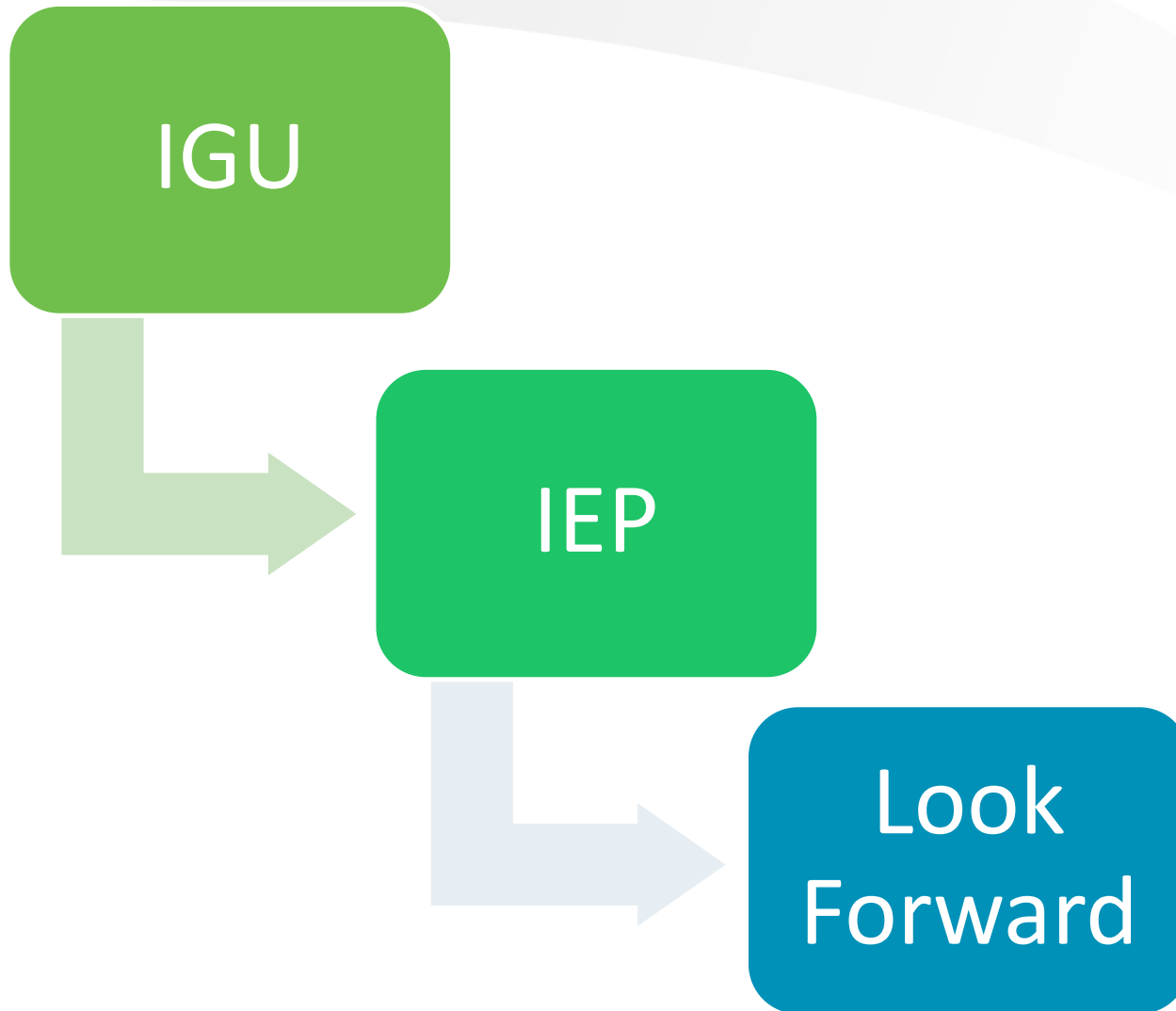


FNSB Assembly Status Report

October 6, 2016



Presentation Summary



IGU

IGU: Administrative

Finance

Finance Committee – Michael Meeks, Chair

- Meets Monthly, 4th Tuesday
- Reviews IGU Financial Statements
- Reconcile IGU Accounts

