



Interior Gas Utility

Board of Directors Work Session & Special Board Meeting
January 29, 2019 @ 4:00 PM
100 Cushman Street, Suite 512, Fairbanks, Alaska

DRAFT AGENDA

I. Call to Order

- Roll call
- Approval of Agenda
- Approval of October Financials..... Pages 2-30
- Public Comment – *limited to three minutes*

II. New Business (Board Discussion & Possible Action)

- Storage Tax CreditPage 31
 - Board Memorandum 2019-02 Approval of 2019 Legislative Priorities & Hiring of a Lobbyist to Promote IGU's Interests.
- North Pole Storage.....Pages 32-41
 - Resolution 2019-02 Approving the Budget and Authorizing the Construction of the North Pole Storage Facility.

III. Other Business

- Citizens for Clean Air Report
- Action Items List.....Page 42

IV. Closing Comments

- General Manager Comments
- IGU Attorney Comments
- Directors Comments

V. Adjournment

To participate via teleconference, call 1-800-315-6338; when prompted, enter 47499



Interior Gas Utility

Finance Committee Meeting
November 27, 2018 @ Noon
3408 International Street
Fairbanks, Alaska

MINUTES October Financials Reviewed

I. Roll Call

- a. Chair Patrice Lee, Doug Bishop, David Durham (telephonic) Pamela Throop joined @ 12:13 pm (telephonic)
- b. Other: Wes Smith, Zach Dameron (telephonic), Mary Nordale (public), Laura Steel.
- c. Meeting was called to order at 12:02 pm

II. Monthly Financials

- a. Profit & Loss – October
 - i. Wes stated there were no big surprises. Discussed grant money, that timing issue causes appearance of being above budget when we haven't released the funds yet. Sales are up about \$300,000 and hospital revenues are helping.
 - ii. Mary Nordale asked questions about what companies are involved, about depreciating distribution system that is not in service yet.
 - iii. Chair Lee stated that we are in the hole, asked who the controller is, if there are reports showing what the cost is from the Tria Road tank to the customer's meter, why our gas price is significantly higher, what the price is being used in the negotiations.
 - iv. Mr. Bishop asked about the distribution system.
 - v. Wes and Director Throop answered questions and offered corrections to statements made.
- b. Titan
 - i. Discussion of definition of upgrades and how they will appear in the financials,
 - ii. Mary asks if there is an industry organization to determine if a gas company is complying and reporting to insurance companies, asks who legally owns shares in Titan and FNG, she disagreed with the process used to acquire Pentex.
 - iii. Mr. Bishop verifies that PHMSA does audit us.
 - iv. Director Throop explains the need for separate companies is over since

the tax benefits are eliminated by non-profit status.

- v. Chair Lee asks how long to bring all five companies into one, estimates are six months.
- vi. Mary asks for explanation of how Titan and FNG relate to Pentex.
- vii. Wes answered questions and explained that Pentex was the parent company, then the companies created with specific purposes are underneath it.
- c. AET Arctic Energy Transportation, LLC
 - i. The loss of the T800 truck owned by Titan due to an accident affected the EBITDA on page 30.
 - ii. Chair Lee asked if we filed with the insurance company to recoup our loss of income while truck was repaired. No.
- d. IGU - Combined
 - i. Wes explained we are expecting \$1.9 million in revenue in addition to what we budgeted due to the hospital. It is projected we will be ahead overall by \$389,000.
 - ii. Our average daily use is at 35,000 gallons daily, which rises to 42,000-50,000 daily later in the winter.
 - iii. Mary asked about portions of the school system on gas. Wes explained some schools have gas and choose not to use it.
- e. Bank Statements
 - i. Wes will be transferring money from savings account to pay bills.

III. Closing Comments

- a. Mr. Durham stated that Wes does an outstanding job.
- b. The Finance Committee recommend that the IGU Board accept the October 2018 Financial Report as presented at their meeting. Moved by Mr. Durham, Seconded by Mr. Bishop. Motion carried.
- c. Meeting adjourned @ 1:29 pm.
- d. The next meeting will be January 8, 2019.

Interior Alaska Natural Gas Utility
Financial Statements - with budget comparison
October 31,

	Oct 2018 (Actual)	Oct 2018 (Budget)	Oct 2018 (Variance)	Footnote
STATEMENT OF NET POSITION				
<u>Assets and Deferred Outflows of Resources</u>				
Property, plant and equipment				
Gas plant in service, at cost	751,274	2,921,811	(2,170,537)	
Less: Accumulated provision for depreciation	13,735	13,735	0	
Net plant in services	737,540	2,908,077	(2,170,537)	
Gas plant held for future use, at cost	22,258,726	22,258,126	600	
Construction work in progress	6,015,017	7,004,397	(989,379)	
Net property, plant and equipment	29,011,283	32,170,599	(3,159,316)	(a)
Current assets				
Cash	650,157	1,203,735	(553,578)	(b)
Contracts receivable (FNSB)	202,815	0	202,815	(c)
Materials and supplies inventory	159,764	162,689	(2,925)	
Total current assets	1,012,936	1,366,424	(353,488)	
Deferred outflows of resources				
Gas plant acquisition adjustment, net of amortization	0	0	0	
Total assets and deferred outflows of resources	30,024,219	33,537,023	(3,512,804)	
<u>Liabilities and Net Position</u>				
Current liabilities				
Current maturities of long-term debt	0	155,357	(155,357)	(d)
Accounts payable	57,474	33,374	24,100	(e)
Construction payables	0	575,400	(575,400)	
Other current and accrued liabilities	0	269	(269)	
Total current liabilities	57,474	764,400	(706,925)	
Noncurrent liabilities				
Long-term debt, less current maturities				
AIDEA line of credit	29,346,778	30,002,178	(655,400)	(f)
GVEA - Land contract	0	1,798,126	(1,798,126)	(d)
Total noncurrent liabilities	29,346,778	31,800,305	(2,453,526)	
Net position				
Net investments in capital assets	737,540	954,594	(217,054)	
Restricted - Unexpended loan funds	323,970	666,667	(342,696)	
Unrestricted	(491,836)	(648,942)	157,105	
Total net position	569,674	972,319	(402,645)	
Total liabilities and net position	29,973,926	33,537,023	(3,563,097)	

Interior Alaska Natural Gas Utility
Financial Statements - with budget comparison
October 31,

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STATEMENT OF OPERATIONS

Operating revenues

	Oct 2018 (Actual)	Oct 2018 (Budget)	Oct 2018 (Variance) fav/(unfav)	Footnote	YTD 2018 (Actual)	YTD 2018 (Budget)	YTD 2018 (Variance) fav/(unfav)
Contract revenue - FNSB	140,474	35,338	105,136	(g)	202,815	150,309	52,507
Total operating revenue	140,474	35,338	105,136		202,815	150,309	52,507

Operating expenses

Administration and general expenses	140,006	35,338	(104,668)	(h)	202,498	150,309	(52,189)
Depreciation	300	300	0		1,202	1,202	0
Total operating expense	140,306	35,638	(104,668)		203,699	151,510	(52,189)
Operating income (loss)	167	(300)	468		(884)	(1,202)	318
Net operating margin %	0.1%	-0.9%	1.0%		-0.4%	-0.8%	0.4%

Non operating income (expense)

Interest income	0	0	0		150	0	150
Other Income - transfer in (out)	0	0	0		0	317,054	(317,054)
Total non operating income (expense)	0	0	0		150	317,054	(316,904)
Change in net position	167	(300)	468		(734)	315,852	(316,586)
Net position - beginning of period	569,507	972,619	(403,113)		570,408	656,467	(86,059)
Net position - end of period	569,674	972,319	(402,645)		569,674	972,319	(402,645)

Interior Alaska Natural Gas Utility
Financial Statements - with budget comparison
October 31,

	Oct 2018 (Actual)	Oct 2018 (Budget)	Oct 2018 (Variance) fav/(unfav)	YTD 2018 (Actual)	YTD 2018 (Budget)	YTD 2018 (Variance) fav/(unfav)
STATEMENT OF CASH FLOWS						
Increase (Decrease) in Cash						
Cash flows from operating activities						
Cash received from other governments and customers		35,338	(35,338)	153,010	562,815	(409,805)
Cash paid to suppliers, employees and affiliates	(33,565)	(35,338)	1,773	(200,237)	(208,108)	7,871
Interest and dividends received	0	0		150	0	150
Net cash provided by (used in) operating activities	(33,565)	0	(33,565)	(47,077)	354,707	(401,784)
Cash flows from capital and related financing activities						
Proceeds from issuance of long-term debt	0	575,400	(575,400)	0	655,400	(655,400)
Purchase of property, plant and equipment	0	0	0	0	(217,054)	217,054
Construction work in progress (Distribution)	0	0	0	(28,491)	0	(28,491)
Construction work in progress (Storage)	(6,489)	(575,400)	568,911	(42,685)	(575,400)	532,715
Net cash provided by (used in) capital and related financing activities	(6,489)	0	(6,489)	(71,176)	(137,054)	65,877
Cash flows from investing activities	0	0	0	0	0	0
Net cash provided by (used in) investing activities	0	0	0	0	0	0
Net increase (decrease) in cash	(40,054)		(40,054)	(118,253)	217,654	(335,907)
Cash at beginning of period	690,211	1,203,735	(513,524)	768,410	986,081	(217,671)
Cash at end of period	650,157	1,203,735	(553,578)	650,157	1,203,735	(553,578)
Reconciliation of Net Income (Loss) to Net Cash						
Provided By (Used in) Operating Activities						
Operating activities:						
Operating income (loss) for the period	167	(300)	468	(884)	(1,202)	318
Adjustments to reconcile net income to net cash provided by (used in) operating activities:						
Depreciation and amortization	300	300	0	1,202	1,202	0
Interest income	0					
Other income	0	0	0	150	317,054	(316,904)
(Increase) decrease in assets:						
Contract receivable	(140,474)	0	(140,474)	(49,805)	95,453	(145,258)
Deposits and other current assets	(200)	0	(200)	(200)	4,130	(4,330)
(Increase) decrease in liabilities:						
Accounts payable	56,349	0	56,349	(33,273)	(61,929)	28,656
Accrued wages & burden	0	0	0	(14,559)	0	(14,559)
Net cash provided by (used in) operating activities	(83,857)	(0)	(83,857)	(47,077)	354,707	(401,784)



