

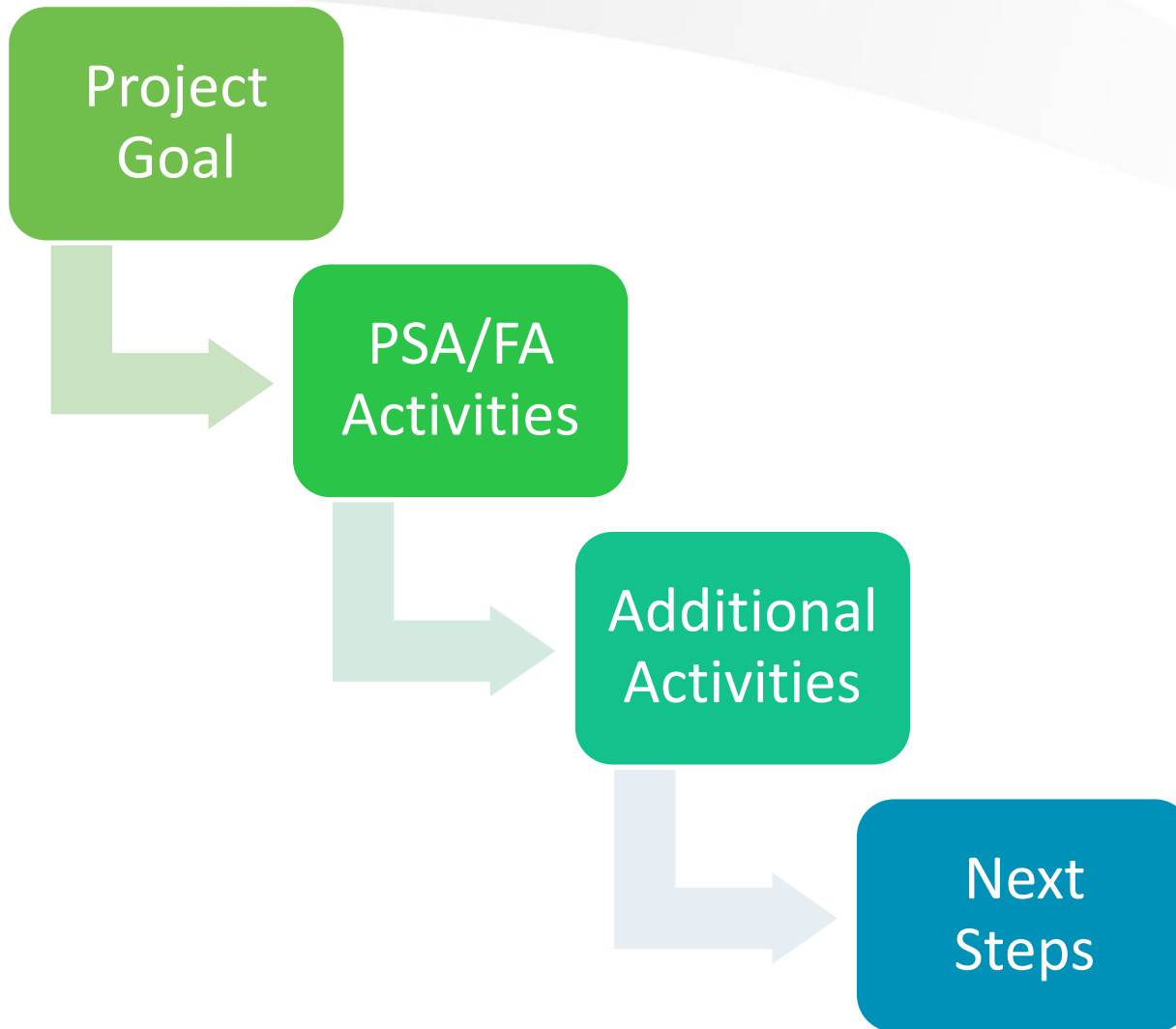


Interior Energy Project Update: FNSB Assembly Quarterly Update – Q2 2018

June 7, 2018



Presentation Summary



Project Goal

Interior Energy Project PURPOSE AND GOALS

Interior Alaska

“ . . . to bring low-cost energy to as many residents and businesses of Interior Alaska as possible, as quickly as possible ... ”