Banking – Capitalization

- Secured Fund Balances in Excess of FDIC Insurance Limits
- Fulfilled Recommendation of 2015 Audit

Audit - 2016 Audit in Process and Nearing Completion

- Reviewed Draft Audit Report Oct 5th
- Clean Audit
- Unmodified Opinion, No Issues
- Recommendations from 2015 Audit Addressed
- To be Completed within the Month

IGU: Technical

Field Work

- Completing close-out requirements of Construction Contracts and Permits
- Completing Construction Record Drawings
- GIS
 - ❖ Incorporating construction records
 - ❖ Used to respond to 811 Dig Line requests
 - ❖ Preparing for use in operational history and asset management
- Monitor pipeline pressure telemetrically as part of asset protection
- Respond to over 100 locate requests through the state-wide Dig Line

IGU: Technical

Conversion Assistance

- Identified Environmental and Energy Study Institute (EESI) as a resource and executed an agreement for providing assistance with designing an on-bill financing program.
- EESI is a DC-based non-profit entity created to provide on-bill financing program development services to municipal entities or utilities- free of charge.
- Current focus is on conducting research regarding attributes of and lessons learned from existing financing and incentive offerings that use rate-payer funds to support financing programs by utilities for energy efficiency and environmental (EE) upgrades.
Particularly with regard to:
 - Loan loss reserves
 - Credit worthiness determination
 - Interest rate buy down
 - Other loan guarantee programs
 - Legislative needs and other authorizing requirements
- Through contacts with EESI, reaching out to existing EE program administrators for information regarding their on-bill financing programs.

IGU: Utility Integration

- Due Diligence
 - Document Review
 - Site Visits
- Documents and Discussions
 - Integration Term Sheet
 - Weekly Meetings
 - Chairman Letters
 - Face to face discussion August 25
- Current and Future
 - Draft Memorandum of Understanding (MOU)
 - Face to face discussion set of October 12
 - AIDEA desire is to have agreement by December 31, 2016

IGU: Expanded Capacity

Retained Specialized Counsel and Assistance

Legal & Technical –

- Robin Brena, Attorney - Supply and Liquefaction
- Chris Wilde, PE – Supply and Liquefaction
- John Burns, Attorney – General/Commercial
- Rene Broker, Attorney – Utility Integration

