

**State of Alaska
FY2020 Governor's Operating Budget**

**Department of Commerce, Community, and Economic
Development
Alaska Gasline Development Corporation
RDU/Component Budget Summary**

RDU/Component: Alaska Gasline Development Corporation

(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)

Contribution to Department's Mission

Advance the development, financing, construction and operation of a North Slope natural gas pipeline project, an in-state natural gas pipeline and other transportation mechanisms capable of delivering natural gas and other non-oil hydrocarbons for the maximum benefit of Alaskans.

Core Services

- Provide economic benefit to the State by securing a stable, long-term supply of natural gas for Alaskans.
- Commercialize Alaska's enormous North Slope gas reserves.
- Structure the Alaska Liquefied Natural Gas (LNG) project to secure credit worthy customers and contract with major engineering, procurement and construction (EPC) firms to make the project attractive to potential partners and investors.
- Maximize the ability for public utilities and industrial customers, within close proximity to a North Slope natural gas pipeline, to access gas. Coordinate with the Alaska Industrial Development and Export Authority (AIDEA), the Alaska Energy Authority (AEA) and other state agencies on the planning and development of infrastructure to deliver affordable energy to areas of the state not expected to have direct access to a North Slope natural gas pipeline.
- Advance the Alaska Stand Alone Pipeline (ASAP) project through the final federal regulatory process for the purpose of making natural gas available to Fairbanks, Southcentral and other communities within the state at the lowest possible cost. ASAP is the backup project for the Alaska LNG.
- Advance the Alaska LNG into the Federal Energy Regulatory Commission (FERC) regulatory process. Progress the design, engineering, environmental and commercial work necessary to move the Alaska LNG project towards final investment decision.
- Continue to advance and finalize commercial discussions with LNG buyers across the Asia-Pacific region for the Alaska LNG project. The advancement encompasses in-state gas issues, discussion with producer partners, federal support, and project financing.

Major Component Accomplishments in 2018

- Signed a Joint Development Agreement (JDA) with China Petrochemical Corporation (Sinopec), CIC Capital Corporation (CIC Capital), and Bank of China to develop the Alaska LNG project.
- Received Notice of FERC Environmental Impact Statement (EIS) Schedule in Federal Register.
- Signed a binding gas sales precedent agreement with BP Alaska.
- Signed four Letters of Intent (LOI) for LNG purchase. There are now a total of 16 agreements with potential customers.
- Received "covered project" status under Title 41 of the Fixing America's Surface Transportation Act (FAST-41). FAST-41 provides expedited federal project review.
- Received tax-exempt status from the U.S. Internal Revenue Service.
- Received FERC's Notice of Schedule for the Alaska LNG project.
- Received the U.S. Army Corps of Engineers Final Supplemental Environmental Impact Statement (SEIS) for the ASAP project.

Key Component Challenges

AGDC must maintain its current level of operations to ensure leadership, staff, and knowledge continuity. Corporation activities in FY2019 will focus on the areas of commercial, marketing, financial, regulatory, technical, and communications. The Corporation's mission is to maximize the benefit of Alaska's vast North Slope natural gas resources through the development of infrastructure necessary to move the gas into local and international markets, as well as to continue to work closely with state and federal regulators, LNG buyers, and investors.

The Corporation continues its efforts to finalize commercial agreements for LNG offtake with potential buyers across the Asia-Pacific region through negotiations with Memorandum of Understanding (MOU) and LOI customers. Since assuming leadership of the Alaska LNG project in December 2016, the Corporation has signed preliminary commercial agreements with 16 large LNG buyers in China, Japan, Korea, Vietnam, and other countries across the Asia-Pacific region. Market awareness of Alaska's unique ability to deliver energy stability at competitive prices continues to grow.

The Alaska LNG project is integral to fueling Alaska's economic development. During construction, it will provide 8,000 to 12,000 well-paying jobs for Alaskans. Once construction is completed, the Alaska LNG project will contribute an additional income stream to the general fund and stable long-term employment for Alaskans.

Communities on and off the road system will benefit when the Alaska LNG project becomes operational. Offtake points will provide communities on the road system with access to a reliable, clean, and affordable energy alternative. Communities off the road system will have access to a supply of LNG, and the State of Alaska's Affordable Energy Fund (AS 37.05.610) will make resources available to communities to reduce energy costs and/or modernize their energy production and distribution systems.