Stabilize the Economy

Help Improve Air Quality

Recent and Current PSA/FA & Project-related Activities

Status of IEP Legislation: Passed

AIDEA IEP Bonding Authority Extension

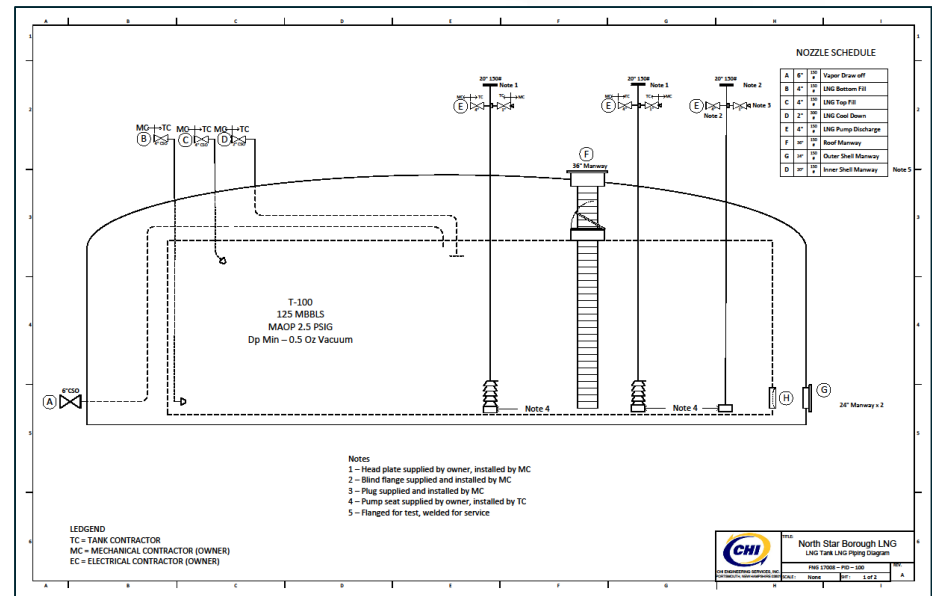
- Advanced by Senate President Kelly
- Ensures \$150M of State supported Bonds remain available for use on the project
- Simple 5-year extension to June 30, 2023
- Approved by the Legislature as part of HB 119 on May 12, 2018
- Awaiting Transmission to the Governor

Statutory Authorization for On-Bill Financing or Repayment of Natural Gas Conversions: HB 374

- Advanced by Representative Wool
- Approved by the Legislature on May 12, 2018
- Awaiting Transmission to the Governor

Large LNG Storage Tank Construction Update

- 5.2 Million gallon capacity
- Double-walled, double containment design
- Construction Commenced January 2018
- Advancing On-schedule
- Scheduled Completion: Fall 2019



