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Atlanta Gas Light

CHEROKEE LNG EXPANSION – LNG TRACKER

QUARTERLY REPORT NO. 3

Docket No. 43820

November 30, 2022



ATLANTA GAS LIGHT
CHEROKEE LNG EXPANSION – LNG TRACKER
QUARTERLY REPORT NO. 3
DOCKET NO. 43820

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INTRODUCTION

Atlanta Gas Light Company ("AGL" or the "Company") files this Quarterly Report No. 3 for the Cherokee LNG Expansion Project (the "Project") with the Georgia Public Service Commission (the "Commission" or "GPSC") in compliance with Appendix A of the Stipulation approved by the Commission's November 18, 2021, Order in Docket No. 43820 (the "i-CDP Order") approving AGL's amended 2022-2031 i-CDP (the "Plan"). The Stipulation approved by the I-CDP Order requires that AGL submit Quarterly Reports to the GPSC Staff ("Staff") documenting the execution progress of the Project. This report documents the execution progress for the third quarter of 2022 covering the period from July 1 through September 30, 2022.

Appendix A further stipulates that each calendar quarter, AGL shall provide:

1. A high-level Project schedule similar to Appendix G in AGL's Pre-12/23/20 FEED Report, including:
    a. AGL's current contracting and construction approach for the Project and AGL's system improvement projects;
    b. Tasks and associated subtasks to be based on the five Project components listed inTable 14 of AGL's Amended 2022-2031 i-CDP;
    c. A detailed narrative discussing the schedule to be provided each month on a quarterly basis; and,
    d. A narrative to focus on variances to previous reporting with explanations and actions taken to address.
2. A Project budget update similar to Table 14 of AGL's Amended 2022-2031 i-CDP, including:
    a. The budget updates to include these categories and associated subcategories;
    b. A detailed narrative discussing the budget to be provided each month on a quarterly basis; and,
    c. A narrative to focus on variances to previous reporting with explanations, cost variances support, and actions taken to address.
3. A Project risk register similar to the risk register in AGL's Pre-12/23/20 FEED Report, which incorporates:
    a. A risk register to incorporate AGL's current contracting and construction approach for the Project and AGL's system improvement projects;



b. An organization of the risk register to be based on the five Project components and associated subcomponents listed in Table 14 of AGL's Amended 2022-2031 i-CDP;
c. A detailed narrative discussing the risks to be provided each month; and,
d. A narrative to focus on variances to previous reporting with explanations and actions taken to address.

PROJECT SCHEDULE

Tank Engineering, Procurement, & Construction ("EPC") engineering and construction work and Detailed Engineering Design work for the Tank Balance of Plant (BOP) and Power Generation project phases of the Project remained in progress in the third quarter of 2022. Current work progress remains on schedule to meet the key in-service dates of Project components specified in the i-CDP Plan, except risk is higher that the tank balance of plant in service may be delayed until late 2023 (see the Project Risk Register section). A high-level schedule showing the major tasks associated with project execution and projected in-service dates is provided in Attachment A.

The key Project work completed in the quarter ending September 30, 2022, include the following:

1. LNG Storage Tank Construction Progress

   July Work Completed:

   - Finished weld out of slope bar to complete the outer tank
   - Completed the stainless-steel suspended deck
   - Installed roof air raise equipment and two monorail hoists
   - Structural Steel components detail drawings started.
   - Waterfall piping placed on hold pending review of pipe rack elevation and relocation change
   - Figure 1 shows a view of the tank construction site at the end of July 2022

   August Work Completed:

   - Roof air raise completed
   - Figure 2 shows a view of the tank after completion of the roof air raise
   - Weld out of roof to slope bar completed
   - Poured the outer leveling course for bearing ring
   - Waterfall piping work resumed after pipe rack changes finalized
   - Figure 3 shows a view of the tank construction site at the end of August 2022

   September Work Completed:

   - Poured the inner tank bearing ring
   - Completed weld out of annular plate and SR1
   - Hung and started weld out of SR2
   - Poured 6 of 9 pipe rack foundations
   - Figure 4 shows a view of the tank construction site at the end of September 2022



Engineering Work Completed:

- Approximately 30 drawings and specifications issued for review and approval (IFA) and issued for construction (IFC)
- Engineering work continues according to schedule.