The Alaska LNG project has made substantial progress since AGDC assumed leadership of the project in December 2016. The ASAP SEIS and binding gas sales precedent agreements with BP Alaska and ExxonMobil are in place, and there are 16 MOU and LOI's for the purchase of LNG. To capitalize on this momentum, AGDC must continue its ongoing work, which includes developing definitive gas sales agreements with BP Alaska, ExxonMobil, and ConocoPhillips; finalizing definitive commercial agreements with LNG buyers; providing data to and interacting with the FERC as the agency completes the EIS and prepares the authorization to construct; and continuing work with investors and financial institutions to identify financing options, with the goal of a favorable FID in calendar year 2020. FY2019 activities include:

- Sign binding gas sales precedent agreements with ExxonMobil and ConocoPhillips.
- Negotiate definitive Gas Sales Agreements with BP Alaska, ExxonMobil, and ConocoPhillips.
- Engage financial institutions to serve as global capital coordinators to AGDC's Alaska LNG project.
- Negotiate and conclude a non-recourse project finance package by the end of FY2019.
- Finalize definitive agreements with LNG buyers and project investors.
- Secure financing and investor options.
- Engage engineering, procurement, and construction (EPC) firms with the ability to shoulder a significant part of project construction risk.
- Continue to advance the ASAP and Alaska LNG projects on parallel paths to ensure common alignment and use of engineering and environmental documents to avoid duplication of effort.
- Maintain the ASAP project as a viable alternative for delivering North Slope natural gas to Alaskans.
- Advance the Alaska LNG project through the FERC environmental review process.
- Advance the ASAP project to a Record of Decision (ROD).
- Continue to market the Alaska LNG project internationally and domestically to maximize the financial investment opportunities and gain overall project support.
- Maintain AGDC's current level of operations and personnel until the Corporation signs a major gas sales contract or financing package.

Significant Changes in Results to be Delivered in FY2020

- Negotiate and bring to conclusion Alaska LNG Sale and Purchase Agreements for the long-term sale of LNG produced by Alaska LNG to various buyers around the world on terms that enable a successful equity and debt financing of the project.
- Negotiate and bring to conclusion gas supply agreements with Prudhoe Bay and Point Thomson working interest owners, State of Alaska in the case of Royalty-in-Kind best interest finding by the Department of Natural Resources Commissioner, and other interested North Slope gas producers.
- Advance the Alaska LNG project in the FERC National Environmental Policy Act regulatory process. Obtain a Draft Environmental Impact Statement.
- AGDC expects to obtain investments from outside parties. Investment funding will support the project as it contracts with EPC firms to conduct front-end engineering and design and lump-sum turn-key estimates prior to FID in FY2020.
-

Statutory and Regulatory Authority

AS 31.25 Alaska Gasline Development Corporation
AS 31.25.100 In-state Natural Gas Pipeline Fund
AS 31.25.110 Alaska Liquefied Natural Gas Project Fund

Contact Information
<p>Contact: Keith Meyer, President Phone: (907) 330-6300 E-mail: kmeyer@agdc.us</p>

Alaska Gasline Development Corporation Personal Services Information				
Authorized Positions			Personal Services Costs	
	FY2019 Management Plan	FY2020 Governor		
			Annual Salaries	4,195,661
Full-time	25	25	Premium Pay	0
Part-time	0	0	Annual Benefits	2,309,856
Nonpermanent	1	1	<i>Less 4.15% Vacancy Factor</i>	<i>(269,717)</i>
			Lump Sum Premium Pay	0
Totals	26	26	Total Personal Services	6,235,800

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Specialist	1	0	0	0	1
Admin and Risk Manager	1	0	0	0	1
Admin Specialist	1	0	0	0	1
Administrative Assistant	1	0	0	0	1
Commercial Liaison	1	0	0	0	1
Communications Director	1	0	0	0	1
Communications Manager	1	0	0	0	1
Contract Specialist	1	0	0	0	1
Enterprise Application Analyst	1	0	0	0	1
Executive Assistant	1	0	0	0	1
External Affairs Coordinator	1	0	0	0	1
Finance Manager	1	0	0	0	1
General Counsel	1	0	0	0	1
Human Resources Specialist	1	0	0	0	1
Manager, Accounts Payable	1	0	0	0	1
Manager, IT/IS	1	0	0	0	1
Network Engineer III	1	0	0	0	1
Pipeline Engineer	1	0	0	0	1
President	1	0	0	0	1
Senior VP, Program Management	1	0	0	0	1
Sr. Gas Supply Analyst	1	0	0	0	1
VP Finance	1	0	0	0	1
VP Government Affairs	1	0	0	0	1
VP, LNG and Administration	1	0	0	0	1
VP, Commercial & Economics	1	0	0	0	1
VP, Ext Affairs & Gov Relations	1	0	0	0	1
Totals	26	0	0	0	26