Large LNG Storage Tank Construction

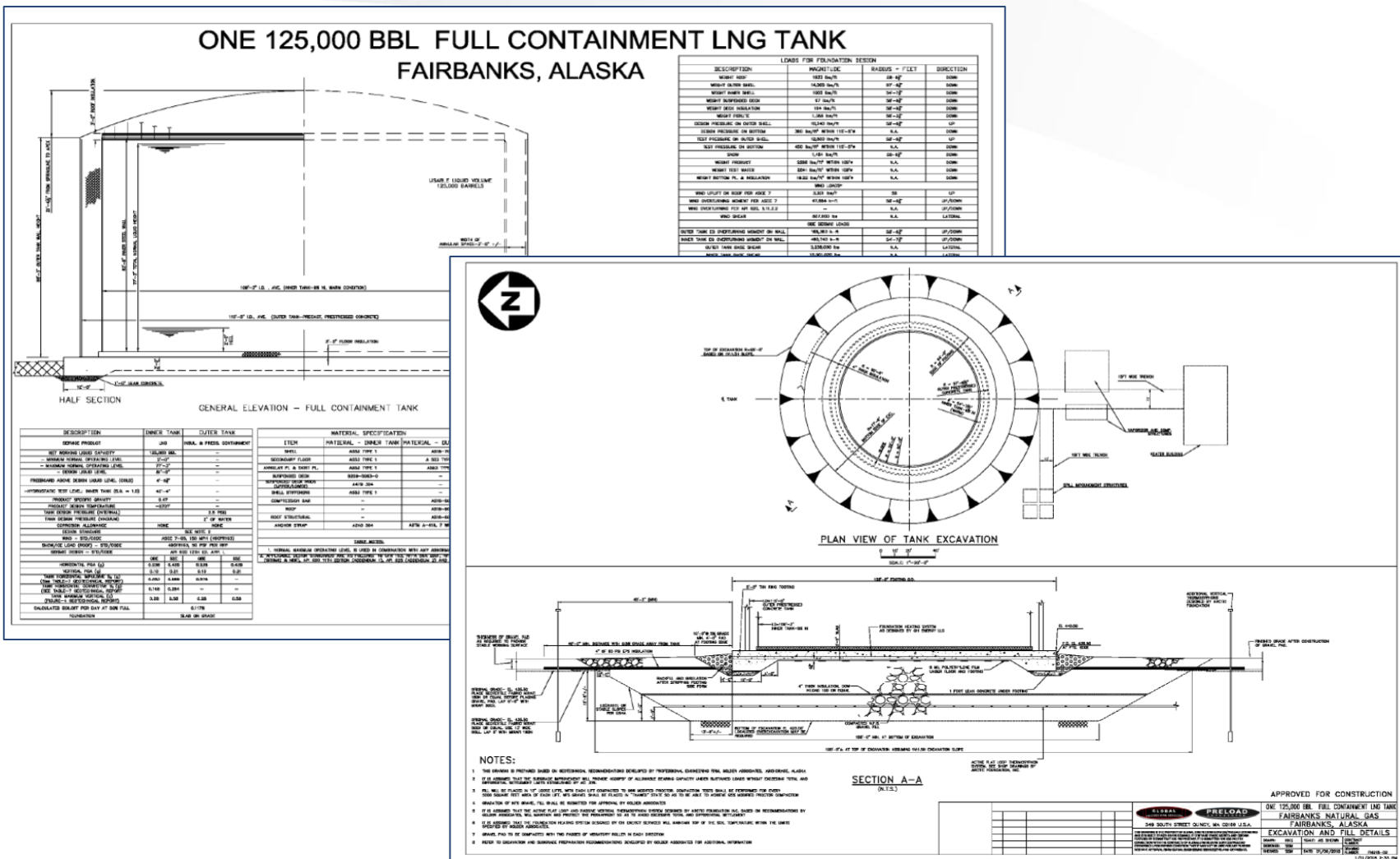
Pentex Team

- Dan Britton, Pentex President & CEO, Principal
- CHI Engineering, Owner's Engineer
- Design Alaska, Balance of Plant Engineering
- Alaska Test Lab, Quality Assurance
- David Prusak, Stantec Consulting Services, Project Manager

Preload Cryogenics Sub-contractors:

- Great Northwest – All site preparation, including clearing, excavation, construction of pad and tank foundation preparation
- Anchorage Sand & Gravel – Manufacture of Outer Tank Pre-Cast Panels
- Golder & Associates – Geotechnical Design
- Arctic Foundations – Thermo-syphons design, manufacture and installation
- Rady Concrete – Tank Foundation
- Fullford Electric – Site Power
- Diamond Fence – Construction Fencing
- Precision &/or Alaska Crane
- Mappa Testing or similar local lab
- Alaska X-Ray or similar local testing company