INTERIOR GAS UTILITY

CLEAN LOW COST NATURAL GAS FOR THE INTERIOR

Variance to Budget Footnotes October 31, 2018

(a) - Utility Plant was \$3.1M¹ under budget due to a timing difference of actual project cost and budgeted project cost. Year to date Utility Plant activity were as follows at October 31, 2018:

(\$ in thous)	Actual	Budget	Variance
Beginning Utility Plant net of accumulated depreciation, July 1, 2018	\$ 28,980	\$ 28,863	\$ 117
Capital Additions			
North Pole Storage Project	43	2,171	(2,128)
Construction Work in Progress - Phase II	2	1,151	(1,148)
Less accumulated depreciation	(14)	(14)	-
Ending Utility Plant net of accumulated depreciation, October 31, 2018	<u>\$ 29,011</u>	<u>\$ 32,171</u>	<u>\$ (3,160)¹</u>

(b) - Cash was \$544K¹ lower than budgeted due to no transfer of cash from FNG was required for operational activities. Year to date cash activities were as follows at October 31, 2018:

(\$ in thous)	Actual	Budget	Variance
Beginning cash, October 1, 2018	\$ 690	\$ 1,204	\$ (514)
Net Increase/(Decrease) resulting from the following:			
Cash flows from operating activities	(34)	-	(34)
Cash flows capital and related financing activities	(6)	-	(6)
Cash flows from investing activities	-	-	-
Ending cash, October 31, 2018	<u>\$ 650</u>	<u>\$ 1,204</u>	<u>\$ (554)¹</u>

(c) - Contracts receivable was \$203K¹ higher than budget due to the budget accounts for contract billing to be paid in the same month billed. The contract is actually paid quarterly. Accounts receivable activities were as follows at October 31, 2018:

(\$ in thous)	Actual	Budget	Variance
Beginning accounts receivable, October 1, 2018	\$ 62	\$ -	\$ 62
Addition - Billings	140	35	105
Payments received	-	(35)	35
Ending accounts receivable, October 31, 2018	<u>\$ 203</u>	<u>\$ -</u>	<u>\$ 203¹</u>

(d) - Current maturities of long-term debt and GVEA - Land contract were \$155K and \$1.8M, respectively, lower than budget due to no purchase of the land from GVEA. It is, however, still expected to be purchased later in the fiscal year.



INTERIOR GAS UTILITY

CLEAN LOW COST NATURAL GAS FOR THE INTERIOR

Variance to Budget Footnotes October 31, 2018

(e) - Accounts payable was \$24K¹ over budget largely due to late billing by FNG for executive, accounting and administration services from July thru October allocated to IGU and no payment issued during the month. Accounts payable activities were as follows at October 31, 2018:

(\$ in thous)	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Beginning accounts payable, October 1, 2018	\$ 27	\$ 33	\$ (6)
<u>Additions</u>			
Vendor purchases	70	\$ 33	37
<u>Reductions</u>			
Payments to vendors	(40)	\$ (33)	(7)
Ending accounts payable, October 31, 2018	<u>\$ 57</u>	<u>\$ 33</u>	<u>\$ 24 ¹</u>

(f) - AIDEA line of credit (Construction) was \$655K lower than budget due to the budgeted draws were not required for construction. I do not expect to require these funds for current year projects.

(g) - Contract revenue - FNSB was \$105K¹ higher than budgeted due to late billing by FNG for executive, accounting and administration services from July thru October.

	<u>Actual</u>	<u>Budget</u>	<u>F (U) Variance</u>
Reimbursement requests	\$ 140	\$ 35	\$ 105
Total for October, 2018	<u>\$ 140</u>	<u>\$ 35</u>	<u>\$ 105 ¹</u>

(h) - Administration and general expenses were \$105K over budget for October due to late billing by FNG for executive, accounting and administration services from July thru October.

Fairbanks Natural Gas, LLC
Financial Statements - with budget comparison
October 31,

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STATEMENT OF NET POSITION

	Oct 2018 (Actual)	Oct 2018 (Budget)	Oct 2018 (Variance)	Footnote
<u>Assets and Deferred Outflows of Resources</u>				
Property, plant and equipment				
Gas plant in service, at cost	14,730,262	16,975,365	(2,245,103)	
Less: Accumulated provision for depreciation	313,813	2,572,010	(2,258,197)	
Net plant in services	14,416,449	14,403,355	13,093	
Gas plant held for future use, at cost	14,697,050	14,483,110	213,940	
Construction work in progress	32,782,817	36,270,274	(3,487,457)	
Net property, plant and equipment	61,896,315	65,156,739	(3,260,424)	(a)
Current assets				
Cash	5,825,827	3,328,023	2,497,803	(b)
Investments	433,528	398,094	35,434	(c)
Accounts receivable	1,403,504	1,500,271	(96,767)	(d)
Accounts receivable - affiliates	55,826	0	55,826	(e)
LNG inventory	382,174	399,830	(17,656)	(f)
Materials and supplies inventory	308,697	353,017	(44,320)	(g)
Deposits and other current assets	98,705	63,482	35,223	(h)
Total current assets	8,508,261	6,042,717	2,465,544	
Deferred outflows of resources				
Gas plant acquisition adjustment, net of amortization	0	0	0	
Total assets and deferred outflows of resources	70,404,577	71,199,456	(794,879)	
<u>Liabilities and Net Position</u>				
Current liabilities				
Current maturities of long-term debt	0	0	0	
Accrued wages and burden	88,384	133,701	(45,317)	(i)
Accounts payable	139,270	47,618	91,652	(j)
Accounts payable - affiliates	1,141,675	987,636	154,039	(k)
Construction payables	3,896,581	1,976,589	1,919,992	(l)
Other current and accrued liabilities	0	1,226	(1,226)	
Total current liabilities	5,265,910	3,146,770	2,119,140	
Noncurrent liabilities				
Accumulated deferred compensation	433,528	398,094	35,434	(c)
Long-term debt, less current maturities				
AIDEA line of credit	41,941,999	45,293,682	(3,351,683)	(m)
Total noncurrent liabilities	42,375,527	45,691,776	(3,316,249)	
Net position				
Net investments in capital assets	16,366,433	18,239,485	(1,873,052)	
Unrestricted	6,396,707	4,121,426	2,275,282	
Total net position	22,763,140	22,360,911	402,230	
Total liabilities and net position	70,404,577	71,199,456	(794,879)	

Fairbanks Natural Gas, LLC
Financial Statements - with budget comparison
October 31,

	Oct 2018 (Actual)	Oct 2018 (Budget)	Oct 2018 (Variance) fav/(unfav)	Footnote	YTD 2018 (Actual)	YTD 2018 (Budget)	YTD 2018 (Variance) fav/(unfav)
STATEMENT OF OPERATIONS							
Mcf:							
Residential	4,554	4,927	(374)		9,838	10,337	(498)
Small Commercial	29,672	34,298	(4,626)		66,615	77,101	(10,486)
Large Commercial	16,306	17,888	(1,582)		33,980	38,760	(4,780)
Interruptible - Small	4,438	4,067	372		14,843	15,059	(217)
Interruptible - Large	1,412	1,487	(76)		2,670	3,422	(752)
Hospital	10,305	0	10,305		29,350	0	29,350
UAF	3,963	0	3,963		4,924	0	4,924
FNG	54	64	(10)		104	122	(17)
Total Mcf	70,703	62,731	7,972		162,324	144,800	17,524
HDD							
	942	1,174	(232)		1,842	2,110	(268)
Operating revenues							
Residential Gas Revenues	94,765	102,539	(7,774)	(n)	204,738	215,111	(10,373)
Small Commercial Gas Revenues	615,980	712,021	(96,041)	(o)	1,382,930	1,600,613	(217,682)
Large Commercial Gas Revenues	337,532	370,282	(32,749)	(p)	703,386	802,332	(98,946)
Interruptible - Small	88,897	81,454	7,443	(q)	297,297	301,636	(4,339)
Interruptible - Large	26,951	25,657	1,295		50,020	59,024	(9,003)
Hospital Gas Revenues	196,715	0	196,715	(r)	545,107	0	545,107
UAF Revenues	75,654	0	75,654		93,442	0	93,442
Service Charge Revenues	25,900	25,220	680		103,962	101,987	1,975
Other Revenue	1,250	2,500	(1,250)		4,603	10,000	(5,397)
Total operating revenue	1,463,644	1,319,672	143,972		3,385,485	3,090,702	294,783
Operating expenses							
Natural gas purchases	1,128,354	962,566	(165,788)	(s)	2,666,275	2,233,852	(432,423)
Fairbanks distribution operations	23,821	26,629	2,808		90,854	106,514	15,660
Fairbanks distribution maintenance	9,038	8,026	(1,011)		36,332	32,106	(4,226)
Fairbanks storage & vaporization operations	30,507	32,233	1,727		74,624	88,539	13,915
Fairbanks storage & vaporization maintenance	8,550	6,164	(2,386)		10,475	24,654	14,179
Engineering	17,664	18,474	810		68,120	73,896	5,776
Customer Services	20,843	21,475	632		37,802	87,195	49,393
Administration and general expenses	98,061	118,635	20,574	(t)	429,544	506,399	76,855
Depreciation	68,824	69,874	1,050		275,084	277,298	2,214
Total operating expense	1,405,660	1,264,075	(141,585)		3,689,110	3,430,454	(258,657)
Operating income (loss)	57,984	55,597	2,387		(303,625)	(339,752)	36,127
Net operating margin %	4.0%	4.2%	-0.3%		-9.0%	-11.0%	2.0%
Non operating income (expense)							
Gain (loss) from disposition of property, plant and equipn	2,500	0	2,500		2,500	0	2,500
Interest income	537	0	537		2,911	0	2,911
Other income (expense)	384,491	109,878	274,613		592,692	329,634	263,058
Net increase in fair value of investments	0	0	0		24,299	0	24,299
Total non operating income (expense)	387,528	109,878	277,650		622,402	329,634	292,768
Change in net position	445,512	165,475	280,037		318,777	(10,118)	328,894
Net position - beginning of period	22,317,629	22,195,436	122,193		22,444,364	22,371,028	73,335
Net position - end of period	22,763,140	22,360,911	402,230		22,763,140	22,360,911	402,230
Net Margin %							
EBITDA	30.44%	12.54%			9.42%	-0.33%	
	126,808	125,471	1,337		(28,541)	(62,454)	33,913

