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Atlanta Gas Light

CHEROKEE LNG EXPANSION – LNG TRACKER

QUARTERLY REPORT NO. 6

Docket No. 43820

August 31, 2023



ATLANTA GAS LIGHT
CHEROKEE LNG EXPANSION – LNG TRACKER
QUARTERLY REPORT NO. 6
DOCKET NO. 43820

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INTRODUCTION

Atlanta Gas Light Company ("AGL" or the "Company") files this Quarterly Report No. 6 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 first quarter of 2023 covering the period from April 1 through June 30, 2023.

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), Power Generation and Liquefaction project phases of the Project remained in progress in the second quarter of 2023. The tank balance of plant in-service will be delayed to the first quarter 2024. Work progress for power generation remains on schedule to meet the key in-service date specified in the i-CDP Plan, and there is elevated risk that the liquefaction in-service may be delayed until late 2024 (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 June 30, 2023, include the following:

1. LNG Storage Tank Construction Progress

   April Work Completed:

   - Fit and weld inner tank bottom
   - Installation of waterfall piping
   - Welding SR10 shell stiffener
   - Fabricating tank top piping
   - Finish staging insulation on suspended deck
   - Fit and weld pump columns
   - Finished installation of SR11 shell stiffener
   - Fit and weld pipe rack piping
   - Finished installing spill pans
   - Start assembling compaction control blankets
   - Welding SR12 shell stiffener
   - Figure 1 shows a view of the tank construction site at the end of April 2023

   May Work Completed:

   - Received delivery of pump column material (all pump columns at site)
   - Installed ground level valves
   - Welding SR10 shell stiffener
   - Welding SR12 shell stiffener
   - Installed the emergency ladder
   - Installing tank top nozzles
   - Fitting and welding tank top platform and handrails
   - Assembled compaction control blankets
   - Finished fabricating tank top piping
   - Finished inner tank bottom
   - Fit and weld pump columns (currently have 3 installed in tank)
   - SRI defect areas were cut out and prepared for shipment
   - Welded bottom side of perlite nozzles
   - Installed closure plates
   - Figure 2 shows a view of the tank construction site at the end of May 2023

June Work Completed:

- Finished welding out the SRI insert plate where surface defects were located
- Completed welding out of emergency ladder
- Fit and weld pipe supports in spill pans
- Finished welding braces and repads on spiral stair
- Finished installing inner tank manway
- Finished installing insulation stops on pump columns
- Finished hanging spiral stair case
- Welding pipe supports for pump columns
- Started clearing off and cleaning inner tank shell stiffeners
- Fit and weld patch plate on suspended deck
- Fit and weld tank top piping
- Completed hanging compaction control blankets
- Installed RTD cables between shells
- Inspected SR5 shell plate and confirmed no surface defects
- Completed hydrotest of N7, N8, N9, N10 pump columns
- Figure 3 shows a view of the tank construction site at the end of June 2023

Engineering Work Completed:

- Drawings Issued for Construction
  - Electrical Lighting Installation Detail and BOM (IFC)
  - Tank Detail Drawings, BOM, & Shipping List (IFC)
  - Pump Column & Survey Drawings (IFC)
  - Inner Tank Shell Insert Plate Drawing (IFC)
  - Manual Valve List, Rev. 1 (IFC)
  - Leak Testing Requirements for the LNG Tank Specification (IFC)
- Engineering work continues according to schedule.

2. Tank Balance-of-Plant and Power Generation Construction Progress

June Work Completed:

- Mobilized to site
- Poured turbine generator foundations
- Wrecked forms on the turbine generator foundation footers and backfilled around the turbine generator foundations
- Excavated for the PDC building foundation
- Tied rebar and built forms for the pipe rack and cable tray supports
- Removed the existing compressor from building and demoed related equipment, conduit and cables in the compressor building
- Figure 4 shows a view of the BOP and power generation construction site at the end of June 2023

3. Detailed Engineering Progress

Engineering Work Completed:

- Tank BOP, power generation, liquefaction and fire protection detailed design continued in progress

- Specifications and procurement packages for equipment purchases
- Support for review of engineering deliverables from equipment provider vendors
- BOP and power generation issued for construction (IFC) design drawings for construction are in progress
- Liquefaction system detailed design progress continues and a 3D model review was completed



Figure 1: View of Tank Construction Site at the End of April 2023



Figure 2: View of Tank Construction Site at the End of May 2023



Figure 3: View of Tank Construction Site at the End of June 2023



Figure 4: View of BOP Construction and Power Generation Site at the End of June 2023

PROJECT BUDGET

AGL's Annual Spend Analysis for the Project for the month ends of March 2023 (end of 1st Quarter 2023), April, May and June 2023 are provided in Tables 1, 2, 3 and 4, respectively. The cost data presented in these tables are 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 direct cost of completion for execution of the Project remains at approximately [redacted].