Component Detail All Funds
Department of Commerce, Community, and Economic Development

Component: Alaska Gasline Development Corporation (2986)
RDU: Alaska Gasline Development Corporation (618)

Non-Formula Component

	FY2018 Actuals	FY2019 Conference Committee	FY2019 Authorized	FY2019 Management Plan	FY2020 Governor	FY2019 Management Plan vs FY2020 Governor	
71000 Personal Services	5,020.7	6,095.8	6,095.8	6,235.8	6,235.8	0.0	0.0%
72000 Travel	500.7	235.2	235.2	235.2	235.2	0.0	0.0%
73000 Services	3,276.5	3,805.0	3,805.0	3,665.0	3,665.0	0.0	0.0%
74000 Commodities	257.0	250.0	250.0	250.0	250.0	0.0	0.0%
75000 Capital Outlay	28.3	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	9,083.2	10,386.0	10,386.0	10,386.0	10,386.0	0.0	0.0%
Fund Sources:							
1229 AGDC-ISP (Other)	5,449.9	0.0	0.0	0.0	0.0	0.0	0.0%
1235 AGDC-LNG (Other)	3,633.3	10,386.0	10,386.0	10,386.0	10,386.0	0.0	0.0%
Unrestricted General (UGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	9,083.2	10,386.0	10,386.0	10,386.0	10,386.0	0.0	0.0%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Positions:							
Permanent Full Time	25	25	25	25	25	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	1	1	1	1	1	0	0.0%

Change Record Detail - Multiple Scenarios with Descriptions
Department of Commerce, Community, and Economic Development

Component: Alaska Gasline Development Corporation (2986)

RDU: Alaska Gasline Development Corporation (618)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2019 Conference Committee To FY2019 Authorized *****												
FY2019 Conference Committee												
ConfCom		10,386.0	6,095.8	235.2	3,805.0	250.0	0.0	0.0	0.0	25	0	1
1235 AGDC-LNG		10,386.0										
Subtotal		10,386.0	6,095.8	235.2	3,805.0	250.0	0.0	0.0	0.0	25	0	1
***** Changes From FY2019 Authorized To FY2019 Management Plan *****												
Align Authority with Anticipated Expenditures												
LIT		0.0	140.0	0.0	-140.0	0.0	0.0	0.0	0.0	0	0	0
Subtotal		10,386.0	6,235.8	235.2	3,665.0	250.0	0.0	0.0	0.0	25	0	1
***** Changes From FY2019 Management Plan To FY2020 Governor *****												
Totals		10,386.0	6,235.8	235.2	3,665.0	250.0	0.0	0.0	0.0	25	0	1

At the start of FY2020, the Alaska Liquefied Natural Gas (LNG) project will be in the Front End Engineering and Design (FEED) phase of project development. Third-party financing will be in place and the Alaska Gasline Development Corporation will be fully staffed. Personal Services authority is needed to cover routine FY2020 staff cost increases. Services authority is available as some legal costs will be funded by third-party financing.

Personal Services Expenditure Detail
Department of Commerce, Community, and Economic Development