Utility Integration –

- Mark Premo
- Brown Thornton

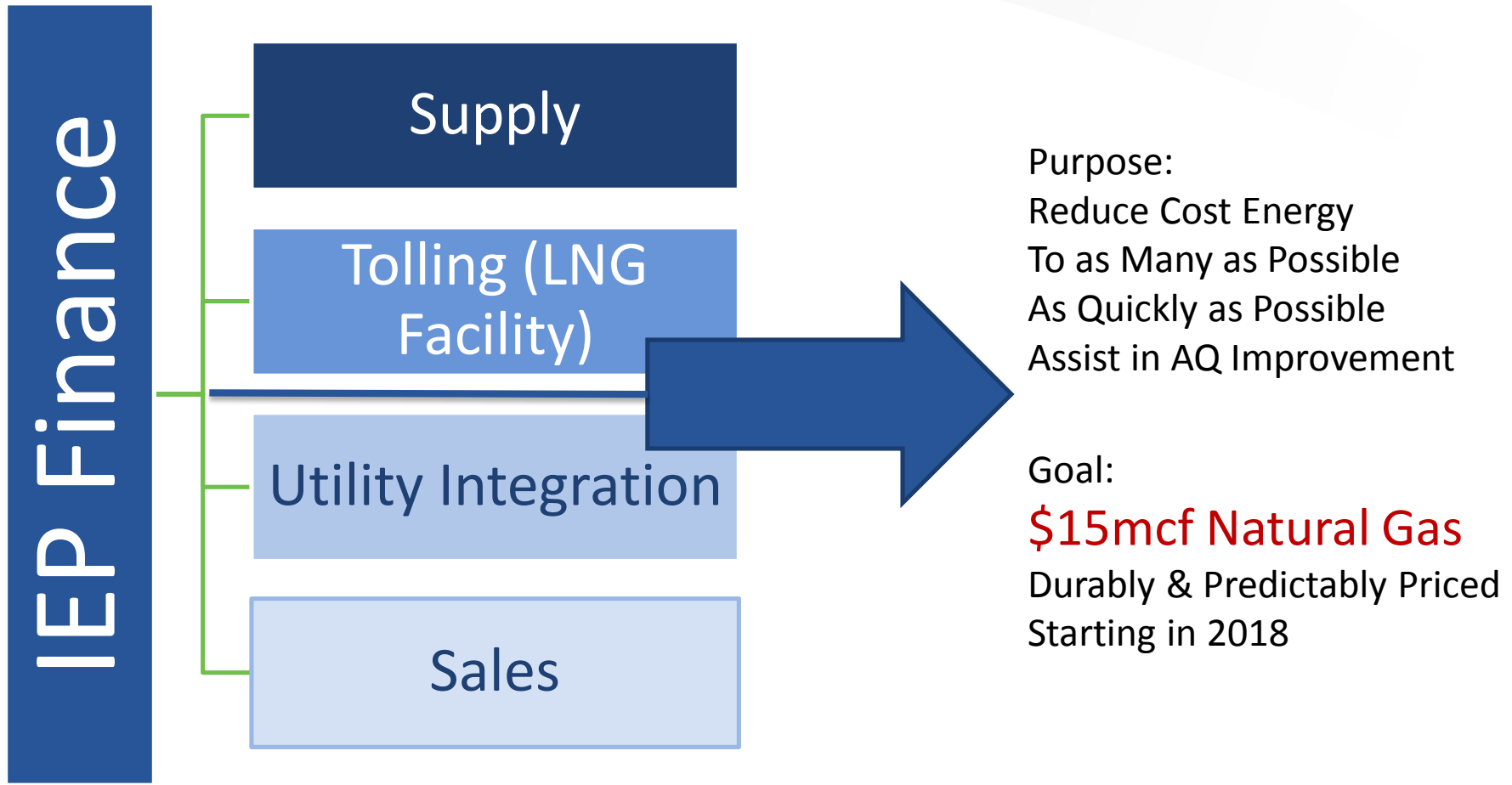


IGU



IEP

IGU and IEP Purpose & Goal



IGU Participation IEP – In Transition

- At Inception – 2013 - 2014/15
 - Focus on Unserved Portion of Community
 - North Pole & Badger Rd
 - Farmers Loop & Chena Ridge
 - Phase 1-6 Interconnection
 - Non-Competition with Private Sector
 - Only Linkage Possible Future Connection to Private System
 - Facilitate and Partner
 - P3 with direct operation only as last resort
 - Upstream Development Responsibility for Others
 - Supply – AIDEA
 - Liquefaction – Private via AIDEA

- Current – 2015 to Present
 - AIDEA purchase of Pentex
 - Community-wide Focus
 - IGU/FNG Integrated Utility
 - Operating Utility
 - Upstream Development a Shared Responsibility

IGU Participation

Retained Specialized Counsel and Assistance

Engineering and Support (MWH) -

- David Prusak – Engineering Lead
- Bruce Robson – Scheduling and Coordination
- Chris Rutz - Procurement
- Monique Garbowicz – Conversion
- More...

Legal & Technical –

- Robin Brena, Attorney - Supply and Liquefaction
- Chris Wilde, PE – Supply and Liquefaction
- John Burns, Attorney – General/Commercial
- Rene Broker, Attorney – Utility Integration

Utility Integration –

- Mark Premo, Utility Specialist
- Brown Thornton, Financial Modeling

IGU/IEP Transition – Support to Leadership

Support

- Agreed Financial Model
- System-Wide Optimization Study
- Detailed Project Scheduling
- Specialized Counsel and Consultants
 - Assistance with Supply Agreements
 - Assistance with Liquefaction Agreements

Transition to Leadership

- Capacity Expansion
- Project Management Structural Planning
- Chairman to Chairman Letter
- Fit, Willing and Able Proposal



IGU

Look
Forward

IEP

Look Forward

Upstream:

- Supply
- Liquefaction

Local:

