

Kenai Spur Highway Re-route

February 12, 2018

Frank Richards, P.E., Senior Vice President, Program Management

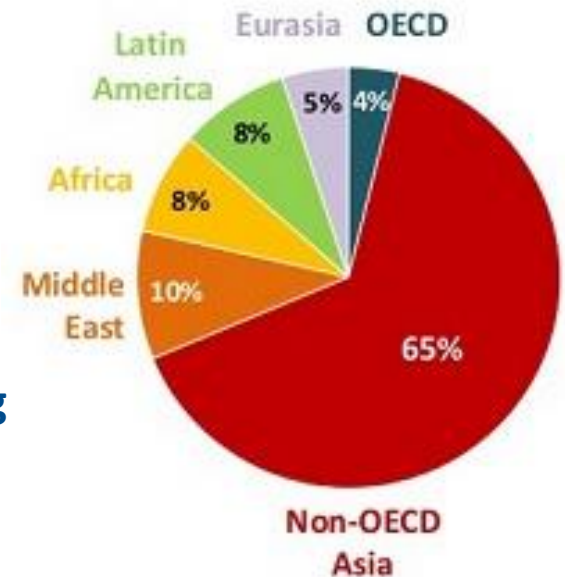


- Global LNG demand.
- Alaska LNG project status.
- Kenai Spur Highway (KSH) re-route.
- Evaluation of re-route alternatives.
- Public review process.
- Discuss next steps.

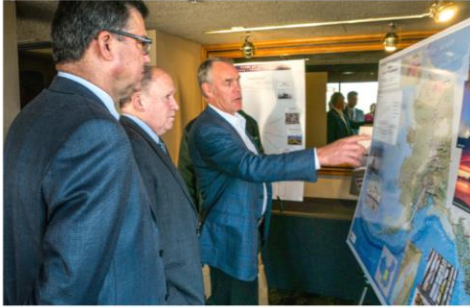
Asia's LNG Demand

- Asia is Alaska's regional market.
- Asia is the biggest LNG market.
- "China is very serious about constructing an ongoing, mutually beneficial relationship with Alaska," Chinese Deputy Consul General Ren Faqiang.
- Environmental concerns in China have caused a mandated shift to gas and other clean energy sources.
- Demand for natural gas has grown dramatically, outpacing the ability to produce domestically.
- LNG import capacity is increasing rapidly to help satisfy future demand.
- AGDC has signed Memorandum of Understandings with Tokyo Gas, KOGAS and Petro Vietnam.
- AGDC signed a Joint Development Agreement (JDA) with China.

Share of global growth
2012-2035

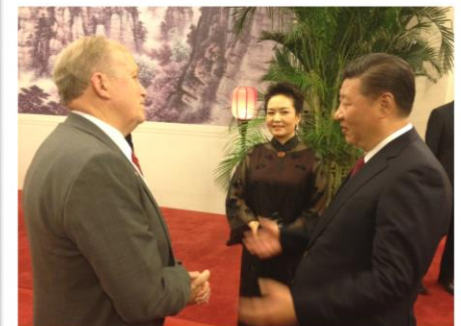
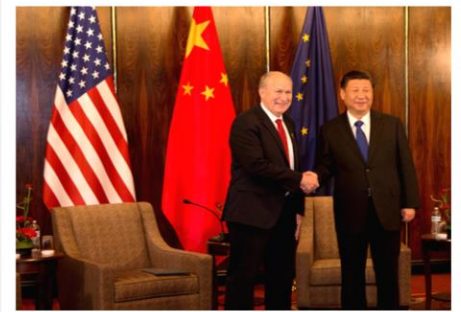