Table 1: Annual Spend Analysis – from AGL's Project financials update for March 2023 (end of 1st Quarter 2023)



Table 2: Annual Spend Analysis – from AGL's Project financials update for April 2023



Table 3: Annual Spend Analysis – from AGL's Project financials update for May 2023



Table 4: Annual Spend Analysis – from AGL's Project financials update for June 2023



Table 5: Deviations between Table 4 (June 2023) and Table 1 (March 2023).



Discussion of Deviations in Table 5

Table 5 shows the cost estimate deviations between the June 2023 (end of 2nd Quarter 2023) estimate presented in Table 4 herein and the March 2023 (end of 1st Quarter 2023) 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]

Total actual costs through June 2023 were [redacted] and the total estimated remaining cost to complete project execution was [redacted] (including internal costs and contingency).

PROJECT RISK REGISTER

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 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). There were no changes to project risk items during the last quarter. The BOP and Power Generation construction schedule has been finalized and was used to set a new baseline schedule and target in-service dates for the tank, BOP and Power Generation. Additional risk register workshops will resume next quarter.

One "High-Risk" item remained in the last quarter:

- **BOP Late equipment delivery** – Delivery schedules of some key electrical equipment have impacted the originally planned in-service date of November 2023. Lead times of electrical equipment are a common problem impacting many current industrial and other construction projects. Equipment delivery dates are much longer than historical average for transformers, the power distribution center (PDC) building, switch gear, 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.

All other risk items were the same as the previous quarter. Specific medium risk items in the risk register document potential impacts on in-service schedules. First, there is a risk related to late receipt of equipment vendor drawings required to complete detailed design, 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 have impacted the construction schedule and the ability to place Tank/Balance of Plant and Liquefaction system into service according to the schedule stated in the i-CDP.

The inability for the tank and balance of plant to be placed in service by November 2023 will mean that LNG from the Cherokee LNG expansion cannot provide the incremental LNG supply indicated in the i-CDP for 2023. However, this does not mean that AGL will be unable to meet system



demand in 2023 and 2024. AGL has already secured an added amount of bundled peaking supply to offset the anticipated availability of the expanded facility. 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 delayed.

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

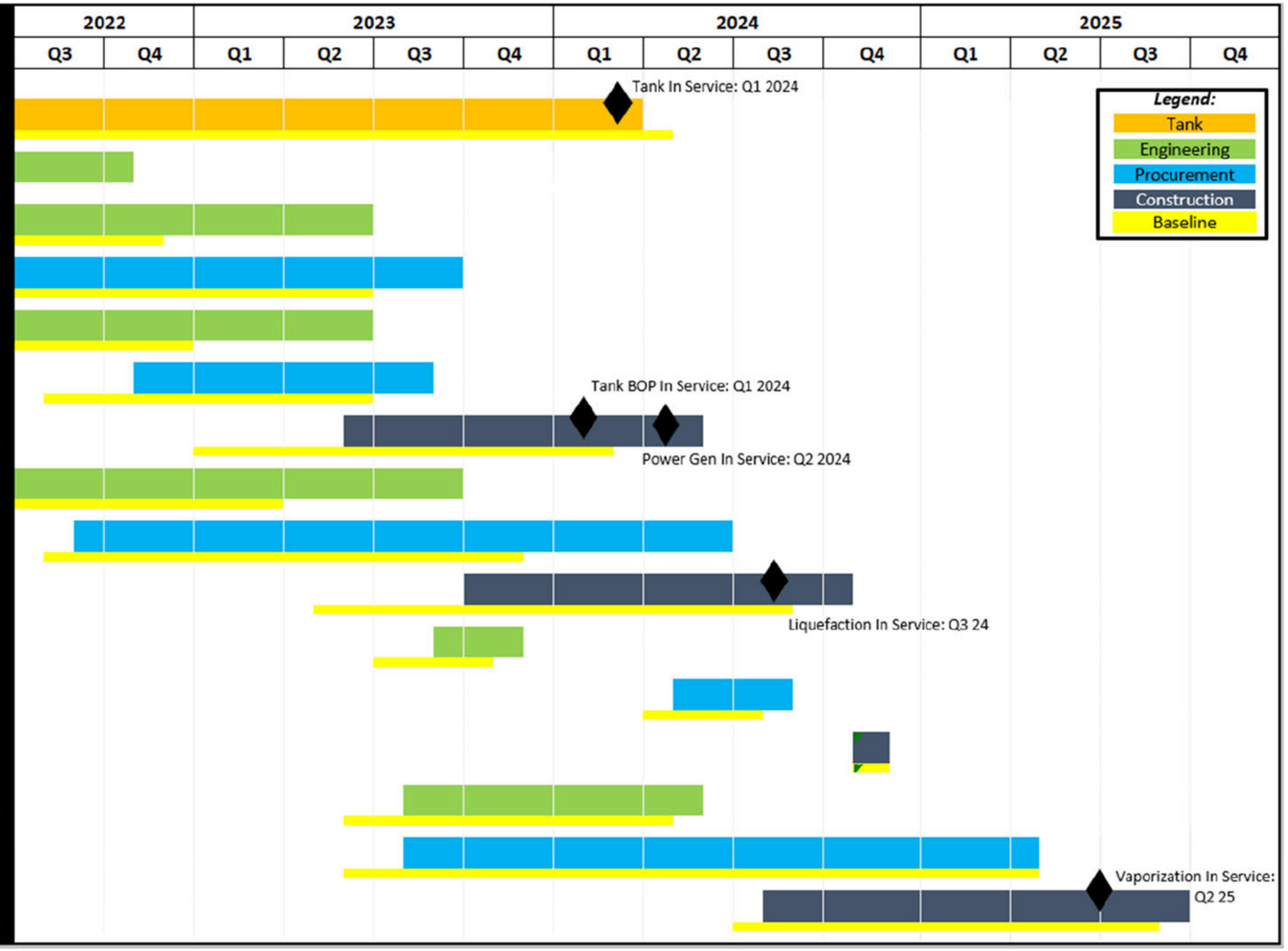
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High level project schedule for execution of the Project.

