

Legislative Update

AGDC Interim President;

Joe Dubler

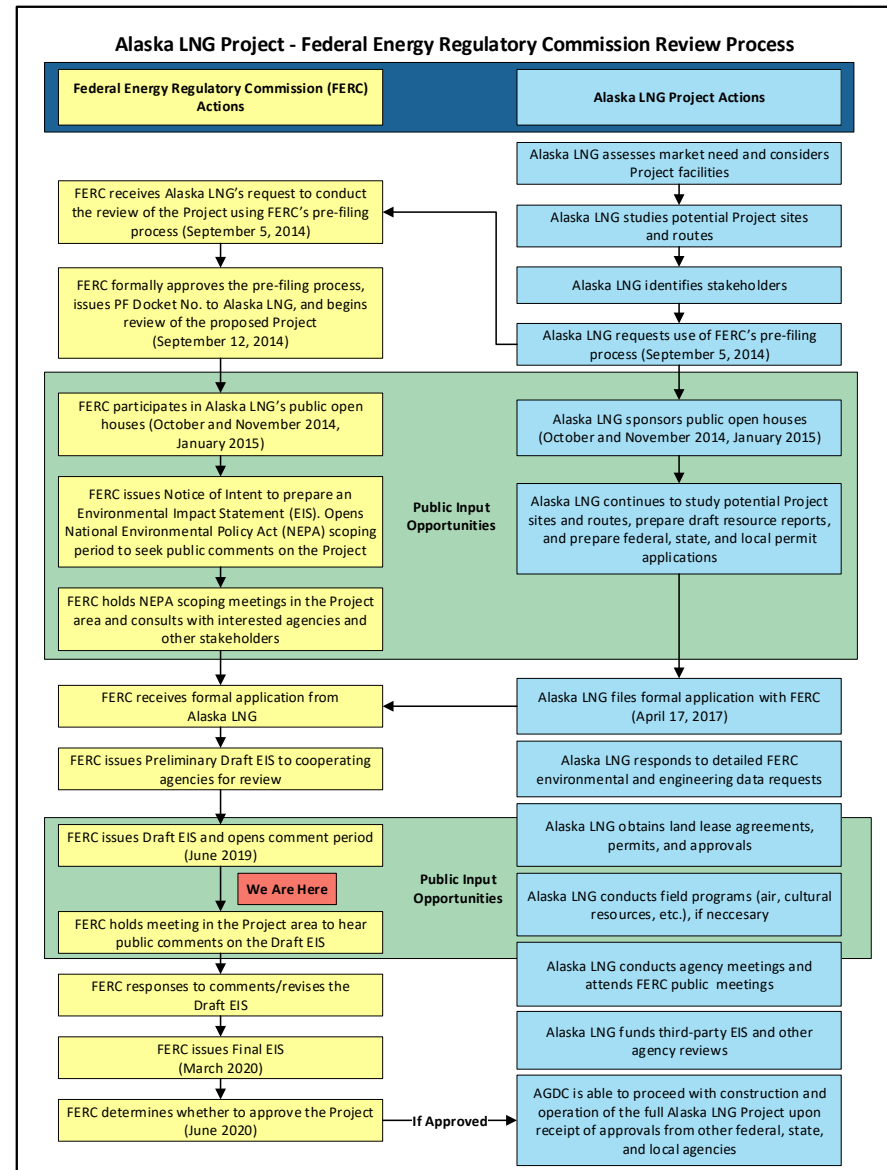
July 18, 2019



- 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 the value and manage the 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 is underway
- Public comments due October 3, 2019
- Several areas where FERC staff has deemed project impacts to be “significant”, many of which 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 SO_x, NO_x, 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 impacts (Alaska LNG and others) to subsistence; BLM to conduct public hearings to gather testimony from Nuiqsut, Kaktovik, Utqiagvik, and Anaktuvuk Pass communities
- FERC accepted preferred alternatives, left open acceptance of Denali National Park & Preserve (DNPP) alternative

FERC Review Process Update



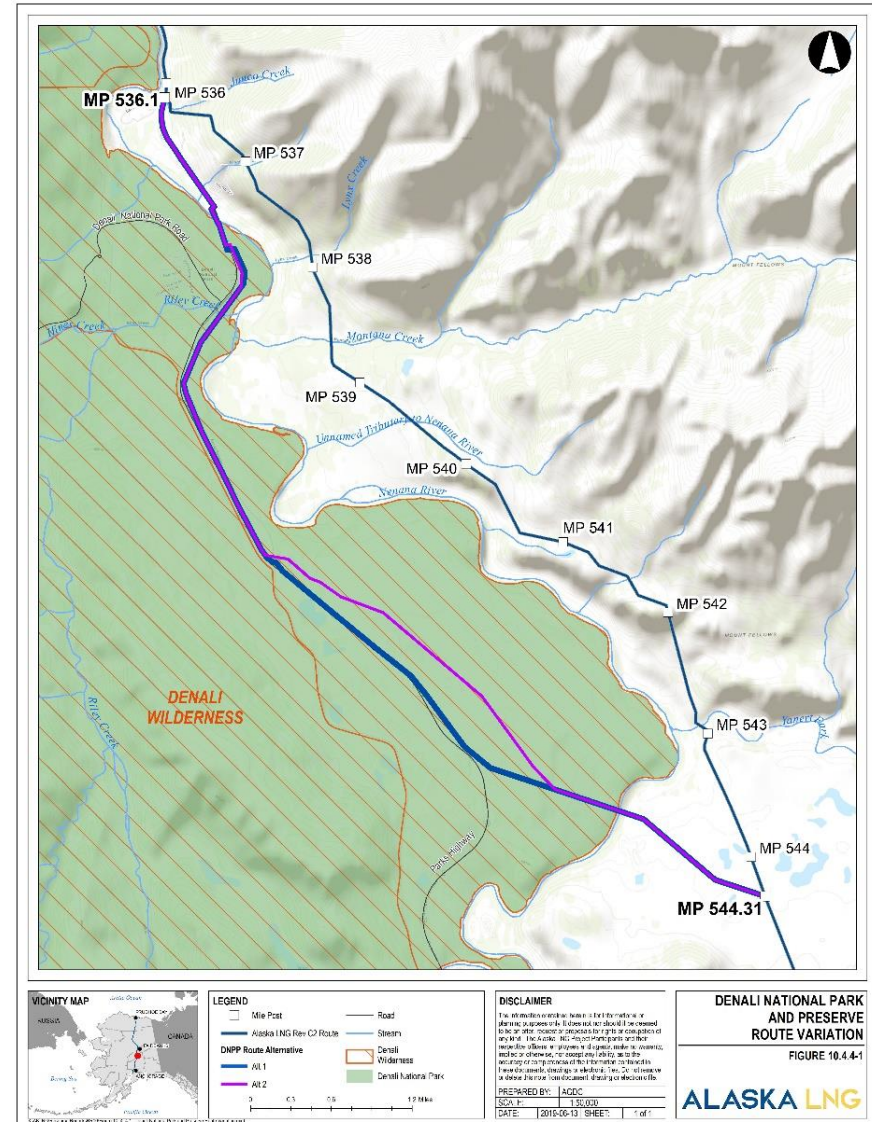
Positives...

- 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

DNPP Re-Route Alternative

- DEIS includes Denali National Park & Preserve (DNPP) Route Alternatives
- Constructability more feasible and represents less risk
- Construction cost reduced
- 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 Activitives			
(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 8,252

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.