Fairbanks Natural Gas, LLC
Financial Statements - with budget comparison
October 31,

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	Oct 2018 (Actual)	Oct 2018 (Budget)	Oct 2018 (Variance) fav/(unfav)	YTD 2018 (Actual)	YTD 2018 (Budget)	YTD 2018 (Variance) fav/(unfav)
STATEMENT OF CASH FLOWS						
Increase (Decrease) in Cash						
Cash flows from operating activities						
Cash received from customers and affiliates	818,021	802,248	15,773	2,836,941	2,206,478	630,462
Cash paid to suppliers, employees and affiliates	(834,839)	(775,591)	(59,247)	(2,606,221)	(2,388,060)	(218,161)
Interest and dividends received	537	0	537	2,911	0	2,911
Net cash provided by (used in) operating activities	(16,281)	26,657	(42,938)	233,631	(181,581)	415,213
Cash flows from capital and related financing activities						
Proceeds from issuance of long-term debt	5,792,307	2,112,711	3,679,596	15,324,290	18,675,973	(3,351,683)
Construction work in progress (Storage)	(3,130,045)	(2,222,589)	(907,456)	(14,141,333)	(19,005,607)	4,864,273
Net cash provided by (used in) capital and related financing activities	2,912,659	(129,013)	3,041,672	1,551,871	(715,377)	2,267,248
Cash flows from investing activities						
Purchase of marketable securities	(537)	0	(537)	(27,210)	0	(27,210)
Net cash provided by (used in) investing activities	(537)	0	(537)	(27,210)	0	(27,210)
Net increase (decrease) in cash	2,895,841	(102,356)	2,998,197	1,758,292	(896,958)	2,655,251
Cash at beginning of period	2,929,986	3,430,380	(500,394)	4,067,535	4,224,982	(157,447)
Cash at end of period	5,825,827	3,328,023	2,497,803	5,825,827	3,328,023	2,497,803
Reconciliation of Net Income (Loss) to Net Cash Provided By (Used In) Operating Activities						
Operating activities:						
Operating income (loss) for the period	57,984	55,597	2,387	(303,625)	(339,752)	36,127
Adjustments to reconcile net income to net cash provided by (used in) operating activities:						
Depreciation and amortization	68,824	69,874	(1,050)	275,084	277,298	(2,214)
Interest income	537	0	537	2,911	0	2,911
Other income	50,293	0	50,293	50,803	0	50,803
Increase in fair value of investments	0	0	0	24,299	0	24,299
(Increase) decrease in assets:						
Accounts receivable, net	(645,718)	(517,424)	(128,295)	(573,674)	(884,223)	310,549
Accounts receivable - affiliates	(50,197)	0	(50,197)	(49,972)	0	(49,972)
LNG inventory	10,658	1,685	8,972	41,936	6,460	35,476
Materials and supplies inventory	0	0	0	(14,222)	45,950	(60,172)
Deposits and other current assets	2,302	13,559	(11,256)	29,044	54,516	(25,473)
(Increase) decrease in liabilities:						
Accumulated deferred compensation	537	0	537	27,210	0	27,210
Accounts payable	69,492	3,005	66,487	74,282	(25,363)	99,645
Accounts payable - affiliates	411,452	392,729	18,723	675,933	664,255	11,679
Accrued wages & burden	7,557	10,084	(2,526)	(22,811)	23,056	(45,867)
Other current & accrued liabilities	0	(2,452)	2,452	(3,568)	(3,778)	211
Net cash provided by (used in) operating activities	(16,281)	26,657	(42,938)	233,631	(181,581)	415,213



Variance to Budget Footnotes
October 31, 2018

(a) - Utility Plant was \$3.2M¹ under budget due to a timing difference of actual project cost and budgeted project cost. Year to date Utility Plant activity were as follows at October 31, 2018:

(\$ in thous)	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Beginning Utility Plant net of accumulated depreciation, July 1, 2018	\$ 46,860	\$ 47,236	\$ (376)
Capital Additions			
Budgeted Projects	97	368	(271)
Construction Work in Progress	79	351	(273)
Construction Work in Progress 5.25M Storage	15,135	17,478	(2,343)
Current year accumulated depreciation	<u>(275)</u>	<u>(277)</u>	<u>2</u>
Ending Utility Plant net of accumulated depreciation, October 31, 2018	<u>\$ 61,896</u>	<u>\$ 65,157</u>	<u>\$ (3,260)¹</u>

(b) - Cash was \$2.5M¹ higher than budgeted largely due to a timing difference between actual loan proceeds being received and disbursed to vendor. Year to date cash activities were as follows at October 31, 2018:

(\$ in thous)	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Beginning cash, October 1, 2018	\$ 2,930	\$ 3,430	\$ (500)
Net Increase/(Decrease) resulting from the following:			
Net cash received (used) in operations	(16)	27	(43)
Net cash received (used) in capital project related activities	2,913	(129)	3,042
Net cash received (used) in investing activities	<u>(1)</u>	<u>-</u>	<u>(1)</u>
Ending cash, October 31, 2018	<u>\$ 5,826</u>	<u>\$ 3,328</u>	<u>\$ 2,498¹</u>

(c) - Investments and Accumulated deferred compensation was \$35K over budget due to the recognition of unrealized gains on the deferred compensation account. The budget makes no allowance for this adjustment as the adjustment is securities market dependent.

(d) - Accounts receivable was \$97K¹ lower than budget due to strong collections for the month. The days receivable outstanding for the month was 30 days compared to the budget of 30 days. Accounts receivable activities were as follows at October 31, 2018:

(\$ in thous)	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Beginning accounts receivable, October 1, 2018	\$ 833	\$ 1,058	\$ (225)
Addition - Billings	1,464	1,320	144
Payments received on account	(826)	(802)	(24)
Less allowance for doubtful accounts	<u>(75)</u>	<u>(75)</u>	<u>-</u>
Ending accounts receivable, October 31, 2018	<u>\$ 1,396</u>	<u>\$ 1,500</u>	<u>\$ (105)¹</u>



Variance to Budget Footnotes
October 31, 2018

- (e) - Accounts receivable - Affiliates was \$56K higher than budget due to late billing by FNG for executive, controller and administration salaries to IGU. The billing covers July thru October.
- (f) - LNG inventory was \$18K under budget due to inventory resupply lagged at the end of the month. Inventories were at satisfactory levels for the time of year.
- (g) - Materials and supply inventory was \$44K under budget due to FY-18 year end adjustment that did not make it into the budgeting process. I expect this account to be under budget for the remainder of the year.
- (h) - Deposits and other current assets were \$35K¹ higher than budget due to difference between actual beginning balance and budgeted beginning balance. This timing difference will correct itself during future periods. Year to date deposits and other current assets activities were as follows at October 31, 2018:

(\$ in thous)	Actual	Budget	Variance
Beginning deposits and other current assets, October 1, 2018	\$ 101	\$ 77	\$ 24
<u>Additions</u>			
Prepaid Expenses:			
Insurance and operating expenses	21	9	12
<u>Reductions</u>			
Prepaid Expenses:			
Insurance and operating expenses	(23)	(23)	(0)
Deposits - Leased trailers & WC Insurance	-	-	-
Ending deposits and other current assets, October 31, 2018	<u>\$ 99</u>	<u>\$ 63</u>	<u>\$ 35¹</u>

- (i) - Accrued wages & burden were \$45K under budget due to a timing difference between budgeted and actual accrued PTO. Current policy to account for PTO pay is based on hours worked during current year adjusted for total hours of PTO used in the current year.



Variance to Budget Footnotes
October 31, 2018

- (j) - Accounts payable was \$25K1 over budget. The days payable outstanding for the month was 23 days compared to the budget of 31 days. The current policy for accounts payables is to pay all payables per Vendor terms. If Vendor terms are not available, we set the terms at "Net 30 days". Accounts payable activities were as follows at October 31, 2018:

(\$ in thous)	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Beginning accounts payable, October 1, 2018	\$ 71	\$ 45	\$ 27
<u>Additions</u>			
Vendor purchases	187	\$ 48	139
<u>Reductions</u>			
Payments to vendors	<u>(119)</u>	<u>\$ (45)</u>	<u>(74)</u>
Ending accounts payable, October 31, 2018	<u>\$ 139</u>	<u>\$ 48</u>	<u>\$ 92 ¹</u>

- (k) - Accounts payable - Affiliates was \$154K higher than budget largely due to higher gas purchases from Titan due to increased sales and increased inventory deliveries at Site II for the month.
- (l) - Construction payables were \$1.9M higher than budgeted due to a timing difference of payment between actual and budgeted construction purchases.
- (m) - AIDEA line of credit (Construction) was \$3.4M lower than budget due to a timing difference of actual project cost and budgeted project cost.



