaska Gasline Development Corp. features the company name in a sans-serif font. To the right of the text is a stylized outline of the state of Alaska, composed of several small blue stars of varying sizes arranged to form the state's shape.

Alaska LNG Project Technical and Regulatory Update

Frank Richards, Senior Vice President of Program Management
August 8, 2019



Milestones

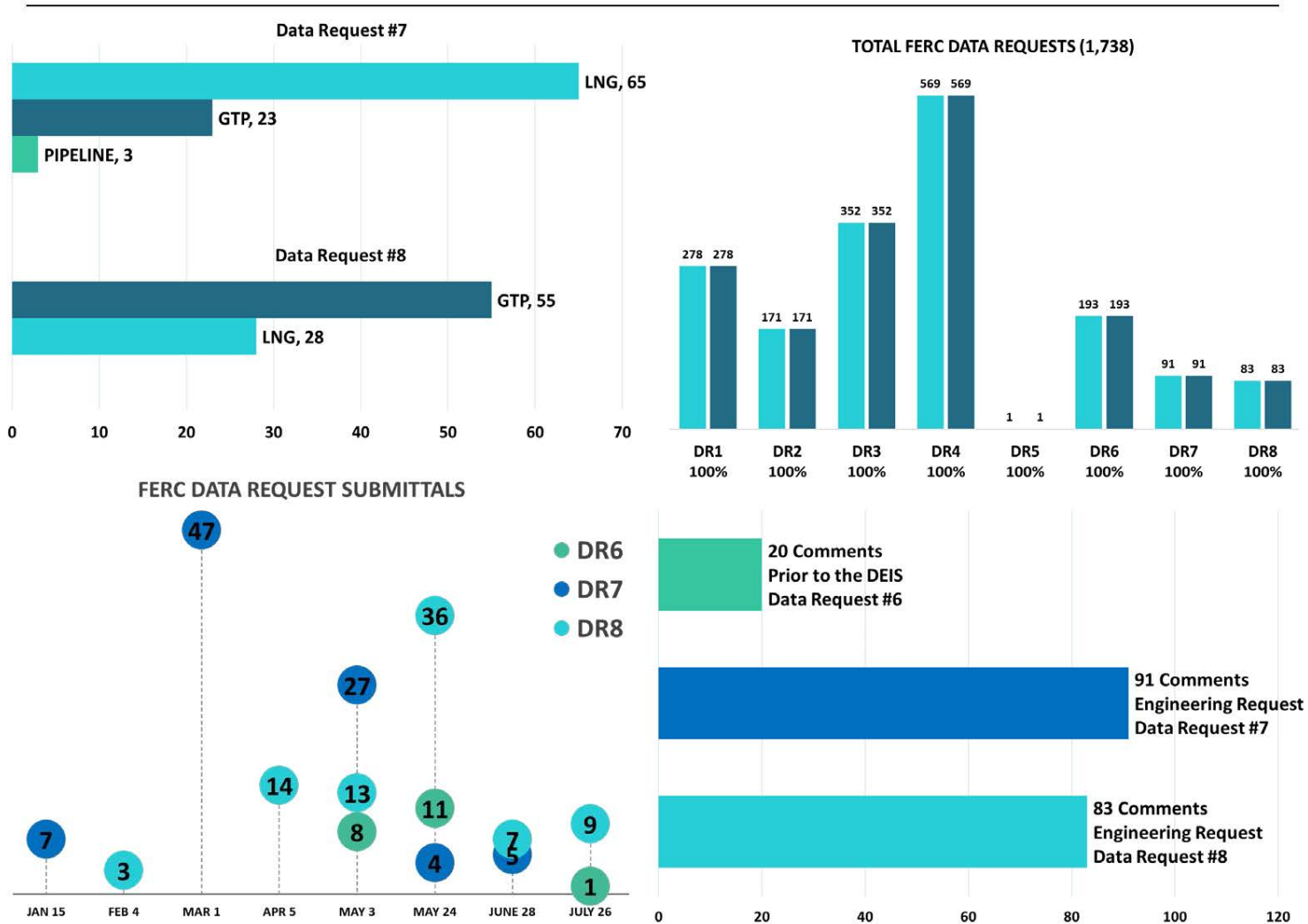
- Draft Environmental Impact Statement (DEIS) – June 28, 2019 (FAST-41)
 - Published on schedule
- 90 day public comment period – July, August & September 2019
- FERC Public meetings – September 9 -12, 2019
- BLM ANILCA 810 hearings – With public meetings plus two the following week
- Final Environmental Impact Statement – March 6, 2020
- Issuance of FERC Final Order – June 4, 2020