Large LNG Storage Tank Construction



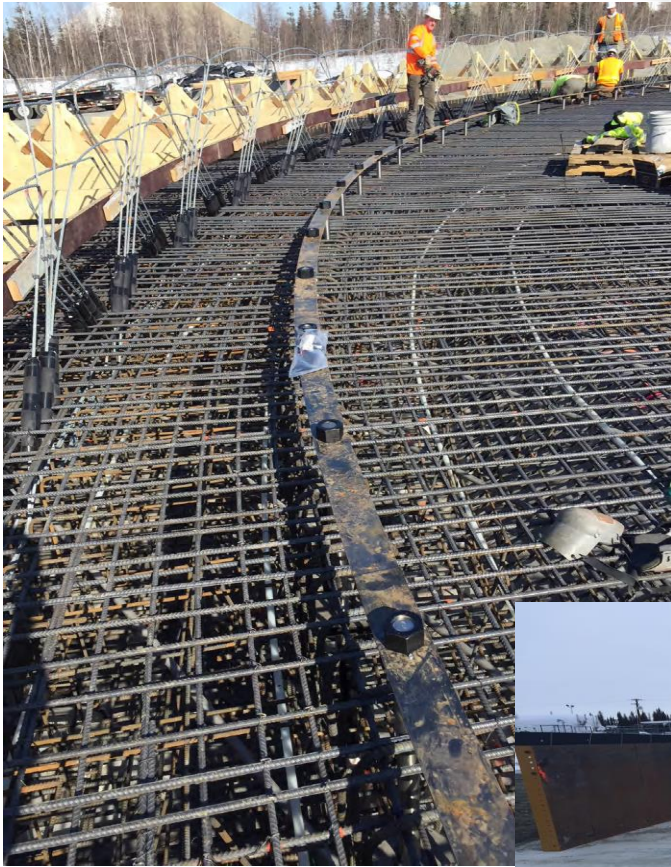
Large LNG Storage Tank Construction – Site



Large LNG Storage Tank Construction – Site



Large LNG Storage Tank Construction – Site



Large LNG Storage Tank Construction – Tank



Large LNG Storage Tank Construction – Tank



Large LNG Storage Tank Construction –

Current Status

- Excavation and major backfill complete
- Foundation poured, 1800 CY
- Flat-Loop Evaporators (thermosyphons) in place, compressor being installed
- 9% Nickel Steel (for inner walls) ordered and under fabrication
- Temporary power has been brought into the site
- Temporary fencing placed
- LNG Pump order completed
- Long lead items for Balance of Plant, vaporizers, compressors, valves, etc. on order or soon to be
- Fabrication of outer walls (Anchorage Sand and Gravel) underway
 - Prefabrication of the majority of the 44 Outer Tank Panels complete
 - Erection of Outer Tank Panels scheduled to begin June 12

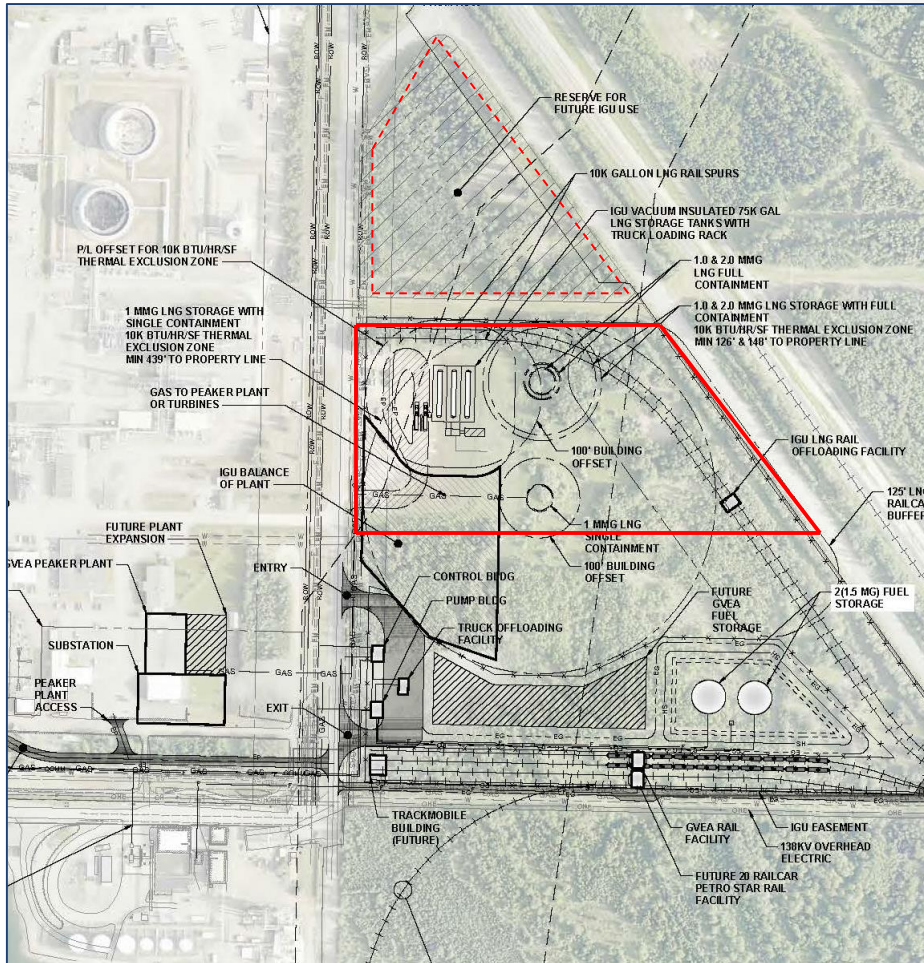
*** Project on schedule to meet December 31, 2019 in service deadline for eligibility to receive LNG Storage Reimbursement (\$15M)**