Variance to Budget Footnotes
October 31, 2018

(n) - Residential revenue was \$8K¹ lower than budgeted due to warmer weather, three less customers and shorter billing period than budgeted. Heating Degree Days (HDD) were lower than budgeted for the month. Actual HDD was 942 versus 1,174 in the budget. (HDD = a measure of how much (in degrees), and for how long (in days), outside air temperature was lower than a specific "base temperature" (or "balance point")). The base temperature that is used for our calculation is 65 degrees F. The HDD used in the budget is based on a 19 year average of HDD. Actual customer count was 490 compared to 491 customers budgeted. There were 33 days in the billing cycle compared to 31 days in the budget for October.

	Actual	Budget	F (U) Variance
Total Mcf per mo	4,554	4,927	(374)
Rate per Mcf	\$ 20.81	\$ 20.81	\$ -
Residential gas billings for October, 2018	<u>\$ 94,765</u>	<u>\$ 102,539</u>	<u>\$ (7,774)¹</u>

The following schedule represents how residential revenue is derived in the budget process.

	Budget
HDD	1,174
Base	1.70
Per DD	0.007
Customers	491
Total Mcf per month ((Base+(PerDD*HDD))*Customers)	<u>4,927</u>
Total Mcf per month	4,927
Rate per Mcf	\$ 20.81
Total residential monthly revenue - gas sales	<u>\$ 102,539</u>

(o) - Small Commercial revenue was \$96K¹ lower than budgeted. Heating Degree Days (HDD) were lower than budget for the month. Actual HDD was 942 versus 1,174 in the budget. There were 33 days in the billing cycle for October.

	Actual	Budget	F (U) Variance
Total Mcf per mo, adjusted for Weather Factor	29,672	34,298	(4,626)
Rate per Mcf	\$ 20.76	\$ 20.76	\$ -
Small commercial revenue	\$ 615,980	\$ 712,021	\$ (96,041)
Billing allowances	-	-	-
Small Commercial gas sales for October, 2018	<u>\$ 615,980</u>	<u>\$ 712,021</u>	<u>\$ (96,041)¹</u>



Variance to Budget Footnotes
October 31, 2018

(p) - Large Commercial revenue was \$33K¹ lower than budget. The average temperature in October 2018 and 2017 was 34.6° F and 31.4° F respectively. Actual customer count was 31 compared to the budget at 31 customers. Large Commercial revenue budget is not based on HDD. Large Commercial revenue budget is calculated based on historical usage data that has been accumulated for each customer.

	<u>Actual</u>	<u>Budget</u>	<u>F (U) Variance</u>
Total Mcf gas sales	16,306	17,888	(1,582)
Rate per Mcf	\$ 20.70	\$ 20.70	\$ 0.00
Large commercial revenue	\$ 337,532	\$ 370,282	\$ (32,749)
Billing allowances	-	-	-
Large Commercial gas sales for October, 2018	<u>\$ 337,532</u>	<u>\$ 370,282</u>	<u>\$ (32,749) ¹</u>

(q) - Interruptible - Small revenue was \$7K¹ higher than budgeted. Interruptible - Small revenue budget is not based on HDD. Interruptible - Small revenue budget is calculated based on historical usage data that has been accumulated for the expected

	<u>Actual</u>	<u>Budget</u>	<u>F (U) Variance</u>
Total Mcf gas sales	4,438	4,067	372
Rate per Mcf	\$ 20.03	\$ 20.03	\$ -
Interruptible gas sales for October, 2018	<u>\$ 88,897</u>	<u>\$ 81,454</u>	<u>\$ 7,443 ¹</u>

(r) - Hospital revenue was \$120K¹ higher than budgeted due to the Hospital switching their boilers back to gas during the billing cycle and the imaging center continues to use. Hospital revenue budget is now based on HDD.

	<u>Actual</u>	<u>Budget</u>	<u>F (U) Variance</u>
Total Mcf gas sales	10,305	10,305	10,305
Rate per Mcf	\$ 19.09	\$ 16.50	\$ 2.59
Hospital gas sales for October, 2018	<u>\$ 196,715</u>	<u>\$ -</u>	<u>\$ 196,715 ¹</u>

(s) - Natural gas purchases were \$166K over budget for October due to higher natural gas sales and higher cost of liquefied natural gas than budgeted.

(t) - G&A - FNG expenses were \$21K under budget largely due to a timing difference of actual expense vs budgeted expense.

Titan Alaska LNG, LLC
Financial Statements - with budget comparison
October 31,

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	Oct 2018 (Actual)	Oct 2018 (Budget)	Oct 2018 (Variance)	Footnote
STATEMENT OF NET POSITION				
<u>Assets and Deferred Outflows of Resources</u>				
Property, plant and equipment				
Gas plant in service, at cost	3,673,944	5,051,998	(1,378,055)	
Less: Accumulated provision for depreciation	142,975	1,448,102	1,305,128	
Net plant in services	3,530,969	3,603,896	(72,927)	
Gas plant held for future use, at cost	0	0	0	
Construction work in progress	0	227,042	(227,042)	
Net property, plant and equipment	3,530,969	3,830,938	(299,969)	(a)
Current assets				
Cash and cash equivalents	1,452,839	1,496,548	(43,709)	(b)
Accounts receivable	10,485	9,835	650	
Accounts receivable - affiliates	1,234,990	1,048,013	186,977	(c)
LNG inventory	66,301	46,456	19,845	(d)
Materials and supplies inventory	0	0	0	
Deposits and other current assets	68,270	56,068	12,202	(e)
Total current assets	2,832,885	2,656,920	175,965	
Deferred outflows of resources				
Gas plant acquisition adjustment, net of amortization	0	0	0	
Total assets and deferred outflows of resources	6,363,854	6,487,859	(124,004)	
<u>Liabilities and Net Position</u>				
Current liabilities				
Current maturity of long-term debt	149,426	161,279	(11,854)	
Accrued wages and burden	52,489	51,576	912	
Accounts payable	906,464	897,358	9,106	(f)
Accounts payable - affiliates	16,233	18,108	(1,875)	
Other current and accrued liabilities	17,539	35,179	(17,640)	(g)
Total current liabilities	1,142,150	1,163,501	(21,351)	
Noncurrent liabilities				
Equipment loans payable, less current portion	827,649	819,681	7,968	
Total noncurrent liabilities	827,649	819,681	7,968	
Net position				
Net investment in capital assets	2,553,895	2,849,978	(296,083)	
Unrestricted	1,840,161	1,654,699	185,462	
Total net position	4,394,056	4,504,677	(110,621)	
Total liabilities and net position	6,363,854	6,487,859	(124,004)	

Titan Alaska LNG, LLC
Financial Statements - with budget comparison
October 31,

STATEMENT OF OPERATIONS

	Oct 2018 (Actual)	Oct 2018 (Budget)	Oct 2018 (Variance) fav/(unfav)	Footnote	YTD 2018 (Actual)	YTD 2018 (Budget)	YTD 2018 (Variance) fav/(unfav)
Mcf:							
TKA Commercial Gas	557	562	(5)		3,759	3,403	356
AET Commercial Gas	1,022	670	352		2,727	2,492	235
Fairbanks Natural Gas, LLC	72,565	64,299	8,265		163,553	148,420	15,133
Total Mcf	74,143	65,531	8,612		170,039	154,315	15,723
Operating revenues							
TKA Commercial Gas Revenues	9,746	9,835	(89)		65,774	59,551	6,223
AET Commercial Gas Revenues	16,011	10,295	5,716	(h)	44,656	38,565	6,091
Fairbanks Natural Gas, LLC	1,137,089	987,636	149,453	(i)	2,655,238	2,291,619	363,619
Other Revenue	0	0	0		0	0	0
Total operating revenue	1,162,845	1,007,765	155,080		2,765,668	2,389,735	375,933
Operating expenses							
Natural gas purchases	623,095	548,348	(74,748)	(j)	1,442,988	1,305,114	(137,874)
Trucking expenses	206,898	157,393	(49,505)	(k)	486,850	355,129	(131,720)
Electricity	104,744	81,709	(23,035)	(l)	257,576	205,408	(52,169)
Gas liquefaction expenses	83,101	129,297	46,196	(m)	492,359	450,510	(41,849)
Talkeetna maintenance	745	229	(516)		2,402	917	(1,485)
Administration and general expenses	39,093	43,105	4,012		162,266	172,420	10,154
Interest expense	3,631	3,644	13		15,692	14,863	(829)
Depreciation	31,298	31,787	489		125,188	125,522	334
Total operating expenses	1,092,605	995,513	(97,092)		2,985,321	2,629,883	(355,438)
Operating income (loss)	70,240	12,252	57,988		(219,653)	(240,148)	20,495
Operating margin %	6.0%	1.2%			-7.9%	-10.0%	
Non operating income (expense)							
Gain (loss) from disposition of property, plant and equipment	0	0	0		0	0	0
Interest income	0	0	0		0	0	0
Other income (expense)	0	200	(200)		0	800	(800)
Total non operating income (expense)	0	200	(200)		0	800	(800)
Change in net position	70,240	12,452	57,788		(219,653)	(239,348)	19,695
Net position - beginning of period	4,323,816	4,492,224	(168,409)		4,613,709	4,744,024	(130,316)
Net position - end of period	4,394,056	4,504,677	(110,621)		4,394,056	4,504,677	(110,621)
EBITDA	105,169	47,684	57,485		(78,773)	(99,763)	20,990