Joint Development Agreement



• 北京
• China

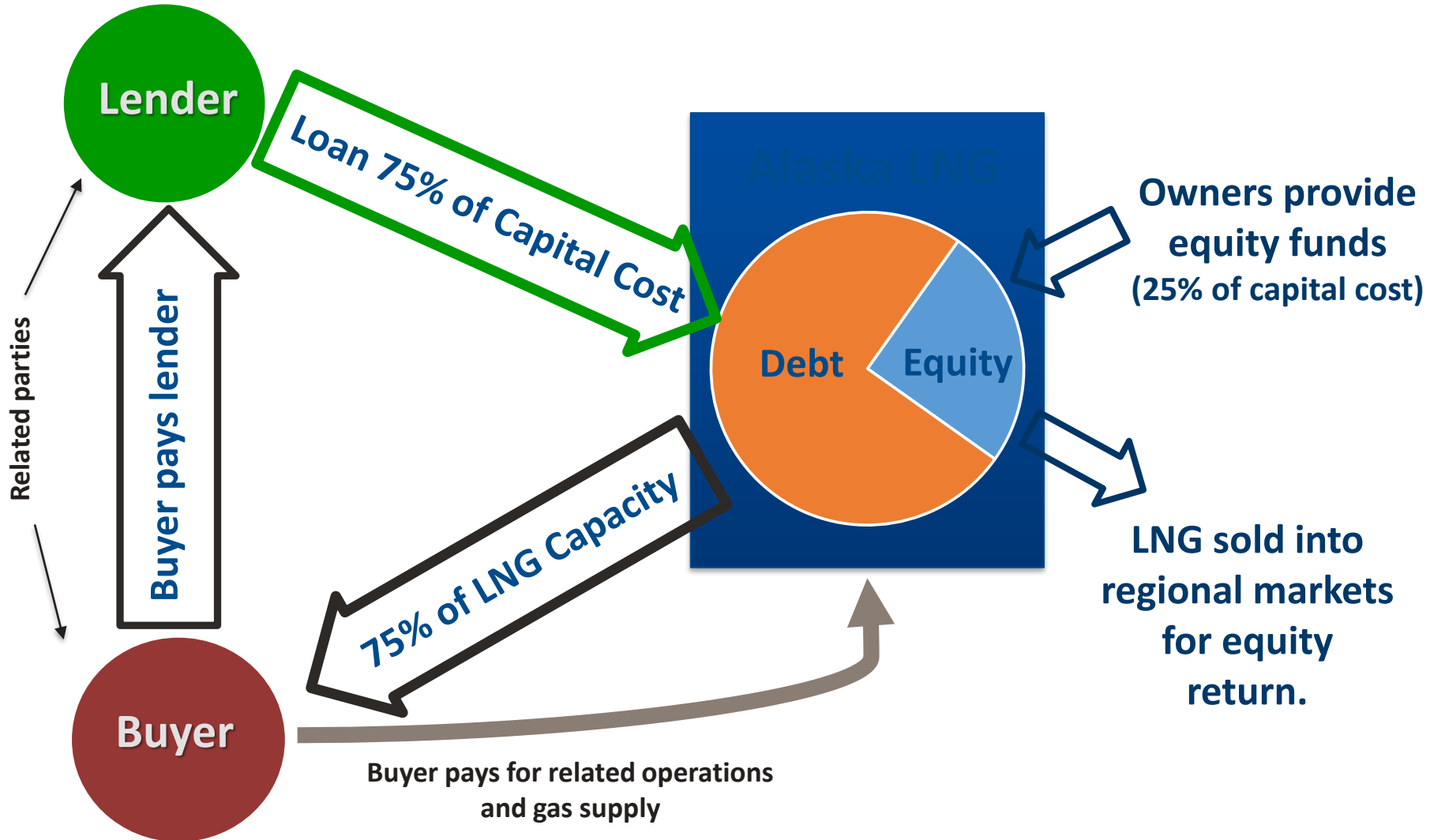
2017年11月9日
Nov 9, 2017



Large Deal for a Large Project

- **Thinking outside the box – leveraging market position.**
- **Proposal to LNG consuming Asian governments:**
 - In-country bank provides the debt for 75% of capital cost.
 - Alaska LNG provides proportionate amount of capacity (75%) to in-country buyer as repayment of the debt.
 - In-country buyer makes debt service payments directly to in-country bank, eliminating credit risk and foreign exchange risk.
- **Equity portion (25%) is funded by owners.**
- **Project company retains 100% ownership plus 25% LNG capacity for sale into regional markets:**
 - Plus 500 MMcf/per day available to Alaskans – 2.5 times the state's current daily consumption.
- **Partial ownership investment by third parties is a potential, but AGDC will remain in control.**