North Pole LNG Storage Development



- **Proposed Site:**
 - GVEA Land – “Energy Campus”
 - Adjacent to NP Industrial Zone including:
 - GVEA
 - Petro Star
 - Tesoro Facility (old Flint Hills Refinery)
- **Initial Development:**
 - Small-Foot Print
 - Bullet Tanks
 - LNG Capacity sufficient to meet res/comm demand (150K gal)
 - Balance of plant sized to meet industrial demand
- **Future Development:**
 - Expanded LNG Storage capacity (1-2M gal)
 - Support Facilities
 - Rail Access

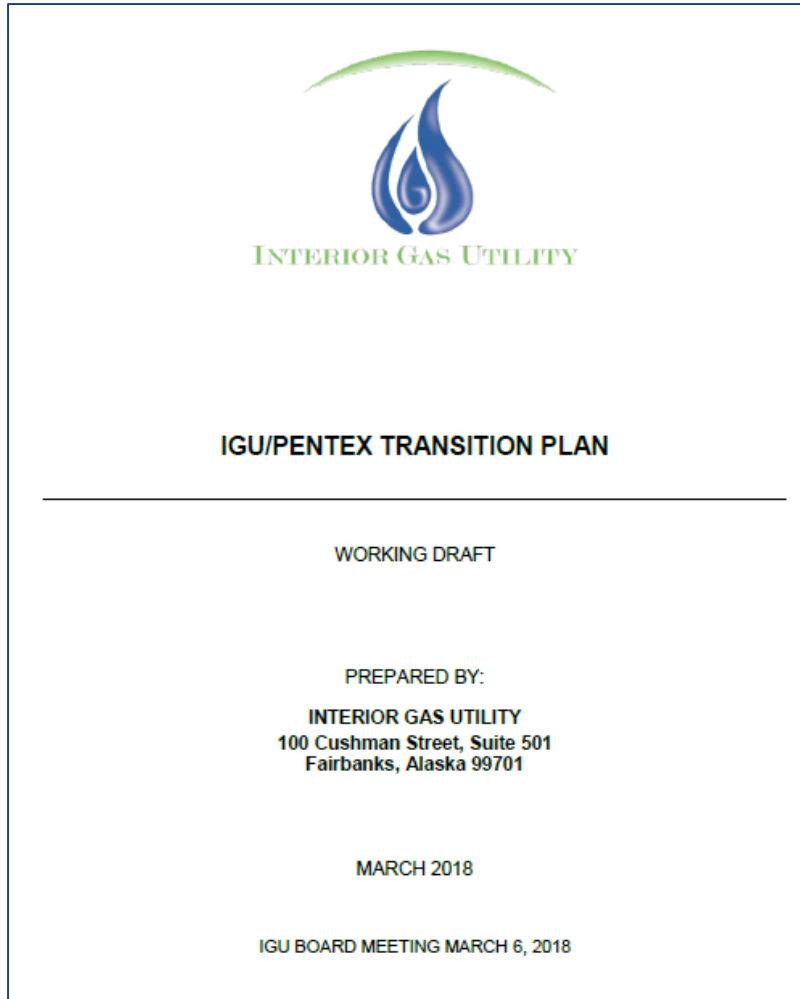
North Pole LNG Storage Development



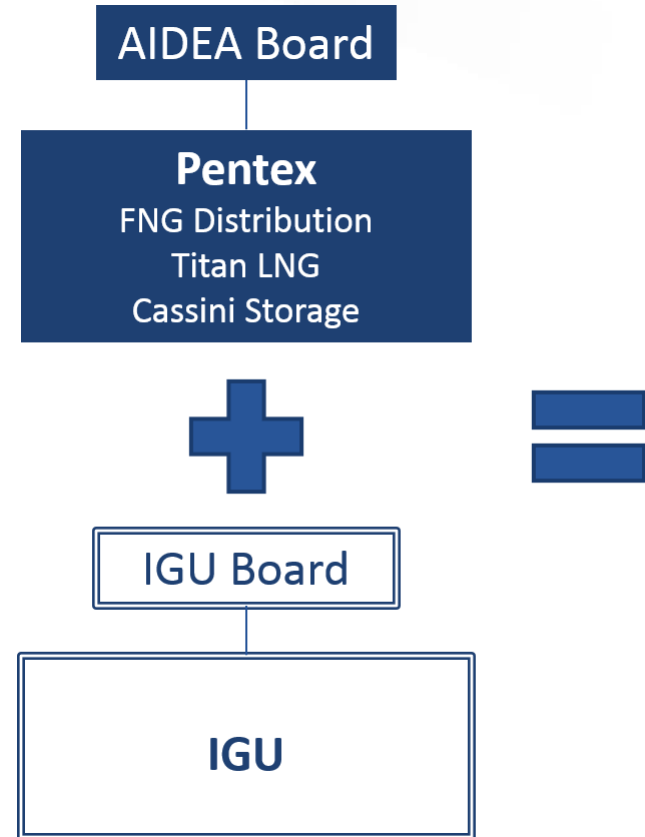
- Site Confirmed Available for IGU Use
 - Northern section of GVEA multi-fuel storage “Energy Campus”
 - GVEA Board has given approval for staff and managerial discussions toward use
- “Site Security” Discussions Underway:
 - Purchase Option and P&S agreements drafted and under consideration
 - Early Access agreement also prepared and awaiting action
- Contractor Onboarding:
 - Contractors
 - PDC lead, w/ Shannon & Wilson and CHI Engineering