Titan Alaska LNG, LLC
Financial Statements - with budget comparison
October 31,

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	Oct 2018 (Actual)	Oct 2018 (Budget)	Oct 2018 (Variance) fav/(unfav)	YTD 2018 (Actual)	YTD 2018 (Budget)	YTD 2018 (Variance) fav/(unfav)
STATEMENT OF CASH FLOWS						
Increase (Decrease) in Cash						
Cash flows from operating activities						
Cash received from customers and affiliates	738,310	618,071	120,239	2,079,201	1,731,738	347,462
Cash paid to suppliers, employees and affiliates	(770,179)	(562,969)	(207,210)	(2,261,451)	(1,824,441)	(437,010)
Interest and dividends received	0	0	0	0	0	0
Net cash provided by (used in) operating activities	(31,869)	55,102	(86,971)	(182,251)	(92,703)	(89,548)
Cash flows from capital and related financing activities						
Principal payments on long-term debt	(13,138)	(13,124)	(13)	(56,097)	(52,198)	(3,899)
Interest paid	(3,631)	(3,644)	13	(15,692)	(14,863)	(829)
Proceeds from disposal of assets	0	0	0	0	0	0
Purchase of property, plant and equipment	(1,509)	(48,000)	46,491	(27,880)	(104,639)	76,759
Net cash provided by (used in) capital and related financing activities	(18,278)	(64,768)	46,491	(99,669)	(171,700)	72,031
Cash flows from investing activities						
Investments	0	0	0	0	0	0
Net cash provided by (used in) investing activities	0	0	0	0	0	0
Net increase (decrease) in cash	(50,146)	(9,666)	(40,480)	(281,920)	(264,403)	(17,517)
Cash at beginning of period	1,502,986	1,506,214	(3,228)	1,734,759	1,760,951	(26,192)
Cash at end of period	1,452,839	1,496,548	(43,709)	1,452,839	1,496,548	(43,709)
Reconciliation of Net Income (Loss) to Net Cash Provided By (Used in) Operating Activities						
Operating activities:						
Operating income/(loss)	70,240	12,252	57,988	(219,653)	(240,148)	20,495
Adjustments to reconcile net income to net cash provided by (used in) operating activities:						
Depreciation and amortization	31,298	31,787	(489)	125,188	125,522	(334)
Other income (expense)	0	200	(200)	0	800	(800)
Interest paid	3,631	3,644	(13)	15,692	14,863	829
(Increase) decrease in assets:						
Accounts receivable, net	4,960	2,795	2,165	7,792	7,916	(124)
Accounts receivable - affiliates	(429,495)	(392,689)	(36,806)	(694,259)	(666,713)	(27,547)
Liquified natural gas inventory	(13,229)	0	(13,229)	19,224	0	19,224
Materials and supplies inventory	0	0	0	0	0	0
Deposits and other current assets	13,882	14,223	(341)	50,562	55,362	(4,800)
(Increase) decrease in liabilities:						
Accrued wages & burden	8,937	8,256	681	(5,618)	(11,358)	5,740
Accounts payable	261,330	363,834	(102,504)	504,984	593,349	(88,365)
Accounts payable - affiliates	11,610	0	11,610	(239)	4,527	(4,766)
Other current & accrued liabilities	4,967	10,799	(5,832)	14,076	23,177	(9,101)
Net cash provided by (used in) operating activities	(31,869)	55,102	(86,971)	(182,251)	(92,703)	(89,548)



Variance to Budget Footnotes
October 31, 2018

- (a) - Utility Plant was \$300K¹ under budget due to a timing difference between budgeted capital addition versus actual capital additions and the budget did not account for the write off of a legacy project in June 2018. Year to date Utility Plant activity were as follows at October 31, 2018:

(\$ in thous)	Actual	Budget	Variance
Beginning Utility Plant net of accumulated depreciation, July 1, 2018	\$ 3,628	\$ 3,852	\$ (224)
Capital Additions	28	105	(77)
Disposals/Retirements	-	-	-
Current year accumulated depreciation	(125)	(126)	0
Adjustment to Accumulated Depreciation - Disposal of Assets	-	-	-
Ending Utility Plant net of accumulated depreciation, October 31, 2018	<u>\$ 3,531</u>	<u>\$ 3,831</u>	<u>\$ (300)¹</u>

- (b) - Cash was \$44K¹ lower than budgeted. Year to date cash activities were as follows at October 31, 2018:

(\$ in thous)	Actual	Budget	Variance
Beginning cash, October 1, 2018	\$ 1,503	\$ 1,506	\$ (3)
Net Increase/(Decrease) resulting from the following:			
Net cash received (used) in operations	(32)	55	(87)
Net cash received (used) in capital project related activities	(18)	(65)	46
Net cash received (used) in investing activities	-	-	-
Ending cash, October 31, 2018	<u>\$ 1,453</u>	<u>\$ 1,497</u>	<u>\$ (44)¹</u>

- (c) - Accounts receivable - affiliates was \$187K¹ higher than budget due to higher gas sales to FNG and slow payment from AET. Accounts receivable activities were as follows at October 31, 2018:

(\$ in thous)	Actual	Budget	Variance
Beginning accounts receivable, October 1, 2018	\$ 805	\$ 655	\$ 150
Addition - Billings	1,153	998	155
Payments received on account	(724)	(605)	(118)
Less allowance for doubtful accounts	-	-	-
Ending accounts receivable, October 31, 2018	<u>\$ 1,235</u>	<u>\$ 1,048</u>	<u>\$ 187¹</u>

- (d) - LNG inventory was \$20K over budget. The budget assumption is all gas sold in the month is purchased and inventory maintains a constant level throughout the year.



Variance to Budget Footnotes
October 31, 2018

- (e) - Deposits and other current assets were \$12K¹ higher than budgeted due to actual beginning balance being higher than budgeted beginning balance. Year to date deposits and other current assets activities were as follows at October 31, 2018:

(\$ in thous)	Actual	Budget	Variance
Beginning deposits and other current assets, October 1, 2018	\$ 82	\$ 70	\$ 12
<u>Additions</u>			
Prepaid Expenses:			
Insurance and operating expenses	5	5	1
<u>Reductions</u>			
Prepaid Expenses:			
Insurance and operating expenses	(19)	(19)	(0)
Ending deposits and other current assets, October 31, 2018	<u>\$ 68</u>	<u>\$ 56</u>	<u>\$ 12 ¹</u>

- (f) - Accounts payable was \$9K¹ over budget due to increased gas purchases and timing difference between actual and budgeted operating expenses. The current policy for accounts payables is to pay all payables per Vendor terms. If Vendor terms are not available, we set the terms at "Net 30 days", same as our budget. Our largest Vendor/Supplier, Hilcorp, terms are "Billings are due and payable net 15 days from date rendered." Accounts payable activities were as follows at October 31, 2018:

(\$ in thous)	Actual	Budget	Variance
Beginning accounts payable, October 1, 2018	\$ 645	\$ 534	\$ 112
<u>Additions</u>			
Vendor purchases	1,407	\$ 897	510
<u>Reductions</u>			
Payments to vendors	(1,146)	\$ (534)	(613)
Ending accounts payable, October 31, 2018	<u>\$ 906</u>	<u>\$ 897</u>	<u>\$ 9 ¹</u>

- (g) - Other current and accrued liabilities were \$12K¹ lower than budgeted largely due to actual accruals for electricity was lower than budgeted.

(\$ in thous)	Actual	Budget	Variance
Beginning other current liabilities, October 1, 2018	\$ 13	\$ 24	\$ (12)
<u>Additions</u>			
Other accrued expenses	18	30	(13)
<u>Reductions</u>			
Other accrued expenses	(13)	(19)	7
Ending other current liabilities, October 31, 2018	<u>\$ 18</u>	<u>\$ 35</u>	<u>\$ (18) ¹</u>



Variance to Budget Footnotes
October 31, 2018

(h) - AET Commercial Gas Revenues were \$6K¹ higher than budgeted due sales to FNG were not budgeted. There were 31 days in the billing cycle for October.

	Actual	Budget	F (U) Variance
Total Mcf per mo, adjusted for Weather Factor	1,022	670	352
Rate per Mcf	\$ 15.67	\$ 15.36	\$ 0.31
AET gas billings for October, 2018	<u>\$ 16,011</u>	<u>\$ 10,295</u>	<u>\$ 5,716</u> ¹

(i) - Fairbanks Natural Gas, LLC revenue was \$149K¹ higher than budgeted due to higher sales price and increase volumes sold. There were 31 days in the billing cycle for October.

	Actual	Budget	F (U) Variance
Total Mcf per mo, adjusted for Weather Factor	72,565	64,299	8,265
Rate per Mcf	\$ 15.67	\$ 15.36	\$ 0.31
FNG, LLC revenue	\$ 1,137,089	\$ 987,636	\$ 149,453
Billing allowances	-	-	-
FNG, LLC gas sales for October, 2018	<u>\$ 1,137,089</u>	<u>\$ 987,636</u>	<u>\$ 149,453</u> ¹

(j) - Natural gas purchases was \$75K higher than budget for October due to higher gas sales.

(k) - Trucking expenses was \$50K over budget largely due to less use of the T800 to deliver loads to Fairbanks and increased trip to Fairbanks due increased sales to FNG. The average gallons per load were 10K compared to 10K budgeted.

(l) - Electricity costs were \$23K over budget due to higher cost of electricity than budgeted and increased sales.

(m) - Gas liquefaction expenses were \$46K under budget largely due to an anomaly associated with cost of system gas being corrected from previous months and a timing difference between budgeted and actual expenses. We continue to analyze the cost of system gas to ensure no additional anomalies have been recorded in error as cost of system gas remains higher than budgeted for the year to date.