FERC Section 3 Application & EIS Process

- FERC Environmental Data Requests:
 - Data request #6 (193 questions) – **100% complete**
- FERC Engineering Data Requests:
 - Data Request #7 (91 questions) – **100% complete**
 - Data Request #8 (83 questions) – **100% complete**
- FERC Draft EIS – Published June 2019
 - Public Comment Period ends October 3, 2019
- AGDC's accuracy and completeness review complete
- 214 FERC staff recommended mitigations
 - 28 identified as before end of DEIS review period
- AGDC PMT review ongoing
 - Interfacing with BP and ExxonMobil Subject Matter Experts (SMEs)

Updated: July 2019

FERC Data Requests – Dashboard



- 28 comments that need to be addressed prior to October 3 deadline:
 - 19 conditions for LNG/GTP engineering
 - 7 conditions for environmental
 - 2 conditions for environmental/pipeline (revising Plan and Procedures)
 - Need clarification meeting with FERC on conditions tied to recently filed FERC data request responses
- FERC deems granular fill to be a “significant” and permanent impact—need verification with USACE (and possibly FWS/EPA 404/10 reviewers) if they agree and assess impacts to permitting
- 10 conditions (and parts of 3 more) added stipulations above and beyond what AGDC recommended (e.g., additional observers for Cook Inlet work not found in draft ITR rules for marine mammal take, no vegetative clearing in summer, etc.)
- Class I and Sensitive Class II Mitigation Plan requirements—broader impacts to industry
- 46 conditions in Alaska LNG DEIS found in Orders issued in 2018 and 2019
 - Most relate to pre-commissioning, pre-operation, and operation requirements

DEIS Review - Conditions by Project Phase

Category	Count
Prior to End of DEIS Comment Period	28
Pre-Construction	140
Pre-Construction/Construction	1
Construction	17
Commissioning	14
Operations	9
Construction and Operation	5
Total Number of Conditions	214

- “Prior to End of DEIS Comment Period” conditions will be addressed and completed by 10/3/19 in order to keep the FEIS on schedule
- Pre-construction requirements will require FEED

Air Permits:

- Draft air permits published for GTP July 2019 – comments due by August 12, 2019
- Air monitoring complete for LNG in August of 2019 – permit application to follow

PHMSA:

- Four pipeline special permits public comment end July 26, 2019
- Pipe-in-Pipe special permit expected to go to public notice by December 31, 2019
- Siting Review Letter of Determination expected 30 days before FEIS (May 2020)

Additional Permits:

- USCG Bridge Permits – Public notice June 31, 2019
- Cook Inlet USFWS Sea Otters – Public notice August 1, 2019 (joint with Hilcorp)
- 401 certification packages – ready for submittal after the DNPP route change

Agency Outreach – Significant Effort

State

- OPMP: DEIS review process with AGDC invited to kickoff meeting & work planning
- SPCS: Work planning, lease application kickoff, Nikiski waterfront access discussions
- SHPO: Cultural resources management plan (developed initially for ASAP); cultural resource ‘districts’ and path forward on Alaska LNG (major principles discussed)

Federal

- BLM: Specific work tasks and estimated spend by quarter, milestone due dates
- USACE: Ongoing discussions on 404 permit and responses to inquiries
- NPS: Meeting in June to discuss Denali Park route alternative
- EPA: Ongoing interaction regarding the water quality certification process

Joint

- Cultural resource work team developed: SHPO, BLM, NPS, AGDC

Engineering, Content Management, GIS and Cost & Schedule

- Supporting DEIS review process
- Developed Alaska LNG DEIS Agency Information Request site
 - Uses Office 365 to bring participating State agencies into a single collaborative space; OPMP, ADF&G, DOT&PF, ADEC, DNR, DPS, DOLWD & DHSS
 - 17 request for information submitted to date
- Developed Alaska LNG DEIS Comments site
 - Uses Office 365 to bring commenting team into a single collaborative space; AGDC Program Management team, EXP & other contractors
 - 306 comments have been submitted to date
- Supporting Denali National Park Re-Route Major Project Management of Change

Stakeholder Management

Meetings:

- State of Alaska House Resources Committee – July 19, 2019
- FERC Public Comment Meetings Scheduled
 - September 9, 2019 – Utqiagvik & Trapper Creek
 - September 10, 2019 – Nuiqsut & Houston
 - September 11, 2019 – Healy & Nikiski
 - September 12, 2019 – Anchorage & Fairbanks
- BLM 810 Subsistence Public Comment Meeting Scheduled
 - September 17, 2019 – Anaktuvuk Pass
 - September 19, 2019 – Kaktovik
- Fairbanks Chamber of Commerce – September 11, 2019