Transaction Simplified



- **Natural Gas Act Section 3:**
 - Application April 17, 2017.
 - 60,000 pages.
- **Federal Energy Regulatory Commission (FERC) provided 801 requests for additional information.**
- **AGDC provided 100% response:**
 - January 22, 2018.
 - Total now 100,000 pages.
- **FERC Dec 2018 newsletter:**
 - *“When we have all of the information necessary to complete our analysis and write the EIS, we will issue a Notice of Schedule for Environmental Review identifying the issuance date for the final EIS.”*



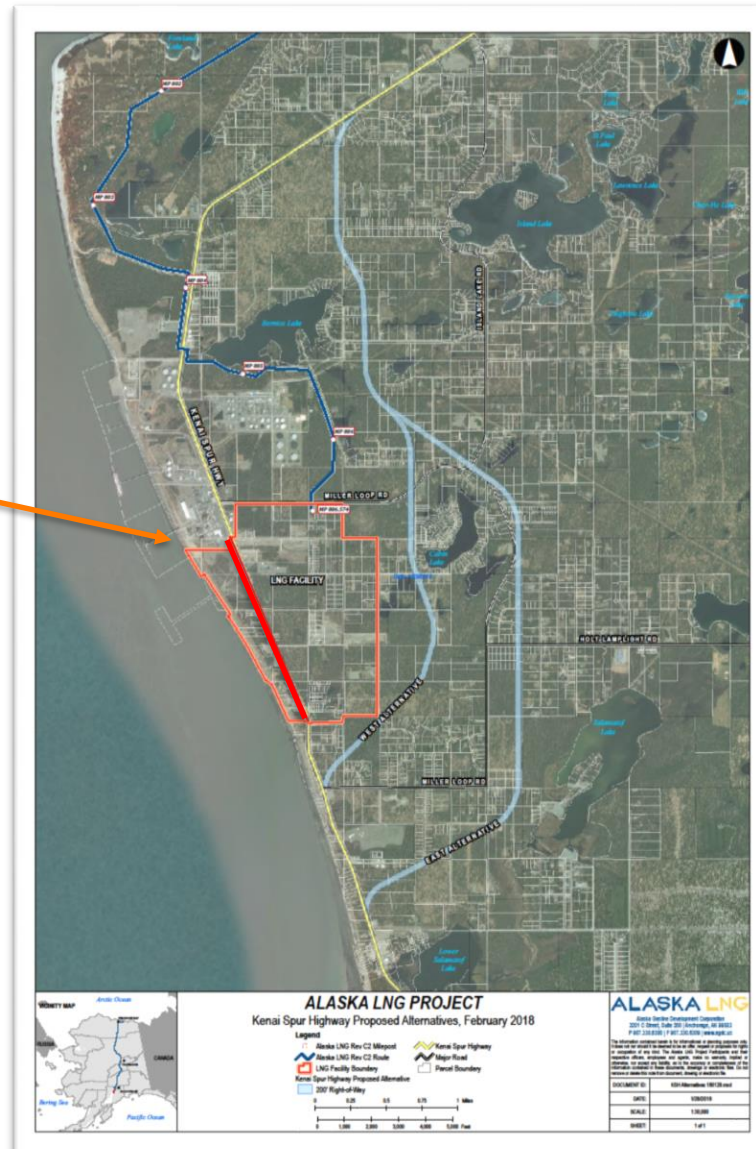