Arctic Energy Transportation, LLC
Financial Statements - with budget comparison
October 31,

	Oct 2018 (Actuals)	Oct 2018 (Budget)	Oct 2018 (Variance)	Footnote
STATEMENT OF NET POSITION				
<u>Assets and Deferred Outflows of Resources</u>				
Property, plant and equipment				
Gas plant in service, at cost	2,036,231	2,396,270	(360,039)	
Less: Accumulated provision for depreciation	50,903	410,705	359,802	
Net plant in services	1,985,327	1,985,565	(237)	
Gas plant held for future use, at cost	0	0	0	
Construction work in progress	0	0	0	
Net property, plant and equipment	1,985,327	1,985,565	(237)	
Current assets				
Cash	31,309	17,461	13,848	(a)
Accounts receivable - affiliates	16,147	18,108	(1,961)	
Liquified natural gas inventory	17,458	15,656	1,802	
Deposits and other current assets	11,682	14,085	(2,403)	
Total current assets	76,595	65,310	11,285	
Deferred outflows of resources	0	0	0	
Gas plant acquisition adjustment, net of amortization	0	0	0	
Total assets and deferred outflows of resources	2,061,922	2,050,874	11,048	
<u>Liabilities and Net Position</u>				
Current liabilities				
Accounts payable	370	244	126	
Accounts payable - affiliates	98,763	60,377	38,385	(b)
Other current and accrued liabilities	1,581	0	1,581	
Total current liabilities	100,714	60,621	40,093	
Net position				
Net investment in capital assets	1,985,327	1,985,565	(237)	
Unrestricted	(24,119)	4,689	(28,808)	
Total net position	1,961,208	1,990,253	(29,045)	
Total liabilities and net position	2,061,922	2,050,874	11,048	

Arctic Energy Transportation, LLC
Financial Statements - with budget comparison
October 31,

STATEMENT OF OPERATIONS

	Oct 2018 (Actuals)	Oct 2018 (Budget)	Oct 2018 (Variance) fav/(unfav)	Fn	YTD 2018 (Actuals)	YTD 2018 (Budget)	YTD 2018 (Variance) fav/(unfav)
Mcf:							
Titan Alaska LNG, LLC	428	670	(242)		1,348	2,492	(1,145)
Fairbanks Natural Gas, LLC	293	0	293		1,334	0	1,334
Total Mcf	721	670	51		2,682	2,492	189
Operating revenues							
Titan Alaska LNG, LLC	11,560	18,108	(6,548)	(c)	36,376	67,339	(30,963)
Fairbanks Natural Gas, LLC	4,586	0	4,586	(d)	22,089	0	22,089
Total operating revenue	16,147	18,108	(1,961)		58,465	67,339	(8,874)
Operating expenses							
Natural gas purchases	11,923	10,295	(1,628)		45,527	38,565	(6,962)
Fairbanks Operations	552	490	(62)		2,006	1,961	(46)
Big Lake Operations	1,159	1,262	103		6,841	5,050	(1,792)
Administration and general expenses	1,931	2,038	107		7,727	8,153	426
Depreciation	11,147	11,120	(27)		44,587	44,479	(108)
Total operating expenses	26,712	25,205	(1,506)		106,688	98,207	(8,481)
Operating income (loss)	(10,565)	(7,097)	(3,468)		(48,223)	(30,868)	(17,355)
Operating margin %	-65.4%	-39.2%			-82.5%	-45.8%	
Non operating income (expense)							
Gain (loss) from disposition of property, plant and equipment	0	0	0		0	0	0
Interest income	0	0	0		0	0	0
Other income (expense)	0	0	0		0	0	0
Total other income (expense)	0	0	0		0	0	0
Change in net position	(10,565)	(7,097)	(3,468)		(48,223)	(30,868)	(17,355)
Net position - beginning of period	1,971,773	1,997,350	(25,578)		2,009,431	2,021,121	(11,690)
Net position - end of period	1,961,208	1,990,253	(29,045)		1,961,208	1,990,253	(29,045)
EBITDA	582	4,023	(3,441)		(3,636)	13,611	(17,248)

Arctic Energy Transportation, LLC
Financial Statements - with budget comparison
October 31,

	Oct 2018 (Actuals)	Oct 2018 (Budget)	Oct 2018 (Variance) fav/(unfav)	YTD 2018 (Actuals)	YTD 2018 (Budget)	YTD 2018 (Variance) fav/(unfav)
STATEMENT OF CASH FLOWS						
Increase (Decrease) in Cash						
Cash flows from operating activities						
Cash received from customers and affiliates	6,619	18,108	(11,489)	58,809	62,812	(4,003)
Cash paid to suppliers, employees and affiliates	(806)	(12,454)	11,648	(34,085)	(47,595)	13,510
Interest paid	0	0	0	0	0	0
Net cash provided by (used in) operating activities	5,813	5,654	159	24,724	15,217	9,507
Cash flows from capital and related financing activities						
Proceeds from issuance of long-term debt	0	0	0	0	0	0
Principal payments on long-term debt	0	0	0	0	0	0
Purchase of property, plant and equipment	0	0	0	0	0	0
Net cash provided by (used in) capital and related financing activities	0	0	0	0	0	0
Cash flows from investing activities						
Interest and dividends received	0	0	0	0	0	0
Proceeds from disposal of assets	0	0	0	0	0	0
Net cash provided by (used in) investing activities	0	0	0	0	0	0
Net increase (decrease) in cash	5,813	5,654	159	24,724	15,217	9,507
Cash at beginning of period	25,495	11,806	13,689	6,585	2,244	4,341
Cash at end of period	31,309	17,461	13,848	31,309	17,461	13,848
Reconciliation of Net Income (Loss) to Net Cash Provided By (Used in) Operating Activities						
Cash flows from operating activities						
Operating income (loss) for the period	(10,565)	(7,097)	(3,468)	(48,223)	(30,868)	(17,355)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:						
Depreciation and amortization	11,147	11,120	27	44,587	44,479	108
(Increase) decrease in assets:						
Accounts receivable - affiliates	(9,528)	0	(9,528)	344	(4,527)	4,871
Liquified natural gas inventory	(3,476)	40	(3,516)	5,525	(2,458)	7,983
Deposits and other current assets	2,235	1,643	593	2,381	6,571	(4,190)
(Increase) decrease in liabilities:						
Accounts payable	134	(11)	145	269	(438)	707
Accounts payable - affiliates	15,866	(40)	15,906	18,260	2,458	15,802
Other current & accrued liabilities	0	0	0	1,581	0	1,581
Net cash provided by (used in) operating activities	5,813	5,654	159	24,724	15,217	9,507



Variance to Budget Footnotes
October 31, 2018

(a) - Cash was \$14K¹ higher than budgeted due to slow paying intercompany invoices. Year to date cash activities were as follows at October 31, 2018:

(\$ in thous)	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Beginning cash, July 1, 2018	\$ 7	\$ 2	\$ 4
Net cash received (used) in operations	<u>25</u>	<u>15</u>	<u>10</u>
Ending cash, October 31, 2018	<u>\$ 31</u>	<u>\$ 17</u>	<u>\$ 14</u> ¹

(b) - Accounts payable - affiliates was \$38K over budget due to slow payment of inter-company invoices. I expect this to continue until sufficient funds are available.

(c) - Titan Alaska LNG, LLC gas revenues were \$7K¹ lower than budgeted due to limited trips being made by Titan's LNG tractors for deliveries to FNG.

	<u>Actual</u>	<u>Budget</u>	<u>F (U) Variance</u>
Total Mcf per month	428	670	(242)
Rate per Mcf	<u>\$ 26.99</u>	<u>\$ 27.02</u>	<u>\$ (0.02)</u>
Titan gas billings for October, 2018	<u>\$ 11,560</u>	<u>\$ 18,108</u>	<u>\$ (6,548)</u> ¹

(d) - Fairbanks Natural Gas, LLC revenue was \$5K¹ higher than budgeted. There were 31 days in the billing cycle for October.

	<u>Actual</u>	<u>Budget</u>	<u>F (U) Variance</u>
Total Mcf per month	293	-	293
Rate per Mcf	<u>\$ 15.67</u>	<u>\$ 15.36</u>	<u>\$ 0.31</u>
FNG, LLC gas sales for October, 2018	<u>\$ 4,586</u>	<u>\$ -</u>	<u>\$ 4,586</u>

Interior Alaska Natural Gas Utility
Consolidating Financial Statements - Budget Basis
Year Ended June 30, 2019
(Unaudited)

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	<u>Consolidated</u>		<u>Consolidated</u>		
	Pentex	Interior	Interior	Interior	
	Alaska	Alaska	Alaska	Alaska	
	Natural Gas	Natural Gas	Natural Gas	Natural Gas	
	Co., LLC	Utility	Utility	Utility	(Variance)
	(Projected)	(Projected)	(Projected)	(Budgeted)	
Assets and Deferred Outflows of Resources					
Property, plant and equipment					
Gas plant in service, at cost	44,248,564	2,921,811	0	47,170,375	50,806,318 (3,635,943)
Less: Accumulated provision for depreciation	4,734,502	16,138	0	4,750,639	8,673,765 (3,923,126)
Net plant in services	39,514,062	2,905,674	0	42,419,736	42,132,552 287,183
Gas plant held for future use, at cost	16,975,866	22,258,726	0	39,234,591	39,020,052 214,540
Construction work in progress	46,823,100	11,293,441	0	58,116,541	59,776,351 (1,659,811)
Net property, plant and equipment	103,313,028	36,457,840	0	139,770,868	140,928,956 (1,158,088)
Current assets					
Cash	7,025,048	499,107	0	7,524,155	8,028,645 (504,490)
Investments	483,528	0	0	483,528	448,094 35,434
Accounts receivable, net	474,746	24,313	0	499,058	653,090 (154,032)
Accounts receivable - subsidiaries	0	0	0	0	0 0
Contracts receivable (FNSB)	0	24,313	0	24,313	0 24,313
Liquified natural gas inventory	410,864	0	0	410,864	388,946 21,917
Materials and supplies inventory	262,747	159,764	0	422,511	515,706 (93,195)
Deposits and other current assets	277,942	200	0	278,142	230,436 47,707
Total current assets	8,934,875	707,697	0	9,642,571	10,264,917 (622,345)
Deferred outflows of resources					
Gas plant acquisition adjustment, net of amortization	2,032,719	0	6,743,598	8,776,317	8,776,317 0
Total assets and deferred outflows of resources	114,280,622	37,165,537	6,743,598	158,189,757	159,970,190 (1,780,433)
Liabilities and Net position					
Current liabilities					
Current maturities of long-term debt	166,053	155,357	0	321,410	321,410 0
Accrued wages and burden	104,450	0	0	104,450	148,855 (44,405)
Accounts payable	437,570	19,312	0	456,882	387,821 69,061
Accounts payable - subsidiaries	0	0	0	0	0 0
Construction payable	1,137,708	796,601	0	1,934,309	1,713,108 221,201
Other current and accrued liabilities	10,513	269	0	10,782	15,949 (5,167)
Total current liabilities	1,856,293	971,539	0	2,827,831	2,587,142 240,690
Noncurrent liabilities					
Accumulated deferred compensation	483,528	0	0	483,528	448,094 35,434
Long-term debt, less current maturities					
AIDEA line of credit	55,956,206	33,828,601	21,133,913	110,918,720	113,209,661 (2,290,941)
GVEA - Land contract		1,798,126	0	1,798,126	1,798,126 0
Equipment loans payable	708,174	0	0	708,174	708,174 0
Total noncurrent liabilities	57,147,907	35,626,728	21,133,913	113,908,548	116,164,055 (2,255,507)
Net position					
Net investment in capital assets	47,640,354	952,190	(14,390,315)	34,202,230	33,622,867 579,363
Restricted - Unexpended loan funds		323,970	0	323,970	666,667 (342,696)
Unrestricted	7,636,067	(708,890)	0	6,927,178	6,929,459 (2,281)
Total net position	55,276,421	567,271	(14,390,315)	41,453,377	41,218,993 234,385
Total liabilities and net position	114,280,622	37,165,537	6,743,598	158,189,757	159,970,190 (1,780,433)