2. Detailed Engineering Progress

Engineering Work Completed:

- Tank BOP, Power Generation and Liquefaction Detailed Design in progress
- Specifications and Procurement Packages for Equipment Purchases
- Support for review of engineering deliverables from equipment provider vendors.
- Liquefaction System HAZID completed
- HAZOP for Tank BOP completed
- HAZOP for Power Generation completed



Figure 1: View of Tank Construction Site at the End of July 2022



Figure 2: View of Tank After Completion of the Roof Air Raise



Figure 3: View of Tank Construction Site at the End of August 2022



Figure 4: View of Tank Construction Site at the End of September 2022

PROJECT BUDGET

AGL's Annual Spend Analysis for the Project for the month ends of June (end of 2nd Quarter 2022), July, August and September 2022 are provided in Tables 1, 2, 3 and 4, respectively. The cost data presented in these tables is converted to $millions relative to the original Table 14 in the i-CDP Plan. Table 5 presents the cost deviations between Table 1 and Table 4. The total estimated cost of completion for execution of the Project remains at approximately [redacted].

Table 1: Annual Spend Analysis – from AGL's Project financials update for June 2022 (end of 2nd Quarter 2022)

[redacted]

Table 2: Annual Spend Analysis – from AGL's Project financials update for July 2022



Table 3: Annual Spend Analysis – from AGL's Project financials update for August 2022



Table 4: Annual Spend Analysis – from AGL's Project financials update for September 2022



Table 5: Deviations between Table 4 (September 2022) and Table 1 (June 2022).



Discussion of Deviations in Table 5

Table 5 shows the cost estimate deviations between the September 2022 (end of 3rd Quarter 2022) estimate presented in Table 4 herein and the June 2022 (end of 2nd Quarter 2022) estimate presented in Table 1 herein.

[redacted]. Cost deviations such as this are to be expected during project execution as major equipment procurements are executed, equipment delivery and payment schedules are finalized, and construction schedules and cash flows adjustments are made.

[redacted]

PROJECT RISK REGISTER

In the 3rd Quarter of 2022, the AGL Project team undertook a series of workshops to review and update the Risk Register. These workshops focused on each execution phase of the Project and to further refine risk mitigation strategies.

The Project Team is using a rolling wave planning approach to managing risks for each of the execution phases, maintaining a heightened focus on the risks to the current / upcoming phases while maintaining overall visibility of the future phases.

Currently the team is primarily focused on the risks to the Tank Balance of Plant (BOP), Power Generation and Liquefaction scopes with a potential to impact the 2023 and 2024 in-service delivery. Risk will be continuously refined and reassessed as additional information becomes available.

The register developed from these workshops is provided in Attachment C (showing the medium and higher risk items only).

One "Medium-Risk" risk item on the BOP risk register was changed to "High-Risk" in the past quarter:

- **BOP Late equipment delivery** – Delivery schedules of some key electrical equipment are expected to impact the originally planned in-service date of November 2023. Lead times of electrical equipment are a common problem impacting many industrial construction projects today. Equipment delivery dates are much longer than historical average for transformers, the Power Distribution Center (PDC) building, emergency generator, and Allen Bradley I/O cards and control panels. Delivery and installation of these equipment will be critical to placing the Tank/BOP into service.

One new Medium-Risk item was also added to the Risk Register in the past quarter:

- **Difficulty managing and overseeing multiple contractors working on site at the same time –**

Two Medium-Risk item were retired from the risk register in the past quarter:

- **BOP - Unable to meet 2023 system demand**
- **Liquefaction - Unable to meet 2024 system demand**

During risk register reviews in the 3rd Quarter of 2022, the project team realized that these two risk items were stated incorrectly and therefore the impacts were misleading; therefore, these two risk items have been retired, or closed. Other specific risk items already included in the risk register document the potential impacts on in-service schedules. First, there is a risk related to late receipt of equipment vendor drawings required to complete Issued for Bid (IFB) and Issued for Construction (IFC) drawing packages. Second, there is a risk related to potential for late deliveries of equipment and materials from vendors. Both risks could impact construction and prevent the Tank/Balance of Plant (2023) and Liquefaction system (2024) from being placed into service according to the schedule stated in the i-CDP.

These specific risks, and the potential inability for the Tank and Balance of Plant being placed in service by November 2023, and the Liquefaction System being placed into service by mid-2024, mean that LNG from the Cherokee LNG expansion may not be available to provide the incremental LNG supply indicated in the i-CDP for 2023 and 2024. However, these risks do not mean that AGL will be unable to meet system demand in 2023 and 2024. AGL has already considered this contingency and how to mitigate such a circumstance. As stated in the filed and approved 2022-2025 Capacity Supply Plan, AGL will seek added bundled peaking if the expected additional vaporization capability described in the plan is somehow delayed.