2016



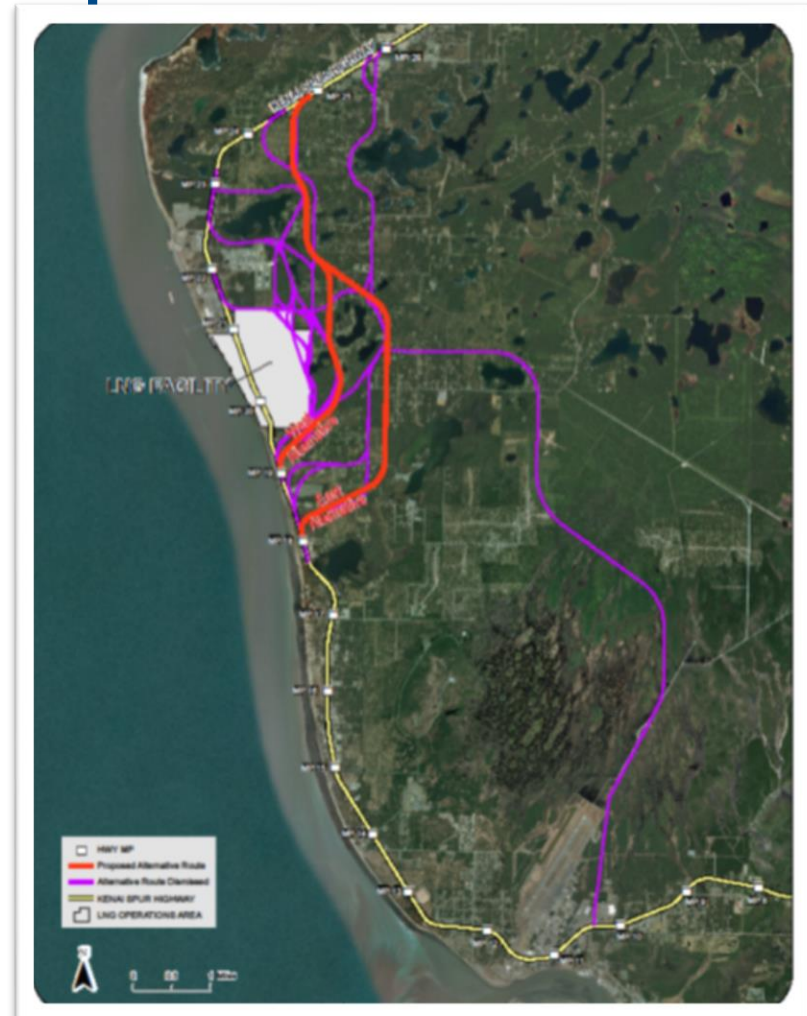
2017

Why realign the KSH?

LNG Plant
Boundary



- **Alternatives evaluated on specific criteria:**
 - Environmental.
 - Socioeconomic.
 - Right of Way.
 - Utilities.
 - Geotechnical.
 - Design/Traffic.
 - Construction.
 - Cost.



KSH Re-route Proposed Alternatives

The East and West Alternatives were selected.

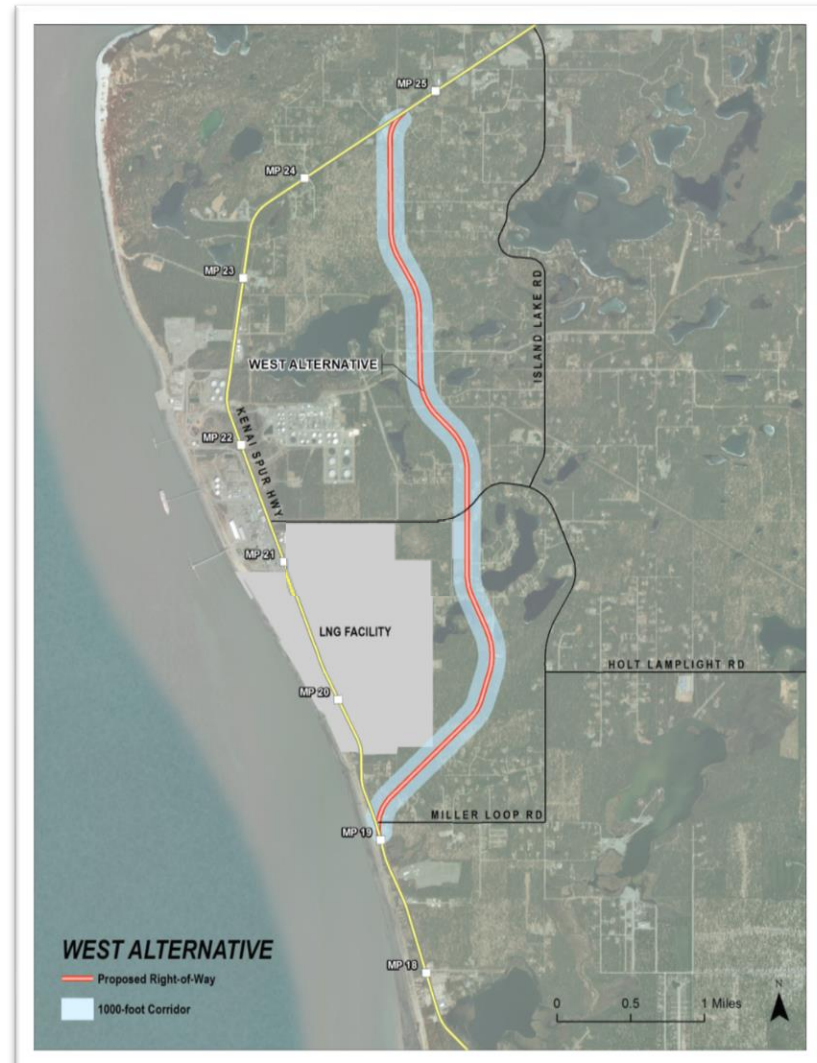
- **Primary factors:**
 - Avoid Construction traffic.
 - Minimize length.
 - No wetlands.
 - Good soils for solid road foundation.