Interior Alaska Natural Gas Utility
Consolidating Financial Statements - Budget Basis
Year Ended June 30, 2019
(Unaudited)

	<u>Consolidated</u>			<u>Consolidated</u>		
	Pentex Alaska Natural Gas Co., LLC	Interior Alaska Natural Gas Utility	Acquisition Adjustment 6- 13-2018	Interior Alaska Natural Gas Utility	Interior Alaska Natural Gas Utility	(Variance)
	(Projected)	(Projected)	(Projected)	(Projected)	(Budgeted)	
STATEMENT OF OPERATIONS						
Mcf:					0	
Residential	55,507	0	0	55,507	56,005	(498)
Small commercial	384,817	0	0	384,817	395,303	(10,486)
Large commercial	206,143	0	0	206,143	210,923	(4,780)
Interruptible - small	52,108	0	0	52,108	52,324	(217)
Interruptible - large	16,454	0	0	16,454	17,206	(752)
Hospital	119,118	0	0	119,118	0	119,118
UAF	4,924	0	0	4,924	0	4,924
TKA commercial gas	9,964	0	0	9,964	9,609	356
Fairbanks Natural Gas, LLC	0	0	0	0	0	0
Titan commercial gas	0	0	0	0	0	0
AET commercial gas	0	0	0	0	0	0
Total Mcf	849,034	0	0	849,034	741,369	107,665
HDD	13,163					
Operating revenues						
Residential gas revenues	1,155,092	0	0	1,155,092	1,165,465	(10,373)
Small commercial gas revenues	7,988,799	0	0	7,988,799	8,206,481	(217,682)
Large commercial gas revenues	4,267,160	0	0	4,267,160	4,366,106	(98,946)
Interruptible - small	1,043,713	0	0	1,043,713	1,048,052	(4,339)
Interruptible - large	287,798	0	0	287,798	296,802	(9,003)
Hospital gas revenues	2,093,605	0	0	2,093,605	0	2,093,605
UAF gas revenues	93,442	0	0	93,442	0	93,442
TKA commercial gas revenues	174,372	0	0	174,372	168,149	6,223
Fairbanks Natural Gas, LLC	0	0	0	0	0	0
Titan commercial gas revenues	0	0	0	0	0	0
AET commercial gas revenues	0	0	0	0	0	0
Service charge revenues	303,624	0	0	303,624	301,649	1,975
Other revenue	24,603	251,441	0	276,044	228,934	47,110
Total operating revenues	17,432,208	251,441	0.00	17,683,649	15,781,637	1,902,012

Interior Alaska Natural Gas Utility
Consolidating Financial Statements - Budget Basis
Year Ended June 30, 2019
(Unaudited)

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	<u>Consolidated</u>			<u>Consolidated</u>		
	Pentex	Interior		Interior	Interior	
	Alaska	Alaska	Acquisition	Alaska	Alaska	
	Natural Gas	Natural Gas	Adjustment 6-	Natural Gas	Natural Gas	
	Co., LLC	Utility	13-2018	Utility	Utility	(Variance)
	(Projected)	(Projected)	(Projected)	(Projected)	(Budgeted)	
Operating expenses						
Natural gas purchases	6,822,295	0	0	6,822,295	6,204,526	(617,768)
Trucking Expenses	2,085,456	0	0	2,085,456	1,696,490	(388,967)
Electricity	1,116,637	0	0	1,116,637	960,834	(155,803)
Gas liquefaction expenses	1,633,420	0	0	1,633,420	1,536,471	(96,949)
Fairbanks distribution operations	302,132	0	0	302,132	317,792	15,660
Fairbanks distribution maintenance	100,544	0	0	100,544	96,318	(4,226)
Fairbanks storage & vaporization operations	258,405	0	0	258,405	245,246	(13,159)
Fairbanks storage & vaporization maintenance	61,803	0	0	61,803	75,982	14,179
Engineering	215,913	0	0	215,913	221,689	5,776
Talkeetna maintenance	4,235	0	0	4,235	2,750	(1,485)
Customer services	212,840	0	0	212,840	262,232	49,393
Fairbanks operations	5,928	0	0	5,928	5,882	(46)
Big Lake operations	16,940	0	0	16,940	15,149	(1,792)
Administration and general expenses	1,978,092	397,000	0	2,375,092	2,410,338	35,247
Interest expense	43,106	0	0	43,106	42,277	(829)
Depreciation	2,334,309	3,605	0	2,337,914	2,340,353	2,439
Total operating expenses	17,192,054	400,605	0	17,592,659	16,434,329	(1,158,330)
Operating income (loss)	240,154	(149,164)	0.00	90,990	(652,692)	743,682
Operating income (loss) margin %	1.38%	-59.32%		0.51%		
Non operating income (expense)						
Gain (loss) from disposition of property, plant and equipment	2,500	0	0	2,500	0	2,500
Gain (loss) from disposition of materials and supplies inventory	0	0	0	0	0	0
Interest and dividend income	2,911	150	0	3,062	0	3,062
Other income (expense)	52,403	0	0	52,403	2,400	50,003
Other income - transfer in (out)	541,889	145,877	0	687,766	1,122,197	(434,430)
Unrealized gains on available for sale securities	24,299	0	0	24,299	0	24,299
Total non operating income (expense)	624,002	146,027	0	770,029	1,124,597	(354,567)
Change in net position	864,156	(3,137)	0	861,019	471,905	389,114
Net position beginning of period	54,412,265	570,408	(14,390,315)	40,592,358	40,747,088	(154,729)
Net position - end of period	55,276,421	567,271	(14,390,315)	41,453,377	41,218,993	234,385
EBITDA	2,617,569	(145,559)		2,472,009	1,729,938	742,071

Interior Alaska Natural Gas Utility
Consolidating Financial Statements - Budget Basis
Year Ended June 30, 2019
(Unaudited)

	(Condensed)			Consolidated	Consolidated	
	Pentex Alaska Natural Gas Co., LLC	Interior Alaska Natural Gas Utility	Acquisition Adjustment 6- 13-2018	Interior Alaska Natural Gas Utility	Interior Alaska Natural Gas Utility	(Variance)
	(Projected)	(Projected)	(Projected)	(Projected)	(Budgeted)	
STATEMENT OF CASH FLOWS						
Increase (Decrease) in Cash						
Cash flows from operating activities						
Cash received from customers and affiliates	17,882,271	501,702	0	18,383,973	16,323,129	2,060,844
Cash paid to suppliers, employees and affiliates	(14,773,737)	(482,926)	0	(15,256,663)	(14,048,661)	(1,208,002)
Interest and dividends received	2,911	150	0	3,062	0	3,062
Net cash provided by (used in) operating activities	3,111,445	18,927	0	3,130,372	2,274,469	855,903
Cash flows from capital and related financing activities						
Proceeds from issuance of long-term debt	29,338,496	4,481,823	0	33,820,319	36,111,261	(2,290,941)
Cash received from transfers in from other agencies	541,889	0	0	541,889	659,266	(117,377)
Principal payments on long-term debt	(158,945)	0	0	(158,945)	(158,932)	(13)
Interest paid	(43,106)	0	0	(43,106)	(42,277)	(829)
Proceeds from disposal of assets	2,500	0	0	2,500	0	2,500
Purchase of property, plant and equipment	(486,060)	(217,054)	0	(703,113)	(703,867)	753
Construction work in progress (Distribution)	(104,626)	(28,491)	0	(133,117)	(351,203)	218,086
Construction work in progress (Storage)	(30,914,413)	(4,524,508)	0	(35,438,921)	(36,690,526)	1,251,606
Net cash provided by (used in) capital and related financing activities	(1,824,263)	(288,230)	0	(2,112,493)	(1,176,279)	(936,214)
Cash flows from investing activities						
Purchase of marketable securities	(77,210)	0	0	(77,210)	(50,000)	(27,210)
Net cash provided by (used in) investing activities	(77,210)	0	0	(77,210)	(50,000)	(27,210)
Net increase (decrease) in cash	1,209,972	(269,303)	0	940,669	1,048,190	(107,521)
Cash at beginning of period	5,815,076	768,410	0	6,583,487	6,980,455	(396,969)
Cash at end of period	7,025,048	499,107	0	7,524,155	8,028,645	(504,490)
Reconciliation of Net Income (Loss) to Net Cash						
Provided By (Used in) Operating Activities	0.01	(0.00)		0.01	0.00	
Operating income/(loss)	240,154	(149,164)	0	90,990	(652,692)	743,682
Adjustments to reconcile net income to net cash provided by (used in) operating activities:						
Depreciation and amortization	2,334,309	3,605	0	2,337,914	2,340,353	(2,439)
Interest and dividend income	2,911	150	0	3,062	0	3,062
Other income	52,403	145,877	0	198,280	465,331	(267,051)
Interest paid	43,106	0	0	43,106	42,277	829
Increase in fair value of investments	24,299	0	0	24,299	0	24,299
(Increase) decrease in assets						
Accounts receivable	373,362	128,697	0	502,059	100,475	401,584
Accounts receivable - affiliates	(0)	(24,313)	0	(24,313)	(24,313)	(0)
Liquified natural gas inventory	39,270	0	0	39,270	(5,486)	44,756
Materials & supplies inventory	31,728	0	0	31,728	45,950	(14,222)
Deposits & other current assets	(17,298)	(200)	0	(17,498)	23,779	(41,277)
Increase (decrease) in liabilities						
Accumulated deferred compensation	77,210	0	0	77,210	50,000	27,210
Accounts payable	(29,000)	(71,435)	0	(100,435)	(85,154)	(15,281)
Accounts payable - affiliates	360	0	0	360	0	360
Accrued wages & burden	(64,851)	(14,559)	0	(79,410)	(24,724)	(54,685)
Other current & accrued liabilities	3,482	269	0	3,751	(1,327)	5,078
Net cash provided by (used in) operating activities	3,111,445	18,927	0	3,130,372	2,274,469	855,903



