



FNSB Assembly Quarterly Update



FNSB Assembly 11/7/2013



Most Recent Update – 7/18/13

- Thru 3/13
 - Establishment of Utility
 - Participation in Public Support for Energy Project
 - Preparation of Plan for Unserved Areas of Community
 - Presentation to RCA and Others on Community Need and Plan
- Thru 7/13
 - Public Presentations and Testimony
 - Administrative and Legislative Efforts
 - CPCN Application
 - Community Plan Refinement
 - Organizational Responsibilities
 - Facilitation and Partnering



IGU Activities Since 7/18/13

- RCA Related Activities
 - Public Input Hearing In Fairbanks
 - Preparation for Hearing and Discovery
 - RCA Hearing
 - Post Hearing Briefing
- Refinement of Community Plan – Articulation of Community Need
 - Demand
 - Supply
 - Distribution
 - Storage and Security
 - Transportation
- Operations
 - Management Support Contract
 - Fiscal Position as of 10/31/13
 - In-Kind Support



RCA Hearing

- What did we learn that we didn't already know?
 - Next slide
- What is the timeline?
- What is the impact of RCA decision timing on the Interior Energy Plan?

ITEMS LEARNED/UNCOVERED DURING 3 WEEK RCA HEARING AND DISCOVERY PROCESS

- Change of ownership
- Transfer of assets from FNG to Titan, Polar, AET non-regulated subsidiaries (2012 book value of assets transferred/given away ~\$19M)
- Lack of commitment to build out new area beyond public funding
- Lack of commitment of current owners to invest their own money into regulated utility
- Lack of commitment to build out current service area
- 2012 NIO of \$7.58 – greater than total paid by Anchorage consumers
- Use of Titan to contract for gas supply for FNG – with terms between Titan and FNG not written down
- FNG intent to build out 300 miles of 630 miles identified in design charrette with AIDEA/IGU/FNG



Community Plan – Articulation of Community Need

- Distribution
 - ~810 Miles from Design Charrette
 - 6 Year Build-out
- Storage and Security
 - ~10-15 million gallons of community need
 - Storage Optimization Work Underway
- Demand
 - NEI work for AIDEA
 - NEI/IGU Survey
 - AEA Focus Group
- Transportation
 - AIDEA Due Diligence Work
 - More Review Required
- Conversion
 - Little Work Done to Date
- Cost
 - More than is covered in SB23 for Distribution or Supply

Operations

- Management Support
 - Management RFP Issued Sept 2013
 - Responses Received October 2013
 - Evaluation Ongoing - with Award Targeted Dec 2013
 - No IGU Employees – CEO planned if CPCN Issued
 - Contract Support from FEDC
- Fiscal Position as of 10/31/13
 - Next Slide
- In Kind Support
 - Predominantly Legal, supplemental support from Procurement, Mayor's Office, GIS, Finance, Risk

INTERIOR GAS UTILITY
Budget to Actual - as of 10-16-13

	Approved Budget	Actuals as of 10/16/13	Variance (O)/U
Revenue			
FNSB Contract - Amendment 1	1,823,700	762,050	1,061,650
FY13 Net Positive UFB	82,725	73,768	8,957
Direct Public Support		9,500	(9,500)
Total Revenue	<u>1,906,425</u>	<u>845,318</u>	<u>1,061,107</u>
Expenditure Budget			
2000 Salary and Benefits	-	-	-
3000 Services			
Utility Support	353,035	17,314	335,721
CPCN Support	495,905	464,926	30,979
Financial Analysis and Business Plan	272,575	21,696	250,879
System Specifications and Prelim Design	579,500	-	579,500
Refine Community Plan	33,024	87,857	(54,833)
Other / Contingency	140,886	-	140,886
Subtotal	<u>1,874,925</u>	<u>591,793</u>	<u>1,283,132</u>
4000 Commodities			
Utility Support	7,500		7,500
CPCN Support	2,500		2,500
Financial Analysis and Business Plan	500		500
System Specifications and Prelim Design	-		-
Refine Community Plan	-		-
Other	-	-	-
Subtotal	<u>10,500</u>	<u>-</u>	<u>10,500</u>
5000 Equipment			
Utility Support	5,000		5,000
CPCN Support			-
Financial Analysis and Business Plan			-
System Specifications and Prelim Design			-
Refine Community Plan			-
Other			-
Subtotal	<u>5,000</u>	<u>-</u>	<u>5,000</u>
5000 Travel			
Utility Support	10,000	949	9,051
CPCN Support	5,000	6,123	(1,123)
Financial Analysis and Business Plan	1,000		1,000
System Specifications and Prelim Design			-
Refine Community Plan			-
Other			-
Subtotal	<u>16,000</u>	<u>7,072</u>	<u>8,928</u>
Total Expenditure Budget	<u>1,906,425</u>	<u>598,865</u>	<u>1,307,560</u>



Summary and Questions

- Goals Remain
 - Low Cost Gas - \$15/mcf delivered target
 - As Many as Possible – Full build-out to ~810 mile distribution concept network agreed to at AIDEA/AEA design charrette
 - As Quickly As Possible – 6 year build-out schedule; with distribution infrastructure being installed concurrent with North Slope Plant construction
- IGU continues to be guided by these goals and the refinement detailed in the distribution criteria



Reference Material

- Post Hearing Briefs
- Hand-outs Provided to Lowell Group 10/14/13
- Letters on Supply and IEP Approval
- Design Charrette Maps