All other risk items are the same as last quarter.

Appendix C provides further information on these risk items and mitigation plans being implemented to minimize the probability and/or potential impact of these risks.



ATTACHMENT A. PROJECT SCHEDULE

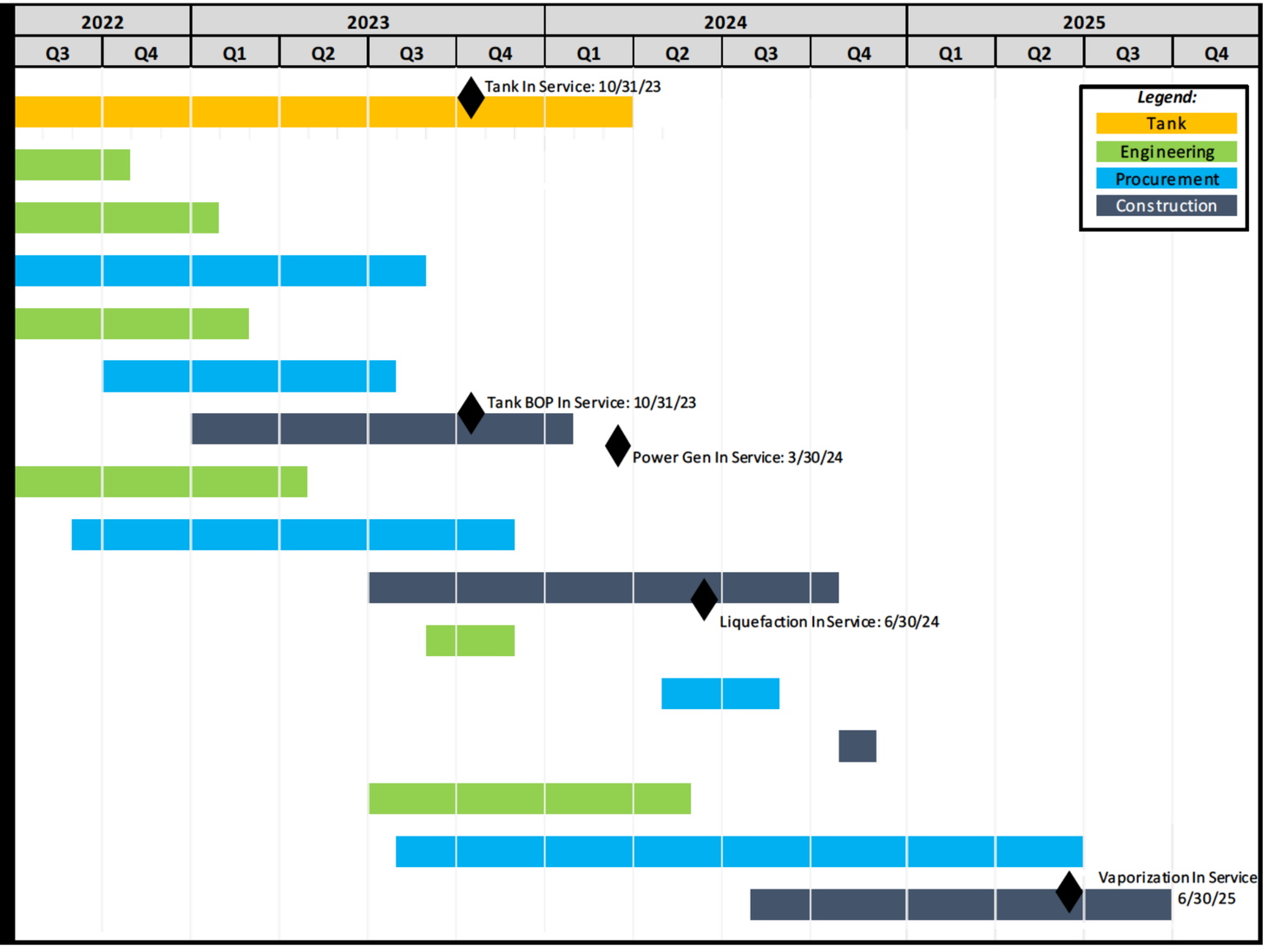
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High level project schedule for execution of the Project.