Scenario: FY2020 Governor (15610)
Component: Alaska Gasline Development Corporation (2986)
RDU: Alaska Gasline Development Corporation (618)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Step	Comp Months	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	UGF Amount
04-701X	External Affairs Coordinator	FT	1	-5	Anchorage	99	0	12.0		79,884	0	0	62,713	142,597	0
04-702X	Accounting Specialist	FT	1	-5	Anchorage	99	0 /	12.0		74,610	0	0	60,835	135,445	0
04-703X	Senior VP, Program Management	FT	A	-5	Anchorage	99	0 /	12.0		290,563	0	0	128,071	418,634	0
04-704X	VP,Ext Affairs & Gov Relations	FT	1	-5	Anchorage	99	0	12.0		142,000	0	0	84,275	226,275	0
04-705X	VP Government Affairs	FT	1	-5	Anchorage	99	0	12.0		160,000	0	0	89,581	249,581	0
04-706X	Communications Manager	FT	1	-5	Anchorage	99	0 /	12.0		104,287	0	0	71,403	175,690	0
04-707X	Admin Specialist	FT	A	-5	Anchorage	99	0 /	12.0		94,283	0	0	67,840	162,123	0
04-708X	Manager, IT/IS	FT	1	-5	Anchorage	99	0A /	12.0		133,104	0	0	81,652	214,756	0
04-709X	Human Resources Specialist	FT	1	-5	Anchorage	99	0A	12.0		80,000	0	0	62,754	142,754	0
04-710X	Contract Specialist	FT	1	-5	Anchorage	99	0A /	12.0		84,460	0	0	64,342	148,802	0
04-711X	Executive Assistant	FT	A	-5	Anchorage	99	0A /	12.0		99,315	0	0	69,632	168,947	0
04-712X	Administrative Assistant	FT	1	-5	Anchorage	99	0A /	12.0		64,594	0	0	57,268	121,862	0
04-713X	VP, LNG and Administration	FT	1	-5	Anchorage	99	0A /	12.0		340,021	0	0	142,651	482,672	0
04-716X	Enterprise Application Analyst	FT	1	-5	Anchorage	99	0A /	12.0		101,329	0	0	70,350	171,679	0
04-717X	Network Engineer III	FT	1	-5	Anchorage	99	0A /	12.0		120,775	0	0	77,274	198,049	0
04-718X	Pipeline Engineer	FT	1	-5	Anchorage	99	0A	12.0		180,000	0	0	95,477	275,477	0
04-720X	Admin and Risk Manager	FT	1	-5	Anchorage	99	0A /	12.0		145,642	0	0	85,348	230,990	0
04-722X	Communications Director	FT	1	-5	Anchorage	99	0A	12.0		116,699	0	0	75,823	192,522	0
04-723X	General Counsel	FT	1	-5	Anchorage	99	0A /	12.0		232,909	0	0	111,075	343,984	0
04-724X	Manager, Accounts Payable	FT	1	-5	Anchorage	99	0A /	12.0		117,481	0	0	76,101	193,582	0
04-727X	VP Finance	FT	1	-5	Anchorage	99	0A	12.0		233,000	0	0	111,101	344,101	0
04-730X	Finance Manager	FT	1	-5	Anchorage	99	0A /	12.0		144,812	0	0	85,104	229,916	0
04-731X	VP,Commercial & Economics	FT	1	-5	Anchorage	99	0A /	12.0		230,894	0	0	110,481	341,375	0
04-732X	President	FT	1	-5	Anchorage	99	0A /	12.0		567,916	0	0	209,835	777,751	0
10-T069	Commercial Liaison	NP	A	-5	Anchorage	99	0A /	12.0		104,441	0	0	71,458	175,899	0
10-X018	Sr. Gas Supply Analyst	FT	A	-5	Anchorage	99	0 / A	12.0		152,642	0	0	87,412	240,054	0

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column. [No valid job title] appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario.

Personal Services Expenditure Detail
Department of Commerce, Community, and Economic Development

Scenario: FY2020 Governor (15610)
Component: Alaska Gasline Development Corporation (2986)
RDU: Alaska Gasline Development Corporation (618)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Step	Comp Months	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	UGF Amount
		Total Positions	New	Deleted										Total Salary Costs:	4,195,661
														Total COLA:	0
	Full Time Positions:	25	0	0										Total Premium Pay:	0
	Part Time Positions:	0	0	0										Total Benefits:	2,309,856
	Non Permanent Positions:	1	0	0											
	Positions in Component:	26	0	0											
	Total Component Months:	312.0													
														Total Pre-Vacancy:	6,505,517
														Minus Vacancy Adjustment of 4.15%:	(269,717)
														Total Post-Vacancy:	6,235,800
														Plus Lump Sum Premium Pay:	0
														Personal Services Line 100:	6,235,800

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1235 Alaska Liquefied Natural Gas Project Fund (AGDC-LNG)	6,505,517	6,235,800	100.00%
Total PCN Funding:	6,505,517	6,235,800	100.00%

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column. [No valid job title] appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario.

