

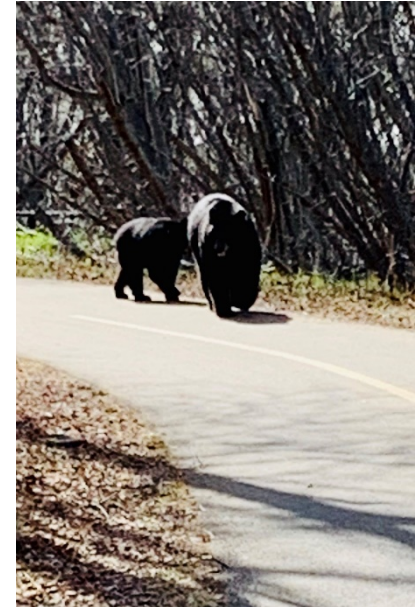
President's Report

Frank Richards, President
May 21, 2020



Safety Moment – Bear Aware

- Spring is here and people are out recreating
- Bears are out of hibernation, searching for food
- Habitat throughout Anchorage
 - Hillside
 - Coastal trail
 - Green belts and neighborhoods
- Make noise, be observant
- Don't run
- Pepper spray
 - Stay calm
 - Recognize wind direction
 - Practice



- May 2020 – Complying with SOA and MOA orders while accomplishing Corporation mission
- AGDC staff continuing to work at home, limited office visits
 - One person in office at a time, swab down procedures
- Considering protocols to safely re-open office
 - Daily screening and reporting requirement
 - Alternate work week with office and “at home” work shifts
 - Sanitizing regime
 - Maximum meeting size
- Re-assess at end of May 2020

- FERC Order scheduled for June 4, 2020
 - FERC Staff & COVID 19
 - Commission to continue work on LNG authorizations
- Federal and State Authorizations:
 - FAST – 41 designation benefits
 - Federal Project Improvement Steering Committee (FPISC)
 - Section 106 Programmatic Agreement (PA)
 - USFWS and NMFS authorizations
 - BLM ROW stipulations
- Alaska LNG Cost Estimate
 - Fluor work complete
 - Provided to Economic Modelling team to develop new cost of supply
 - Report to Board in June
- Infrastructure funding consideration
 - Congress looking for ways to energize economy with stimulus
 - Pipeline would provide economic backbone for Alaska
 - Communicating with SOA and CODEL
- AGDC operating reductions
 - Staff departures and additional reduction in office space

- Continuing development with ExxonMobil and BP on optimized project venture structure that enhances overall competitiveness
- Reviewing project cost reductions with potential project participants
- In-line with AGDC Strategic Roadmap, preparing to assess economic viability of project
 - Cost reduction opportunities being rolled into joint economic model
 - Working with potential project participants to assess the economics
- Evaluating all options to improve project competitiveness, including the role of the State of Alaska and the Federal Government
- The Strategic Roadmap provides the framework for next steps after the economic assessment
- Discussions are ongoing with the Strategic Parties on the sharing of costs and the provision of subject matter experts to the Project

Financial Report

Fiscal Year to Date Statement of Activities

(in thousands of dollars)

as of April 30, 2020 Unaudited

	<u>YTD Costs</u>		<u>YTD Costs</u>	
LNG Project Expenditures	6,819	Core Staff	1,751	AKLNG Expenditures
		Asset Mgmt	71	
AGDC General & Admin Function	5,109	FERC Labor	53	
Total	<u>11,928</u>	FERC Engr	3,431	
		FERC EIS	1,358	
		FERC Legal	13	
		FERC RSA	95	
		FERC BLM	47	
			<u>6,819</u>	

General and Administrative by Department / Function

	<u>YTD Costs</u>		<u>YTD Costs</u>	
Executive	1,556	Personnel	2,843	G&A by Function
Commercial	659	Travel	19	
External Affairs	176	Services	899	
Legal	207	RSA Services	120	
Finance	552	Services - Mgmt Consulting	1,096	
Administrative Services	1,139	Commodities	99	
Data Management	820	Depreciation	33	
Total	<u>5,109</u>	Total	<u>5,109</u>	

FY21 Budget Authorization



- 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
- On April 7th Governor signed into law the FY21 budget

FY21 Budget Authorization

Account	Description	FY19 Mgt Plan	FY20 Enacted *	FY21 Reduction	FY21 Authorization
100	Personal Services	\$6,235.8	\$5,785.8	-\$3,395.2	\$2,390.6
200	Travel	\$235.2	\$127.8	-\$161.6	\$0.0
300	Services	\$3,665.0	\$3,522.0	-\$2,487.2	\$1,001.0
400	Commodities	\$250.0	\$250.0	-\$210.0	\$40.0
500	Capital Outlay	\$0.0	\$0.0	\$0.0	\$0.0
	Total	\$10,386.0	\$9,685.6	-\$6,254.0	\$3,431.6
* incorporates FY20 P/S Mgt Plan values			FY21 reduction -65%		

- Streamlining to focus on Strategic Plan
- Eliminated 2 temporary non-permanent positions
- Eliminated 10 full time PCNs
- Reduced accounting, contracting and administrative services
- Reduced IT services
- Eliminated travel
- Reduced contracted services & commodities commensurate with new direction and staffing
- No impacts to performing AGDC's core mission

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

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
Pipe-in-Pipe Special Permit	PHMSA	Issued	Complete; Received 4/27/2020

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
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.)
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

Cost Reduction Work Program Status

- Fluor concluded cost estimate reduction work scope & cost estimate update to Q4\$2019
- Draft deliverables Issued For Review (IFR)
- Final Class 4 Estimate Review Workshop held on May 6, 2020
 - Included estimate summary sheets, basis of estimate documents and estimate development flowcharts
- Class 4 CAPEX and Class 4 OPEX cost estimate updates provided to modeling team on May 12 and May 15, respectively
- Continued review of Fluor deliverable internally and with Producers

- Legal projects requirements captured in the obligation tracker tool
- Advancing migration of controlled documentation from the current private cloud Documentum system to one accessible on the public cloud:
 - New environment is brought online the week of May 11 and be fully completed within 30-45 days
 - This public cloud environment can be extended to interested partners or other 3rd parties under the direction of AGDC
 - The existing private cloud environment will stay up and accessible as we migrate to the new environment
- Met Tower Decommissioning
 - Gas Treatment Plant
 - Determined Phase 2 site work schedule
 - Interfacing with contractor on post COVID-19 travel restriction work
 - Nikiski Met/Ambient Station
 - Finalized Phase 2 Schedule
 - Initiated dig permits with Marathon and contractor

- 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:
 - CIRI Land Department on Cultural Resources Management Plan
 - North Slope Borough Planning Department Alaska LNG Project Update
- Additional project outreach (telephonic due to COVID-19):
 - Ninilchik Native Association
 - Cook Inlet Region Inc.
 - Native Village of Tyonek
 - Knik Tribe
 - Kenai Peninsula Borough

- 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 are advancing the goals set forth in the Strategic Plan approved by the Board during the April 2020 Board of Directors Meeting



AGDC.us