Cherokee LNG Summary Schedule

As Of: June 30, 2023

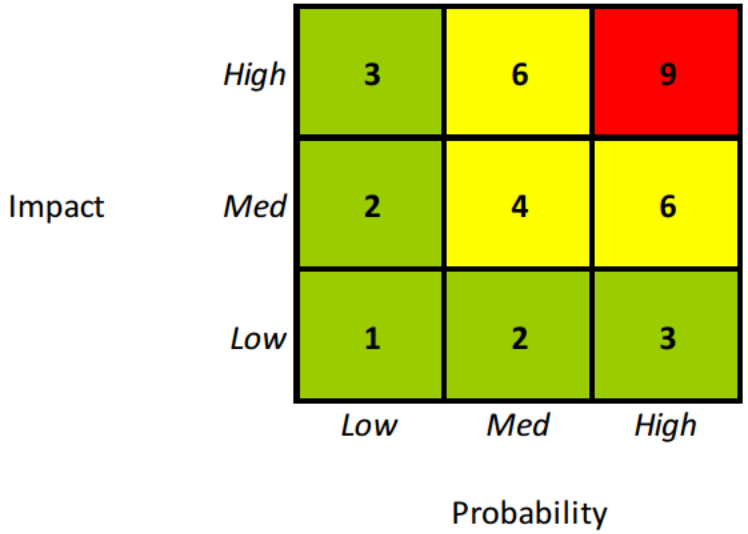
	Start	Finish
Tank Construction (Matrix)	*26-Aug-21*	31-Mar-24
Stage 1: Front-End Engineering and Design	*22-Oct-21*	*31-Oct-22*
Stage 2: Tank BOP Detailed Design	*6-Apr-22*	21-Jun-23
Stage 2: Tank BOP Procurement	*6-May-22*	12-Sep-23
Stage 3: Power Generation Detailed Design	*6-Apr-22*	21-Jun-23
Stage 3: Power Generation Procurement	30-Nov-22	8-Aug-23
Tank BOP / Power Gen Construction	5-Jun-23	21-May-24
Stage 4: Liquefaction Detailed Design	*24-Jun-22*	25-Sep-23
Stage 4: Liquefaction Procurement	*27-Sep-22*	30-Jun-24
Liquefaction Construction	1-Oct-23	1-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-Aug-23	27-May-24
Stage 6: Vaporization Procurement	8-Aug-23	9-Apr-25
Vaporization Construction	24-Aug-24	25-Sep-25



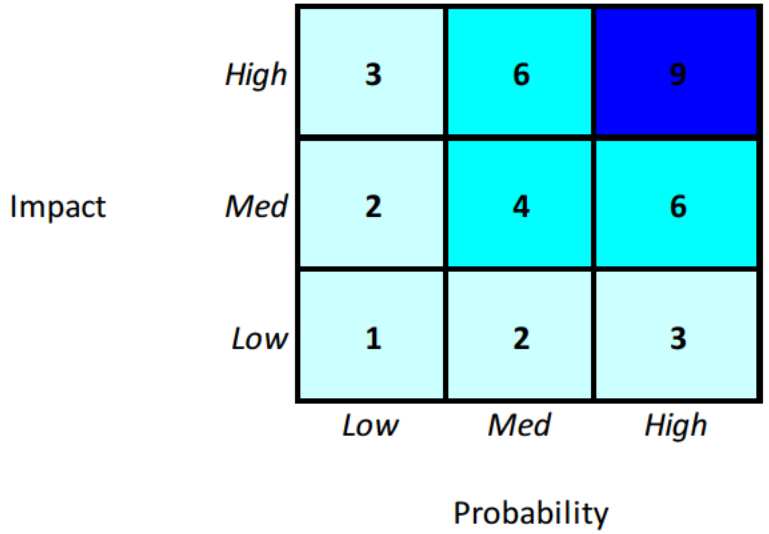
ATTACHMENT B. PROJECT RISK REGISTER

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]