Line Item Detail (1676)
Department of Commerce, Community, and Economic Development
Travel

Component: Alaska Gasline Development Corporation (2986)

Line Number	Line Name		FY2018 Actuals	FY2019 Management Plan
2000	Travel		500.7	235.2
Object Class	Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
2000 Travel Detail Totals			500.7	235.2
2000	In-State Employee Travel	In-State Transportation - Transportation costs for travel relating to administration, conventions and meetings, boards and commissions.	59.1	74.2
2001	In-State Non-Employee Travel	In-State Transportation - Transportation costs for travel relating to meetings and boards for non-employees.	4.2	0.0
2002	Out of State Employee Travel	Out-of-State Transportation - Transportation costs for travel focusing on marketing and commercial agreements to move AKLNG to the next phase.	437.4	161.0

Line Item Detail (1676)
Department of Commerce, Community, and Economic Development
Services

Component: Alaska Gasline Development Corporation (2986)

Line Number	Line Name		FY2018 Actuals	FY2019 Management Plan
3000	Services		3,276.5	3,665.0
Object Class	Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
3000 Services Detail Totals			3,276.5	3,665.0
3000	Education Services	Training, educational conferences, agency memberships, tuition, books and fees for work-related courses.	75.5	100.0
3001	Financial Services	Accounting, auditing, management consulting, grantee monitoring, loan servicing and insurance related services.	90.5	100.0
3002	Legal and Judicial Services	Legal and judicial services, including costs to conduct hearings and transcription fees.	24.2	25.0
3003	Information Technology	Information Technology - Training, consulting, equipment and software leases, licensing and maintenance.	336.3	350.0
3004	Telecommunications	Local, long distance, and cellular telephone charges, television, data/network, telecommunication equipment, and other wireless charges from outside vendors.	49.8	55.0
3006	Delivery Services	Freight, courier services, and postage.	10.9	12.0
3007	Advertising and Promotions	Advertising, promotions and legal notices.	6.3	10.0
3009	Structure/Infrastructure/Land	Structure, infrastructure and land repairs, maintenance, rentals and leases.	952.3	965.0
3010	Equipment/Machinery	Machinery, furniture and equipment purchase, repairs, maintenance,	99.2	100.0

Line Item Detail (1676)
Department of Commerce, Community, and Economic Development
Services

Component: Alaska Gasline Development Corporation (2986)

Object Class	Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
3000 Services Detail Totals			3,276.5	3,665.0
		rentals, and leases.		
3011	Other Services	Other professional services.	1,504.2	1,811.0
3028	Inter-Agency Americans with Disabilities Act Compliance	Admin - Department-wide Americans with Disabilities Act (ADA) enforcement.	0.1	1.0
3029	Inter-Agency Education/Training	Educational and training services.	0.1	1.0
3038	Inter-Agency Management/Consulting	Rev - Department-wide RSA with Alaska Housing Finance Corporation for employee benefits.	27.0	30.0
3038	Inter-Agency Management/Consulting	Commerce - Administrative Services (1028) Administrative Services support.	48.5	50.0
3038	Inter-Agency Management/Consulting	Commerce - Commissioner's Office (1027) Commissioner's Office support.	51.6	55.0

Line Item Detail (1676)

**Department of Commerce, Community, and Economic Development
Commodities**

Component: Alaska Gasline Development Corporation (2986)

Line Number	Line Name		FY2018 Actuals	FY2019 Management Plan
4000	Commodities		257.0	250.0
Object Class	Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
		4000 Commodities Detail Totals	257.0	250.0
4000	Business	Supplies for office, library, training, and instructional needs, including small equipment, tools and subscriptions.	257.0	250.0

Line Item Detail (1676)

**Department of Commerce, Community, and Economic Development
Capital Outlay**

Component: Alaska Gasline Development Corporation (2986)

Line Number	Line Name		FY2018 Actuals	FY2019 Management Plan
5000	Capital Outlay		28.3	0.0
Object Class	Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
		5000 Capital Outlay Detail Totals	28.3	0.0
5007	Depreciation Expense		28.3	0.0

Inter-Agency Services (1682)

Department of Commerce, Community, and Economic Development

Component: Alaska Gasline Development Corporation (2986)

				FY2018 Actuals	FY2019 Management Plan
Component Totals				127.2	136.0
With Department of Administration				0.1	1.0
With Department of Revenue				27.0	30.0
With Department of Commerce, Community, and Economic Development				100.1	105.0
Object Class	Servicing Agency	Explanation		FY2018 Actuals	FY2019 Management Plan
3028	Inter-Agency Americans with Disabilities Act Compliance	Admin - Department-wide	Americans with Disabilities Act (ADA) enforcement.	0.1	1.0
3038	Inter-Agency Management/Consulting	Rev - Department-wide	RSA with Alaska Housing Finance Corporation for employee benefits.	27.0	30.0
3038	Inter-Agency Management/Consulting	Commerce - Administrative Services (1028)	Administrative Services support.	48.5	50.0
3038	Inter-Agency Management/Consulting	Commerce - Commissioner's Office (1027)	Commissioner's Office support.	51.6	55.0