Cherokee LNG Summary Schedule

As Of: October 6, 2022

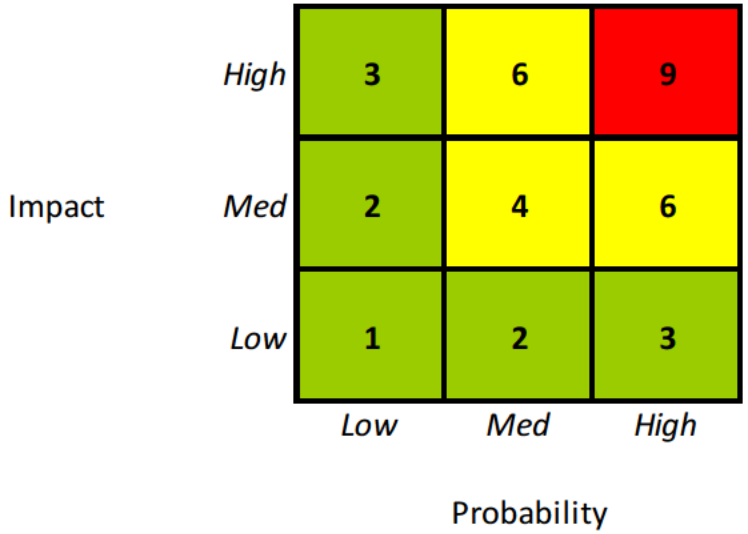
	Start	Finish
Tank Construction (Matrix)	*26-Aug-21*	31-Mar-24
Stage 1: Front-End Engineering and Design	*22-Oct-21*	6-Oct-22
Stage 2: Tank BOP Detailed Design	*6-Apr-22*	10-Jan-23
Stage 2: Tank BOP Procurement	*6-May-22*	14-Aug-23
Stage 3: Power Generation Detailed Design	*6-Apr-22*	16-Feb-23
Stage 3: Power Generation Procurement	6-Oct-22	26-Jul-23
Tank BOP / Power Gen Construction	31-Jan-23	22-Jan-24
Stage 4: Liquefaction Detailed Design	*24-Jun-22*	27-Apr-23
Stage 4: Liquefaction Procurement	*27-Sep-22*	9-Nov-23
Liquefaction Construction	15-Jul-23	14-Oct-24
Stage 5: Existing Liquefaction Demolition Engineering	1-Sep-23	23-Nov-23
Stage 5: Existing Liquefaction Demolition Procurement	28-May-24	19-Aug-24
Stage 5: Existing Liquefaction Demolition Construction	2-Jan-25	6-Jan-25
Stage 6: Vaporization Detailed Design	21-Jul-23	27-May-24
Stage 6: Vaporization Procurement	8-Aug-23	9-Jun-25
Vaporization Construction	24-Aug-24	25-Sep-25



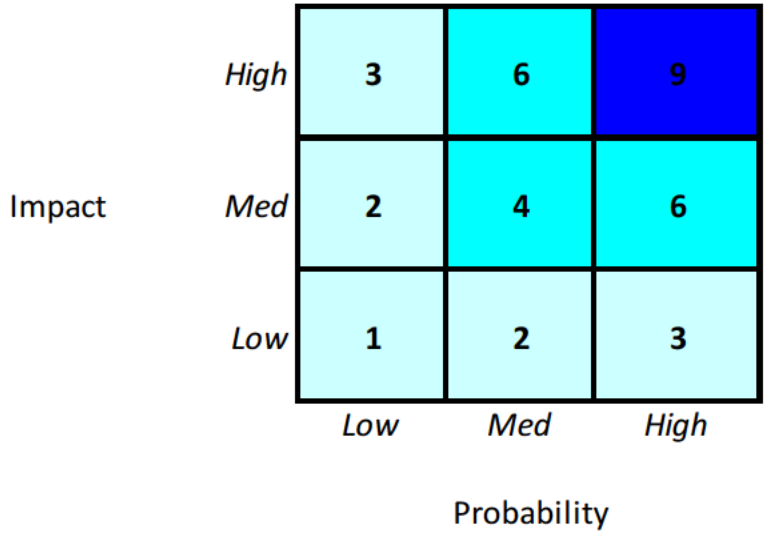
ATTACHMENT B. PROJECT RISK REGISTER

HEAT MAP ILLUSTRATION

Risk Matrix Value & Color Code



Opportunities Matrix Value & Color Code



L = Low
M = Medium
H = High

PROJECT RISK REGISTER – TANK/BOP



PROJECT RISK REGISTER – POWER GENERATION

[redacted]

PROJECT RISK REGISTER – LIQUEFACTION



PROJECT RISK REGISTER – VAPORIZATION

[redacted]