- Storage
- Utility Integration
- Inter-Utility Coordination

HB 105 Plan

AIDEA Resolution Required to allow expenditure of further IEP Funds

QUESTIONS



INTERIOR GAS UTILITY

www.interiorgas.com

IGU: Interior Energy Project

State A&A Funds

Grant - \$57.5 M

SETS - \$125M

Bonds - \$150M

\$332.50M

A&A Funds Remaining:

Grant - \$42.85 M

SETS - \$72.2M

Bonds - \$150M

\$265.07M

AIDEA Contributed Funds

\$55+M

Total Funds In-Project

\$320.07M

Table 2: Expenditures from and Remaining Funds of Legislative Appropriation & Authorization(s)

| Expenditures* from and Remaining Funds of Legislative Appropriation & Authorization(s): | | | | |
|--|--|--------------------------------------|---------------------------------------|-------------|
| | HC8 C588 18 \$57.5 mill Cap Approp | SB 23 SLA 2013 \$126 mill SETS | SB 23 SLA 2013 \$160 mill Bonds | Total |
| Development Costs | IEP Phase 1 (Pre HB 106) | | | |
| | LNG Plant | 7,665,405 | - | 7,665,405 |
| | North Slope Pad | 6,003,418 | - | 6,003,418 |
| | Distribution | 500,005 | - | 500,005 |
| | Total | 14,168,828 | - | 14,168,828 |
| | IEP Phase 2 (Post HB 106) | | | |
| | Commodity | 50,167 | - | 50,167 |
| | LNG Plant | 137,585 | - | 137,585 |
| | Trucking | 14,075 | - | 14,075 |
| | Storage | 912 | - | 912 |
| Loans & Investments | Distribution | 14,510 | - | 14,510 |
| | Project Management | 267,612 | - | 267,612 |
| | Total | 484,881 | - | 484,881 |
| | Total | 14,653,880 | - | 14,653,880 |
| | LNG Plant | - | - | - |
| | Trucking | - | - | - |
| | Storage | - | - | - |
| | Distribution | - | - | - |
| | FNG Loan | - | 15,000,000 | 15,000,000 |
| | IGU Loan | - | 37,780,000 | 37,780,000 |
| Total | Total | - | 52,780,000 | 52,780,000 |
| | Total Expenditure | 14,653,880 | 52,780,000 | 67,433,880 |
| Total | Remaining Funds | 42,848,310 | 72,220,000 | 265,068,310 |
| | | | 160,000,000 | 265,068,310 |

Notes

Financial data per unaudited accounting system records as of 06/27/2016

*Expenditures include Actuals, Encumbrances, and Commitments as of 06/27/2016

Legislative Appropriation & Authorization(s) only include those identified above and do not include AIDEA operating, Economic Development Fund, or other sources

IGU: Interior Energy Project

| IGU CAPITAL PROGRAM | | | |
|---|-----------|--------------------|------|
| Supply | | | |
| Titan 2 LNG Plant | \$ | 46,175,300 | |
| ST - Supply | \$ | 46,175,300 | [1] |
| Transportation | | | |
| LNG High-Capacity Trailers & Equipment | | 4,745,000 | |
| ST - Transportation | \$ | 4,745,000 | |
| Storage & Regas | | | |
| FBKS 5.2mgal Storage | | 42,000,000 | [2] |
| NP 150kgal Storage + Regas | | 15,000,000 | [3] |
| ST - Storage | \$ | 57,000,000 | |
| Pentex IGU Purchase | | | |
| AIDEA sale of Pentex to IGU | | TBD | [4] |
| Distribution | | | |
| IGU - Ph. 1 Distribution Infrastructure | | 27,400,000 | [5] |
| IGU - Ph. 1 Program Mgmt., Conversions, Equipment | | 4,500,000 | [6] |
| IGU - Ph. 2 & Ph. 3 Buildout | | 49,158,000 | [7] |
| IGU - New Services & Meters | | 4,036,000 | [8] |
| FNG - New Distribution Mains | | 15,000,000 | [9] |
| FNG - New Services & Meters | | 5,444,000 | [10] |
| IGU-FNG Customer Conversion Program | | 1,500,000 | [11] |
| ST - Distribution | \$ | 107,038,000 | |
| Program Contingency | | 17,591,400 | [12] |
| Total Uses of Funds | | TBD | |
| Capitalization Requirement w/o Pentex | \$ | 232,549,700 | |