KSH Re-route Proposed Alternatives

West Alternative :

- New roadway length of 5.4 miles.
- 71 Parcels affected by 200' ROW, with a potential of 19 relocations.
- Annual maintenance cost of \$152,000.
- Construction cost estimate of \$23 million (does not include ROW acquisition costs).



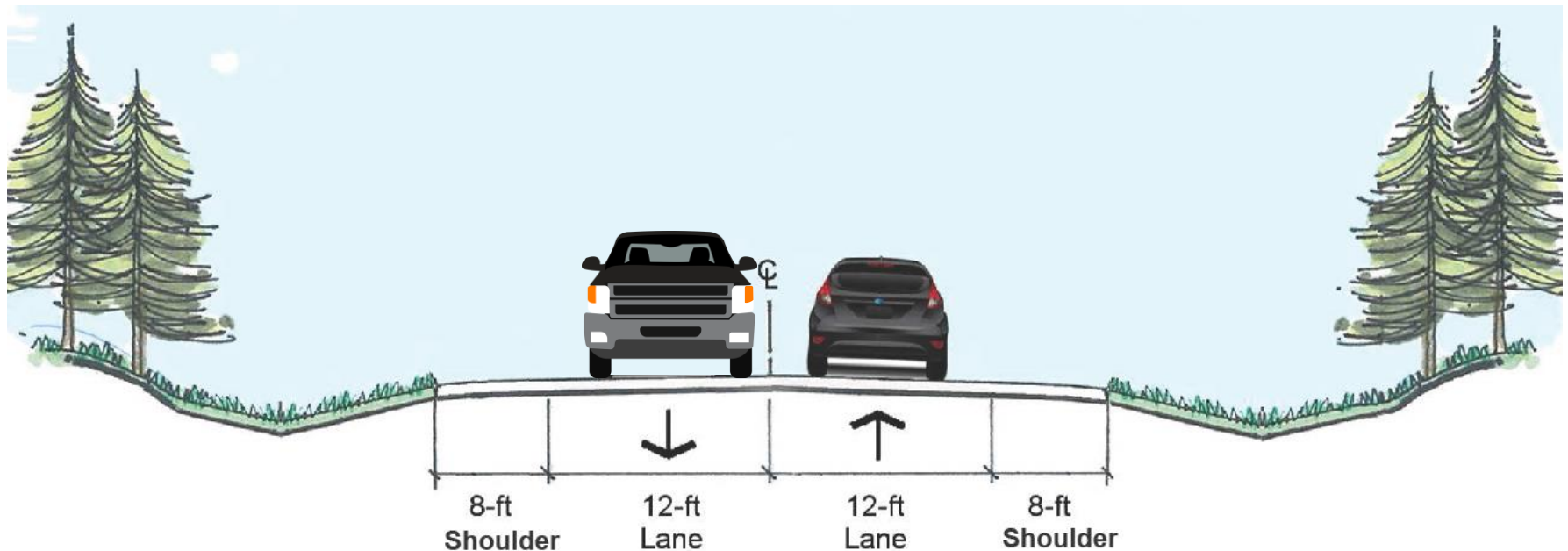
KSH Re-route Proposed Alternatives

- **East Alternative:**
 - New roadway length of 6.9 miles.
 - 119 Parcels affected by 200' ROW, with a potential of 35 relocations.
 - Annual maintenance cost of \$202,000.
 - Construction cost estimate of \$33 million (does not include ROW acquisition costs).