** Moving quickly in attempt to also qualify for Reimbursement (\$6M)*

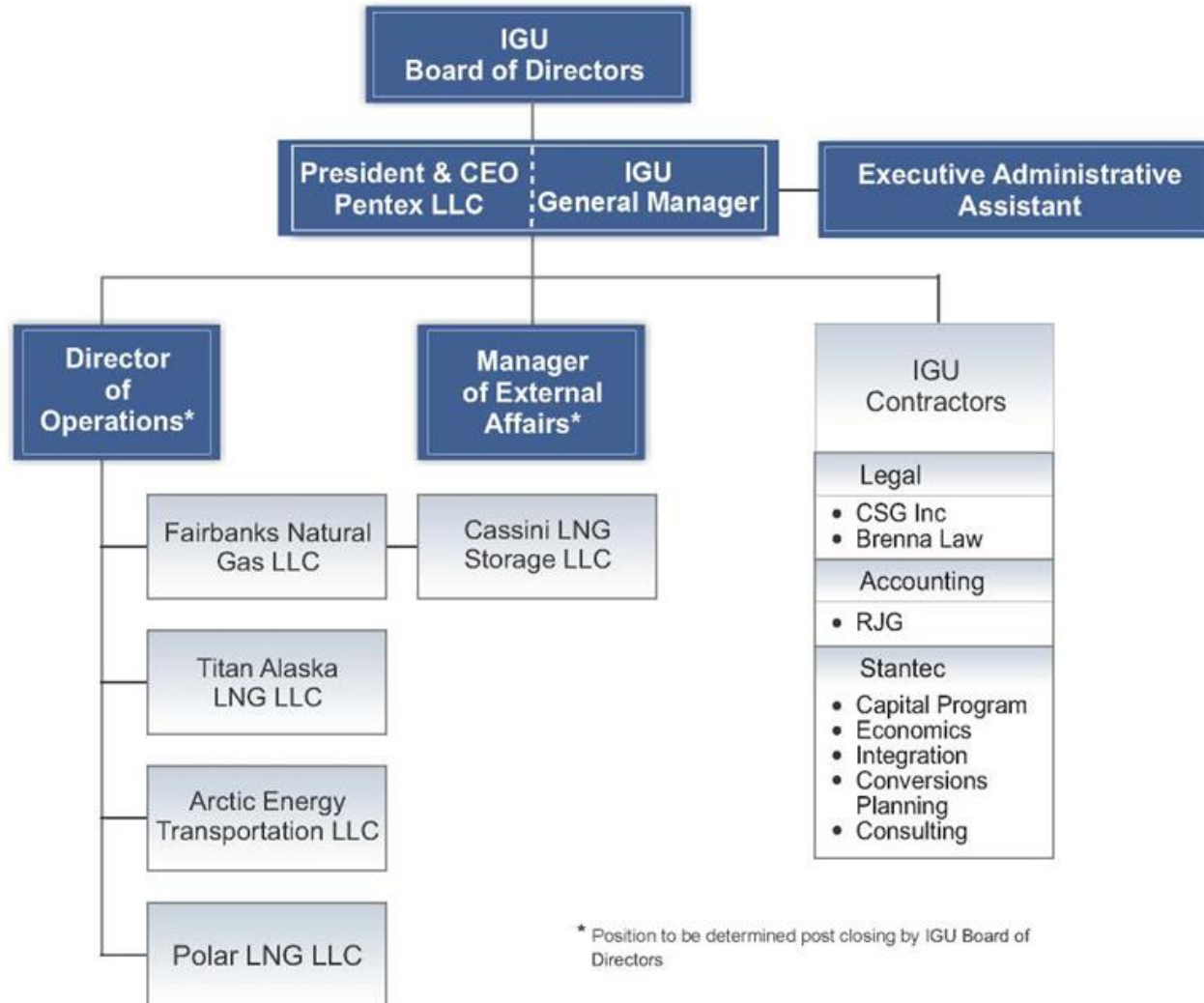
Utility Transition and Integration – Approved



From two...



Utility Transition and Integration – To One



Status of PSA/FA Tasks and Contracts

- RCA Application for Change of Control of Pentex
 - Approved
- Change of Control Letter for North Slope Pad
 - Advancing under alternative process
- Actions to Close
 - Approved by IGU Board May 29 with caveat (Letter Agreement)
 - Approved by AIDEA Board May 31 with caveat (different Letter Agreement language)
 - Discussions toward mutually-agreeable resolution commenced and ongoing
 - Deadline for Close extended to June 14
 - IGU Special Board Meeting scheduled for June 12

Next Steps

Next Steps: Immediate Term

- Take final action on PSA/FA Financial Close
- Natural Gas Conversion Program Advancement*
- Continue implementation of Combined Utility Integration & Transition Plan*
- Participate on Air Quality Stakeholder Group
- Additional IGU Policies
- North Pole LNG Storage Facility Site Control, Design, Engineering, Construction*
- LNG Facility Design, Engineering and Construction*

* Discussions and analyses toward system optimization (improving upon “Plan A”) are ongoing and will continue

Helpful Links

- **Interior Gas Utility**
www.interiorgas.com
- **AIDEA**
www.aidea.org
- **Fairbanks Natural Gas**
www.fngas.com
- **Alaska State Legislature**
www.akleg.gov

811- Call BEFORE You Dig



One easy call gets your utility lines marked and helps protect you from injury and expense.

Safe Digging Is No Accident: Always Call 811 Before You Dig

Visit call811.com for more information.



Know what's below.
Call before you dig.

Planning to:

Put in a fence?

Install a mailbox?

Build a patio or deck?

Plant trees or shrubbery?

Excavate a new garden area?

Install or maintain a septic system?

Install a well?



Know what's below.
Call before you dig.

Call the Alaska Digline at **811** at least **72 hours (3 Days)** prior to digging and get your underground utility lines located and marked for **free**.

QUESTIONS



INTERIOR GAS UTILITY