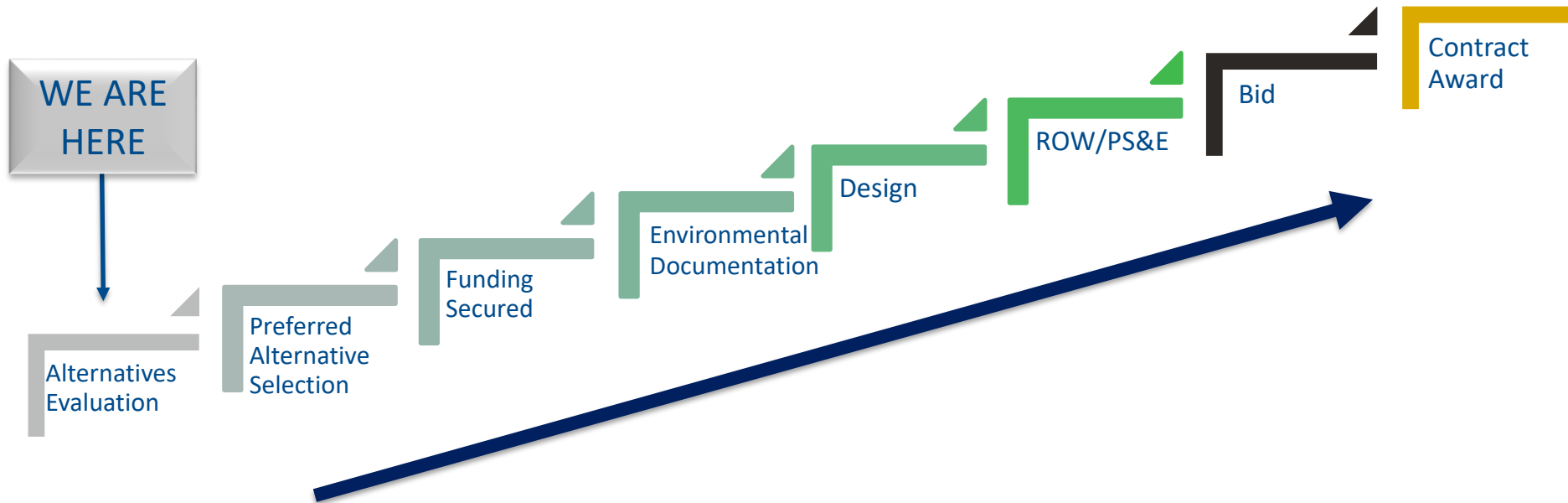


KSH Re-route Design Parameters

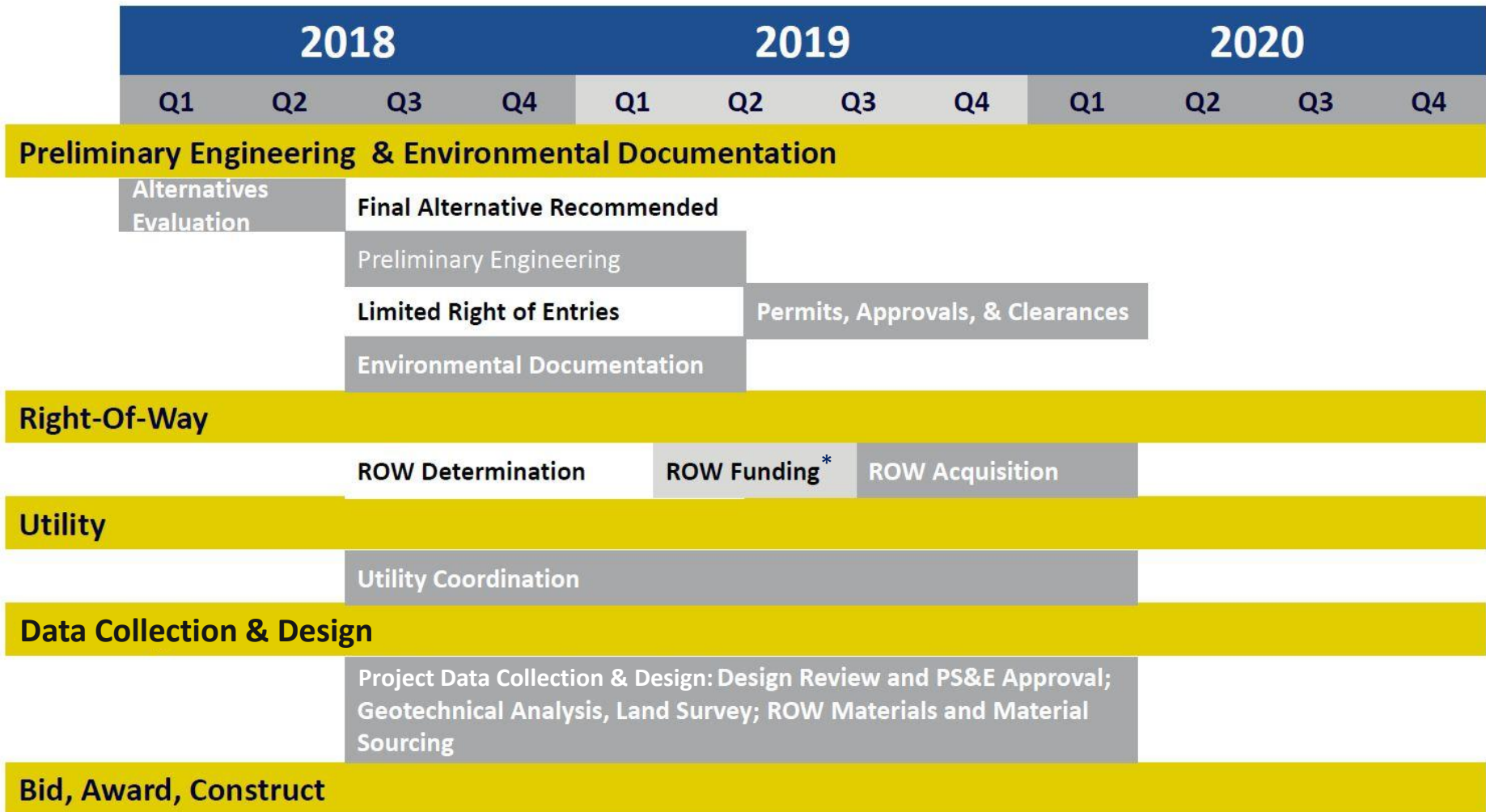
- National Highway System design standards.
- Average daily traffic volume of 6,360 vehicles in 2035.
- 55 mph speed limit.
- 200 foot Right-of-Way width.
- 8-foot shoulder to accommodate bicycle and pedestrian traffic.



KSH Project Development



Schedule



*Assumes funding is available Q3 – Q4 2018.

All tasks shift in accordance with funding allocation availability.

- **March 15, 2018:**
 - Comments deadline on proposed alternatives.
- **June 1, 2018:**
 - Revised Alternatives Analysis Report completed.
- **Q3 2018:**
 - Community meeting to discuss preferred alternative.

- **The Kenai Spur Highway re-route is a priority for AGDC.**
- **Stakeholder comments, evaluation criteria and cost will all be considered during final evaluation.**
- **Based on community input and alternative analysis criteria, an optimal route will be recommended.**

Questions?

**Alaska Gasline
Development Corporation**
agdc.us

**Alaska LNG
Project**
alaska-lng.com

Get Involved.

Get Ready.

Get Engaged.



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