Interior Gas Utility
BOARD MEMORANDUM
No. 2019-02

Meeting Date: January 29, 2019

Approved: _____

From: General Manager, IGU

Subject: Recommendation for Approval of 2019 Legislative Priorities & Hiring of a Lobbyist to Promote IGU's Interests

The Interior Alaska Natural Gas Utility (IGU) is a municipal utility under the Fairbanks North Star Borough (FNSB). It operates independently of the FNSB and is governed by a seven-member board of directors.

To meet the mission of the IGU and ensure the lowest cost of natural gas as possible for the community, the IGU Board of Directors identifies the following priorities for the first session of the 31st Alaska State Legislature.

Priority 1:

To extend the qualification deadline from January 1, 2020 to January 1, 2021 or later for the liquefied natural gas storage facility tax credit as established by AS 43.20.047, and to advance clarifying language ensuring the IGU as a Regulatory Commission of Alaska (RCA) regulated Municipally owned Utility with exemption from Rate Regulation qualifies for the storage tax credits.

Priority 2:

To advance the expansion of natural gas service in the FNSB as a priority for the State of Alaska to help alleviate the poor air quality and assist with the FNSB compliance related to the fine particulate matter (PM_{2.5}) nonattainment area designation.

General Manager's Recommendation

The IGU storage projects are expected to qualify for approximately \$21 Million of storage tax credits or payments and this funding has a material impact on future rates for IGU's customers.

The General Manager (GM) recommends the IGU Board approve the 2019 Legislative Priorities as presented. In addition, given the importance of these priorities, the GM further recommends the Board authorize the hiring of a lobbyist with a contract value not to exceed \$30,000.

The IGU has an important mission related to air quality improvement and energy price stabilization for the FNSB, and the recommended expenditures are a prudent investment to maximize the potential for successfully managing legislation to the full benefit of the FNSB.

Prepared and Submitted by: Dan Britton, General Manager

Approved:

Pamela Throop

Chair, IGU Board of Directors

Date



Interior Gas Utility
BOARD INFORMATION MEMORANDUM
No. 2019-01

Meeting Date: January 29, 2019

From: General Manager, IGU

Subject: Recommendation Regarding Approval of Resolution No. 2019-02

The Interior Alaska Natural Gas Utility (IGU) has participated in the planning and consideration for development of storage and regasification of liquid natural gas (LNG) in the North Pole, Alaska area since the formation of IGU and with the planning efforts by the Alaska Industrial Development & Export Authority under the Interior Energy Project. Over the past three (3) years, such planning has been coordinated closely with the Golden Valley Electric Association (GVEA) as to both their potential needs and the opportunity to utilize GVEA-owned lands in North Pole adjacent to their generation facilities along the east side of H&H Road.

On June 29, 2018, IGU and GVEA entered into a Real Estate Purchase and Sale Agreement (PSA) and an Option to Purchase and Early Entry Agreement (reference *Board Memorandum No. 2018-05*). These agreements are for a portion of the GVEA property located within the H&H Industrial Subdivision that includes the northern 600 feet of Lot 2, as well as Lot 1.

In conjunction with the PSA and the conceptual design and geotechnical investigation efforts, IGU retained the services of Travis-Peterson Environmental Consulting, Inc. to complete a Phase 1 Environmental Site Assessment (ESA) of both Lots 1 and 2 of the H&H Industrial Subdivision. The resultant findings of the ESA are that there were no recognized environmental conditions that would impact the environmental integrity of the properties investigated.

The IGU contracted with PDC Inc. to complete the design of the Storage Project as authorized by *Board Memorandum No. 2018-09*. PDC has completed the design, budget and preparation of bid documents for the Storage Project to be constructed. (Attachment #1 – North Pole Storage Project Budget Summary).

Project Plan

IGU will construct a new 150,000-gallon LNG storage facility in North Pole, AK. This project's cost estimate total is \$12.1 million, which includes the \$600,000 spent to date for the preliminary work, including Engineering, Geotechnical and Environmental Assessments. The storage facility is expected to qualify for a State of Alaska storage credit of 50% of the project cost or approximately \$6 million. This Storage Project will have enough vaporization capacity to meet the demand estimated for IGU Phases 1-3 and includes opportunities for expansion in the future if necessary. The facility will be initially constructed with temporary storage until such time as two 75,000-gallon tanks currently in operation at FNG's Tria road facility are relocated, which is anticipated in the summer of 2020. The targeted completion date is the fall of 2019.

The project will be competitively bid with a single general contractor responsible for the work. IGU will owner-purchase certain key components so as to ensure schedule and quality such; as vaporizers, cryogenic valves and offload skid.

The project site plan (Attachment #2 -Site Plan) and the 100% Design Construction Cost Estimate as prepared by Alaska Construction Management under PDC's design contract (Confidential Attachment #1) provide for the detail related to the project execution.

The project will be funded as outlined in IGU's updated Capital Program and Funding Sources (Attachment #3 - Interior Alaska Natural Gas Utility, Capital Program & Funding Sources,

1 As of January 29, 2018). The funding includes using remaining SET's funds, internal working capital and
2 a proposed bridging loan or line of credit.
3

4 **Recommendation for IGU Board Action**
5

6 IGU's General Manager recommends the IGU Board of Directors vote to pass Resolution No. 2019-02,
7 Authorizing the Purchase of Land and Approving the Budget for Construction of the North Pole Storage
8 Facility.
9

10 Approval of the Resolution will allow IGU to move forward with plans to provide natural gas to the
11 North Pole area and potentially qualify for the State of Alaska Storage Tax Credits, therefore reducing the
12 overall cost of the project to be born by IGU customers.
13

14 Prepared & Submitted by: Daniel W. Britton, IGU General Manager

North Pole Storage Project Budget Summary **

	Direct Construction Cost	GC (8%) 0.08	Office OH (4%) 0.04	Profit (8%) 0.08	Construction Subtotal	Contingency (10%) 0.1	Subtotals with Contingency
A.10 SITE EARTHWORK	1,112,300	88,984	48,051	99,947	1,349,282	134,928	1,484,210
TOTAL PACKAGE A: SITE PREPARATION	1,112,300	88,984	48,051	99,947	1,349,282	134,928	1,484,210
B PACKAGE B: INFRASTRUCTURE							
B.10 SITE DEVELOPMENT	913,600	73,088	39,468	82,092	1,108,248	110,825	1,219,073
B.20 MULTIPURPOSE BUILDING	466,500	37,320	20,153	41,918	565,891	56,589	622,480
B.30 FIRE PROTECTION SYSTEMS	145,000	11,600	6,264	13,029	175,893	17,589	193,482
B.40 SITE ELECTRICAL	453,600	36,288	19,596	40,759	550,242	55,024	605,266
B.50 SITE SECURITY SYSTEMS	490,200	39,216	21,177	44,047	594,640	59,464	654,104
B.60 LNG PROCESS SYSTEMS	628,900	50,312	27,168	56,510	762,891	76,289	839,180
B.65 HYDRONIC SYSTEMS	525,000	42,000	22,680	47,174	636,854	63,685	700,540
B.70 CONTROLS & INSTRUMENTATION	490,000	39,200	21,168	44,029	594,397	59,440	653,837
B.80 SUBCONTRACTOR MARKUPS	200,000	16,000	8,640	17,971	242,611	24,261	266,872
TOTAL PACKAGE B: INFRASTRUCTURE	4,312,800	345,024	186,313	387,531	5,231,668	523,167	5,754,835
C EQUIPMENT PROCUREMENT							
C.10 OWNER-PURCHASED LNG EQUIPMENT	2,183,000	0	0	0	2,183,000	218,300	2,401,300
TOTAL EQUIPMENT PROCUREMENT	2,183,000	0	0	0	2,183,000	218,300	2,401,300
TOTAL ESTIMATED BASE CONSTRUCTION COST	7,608,100	434,008	234,364	487,478	8,763,950	876,395	9,640,345
***** ALTERNATES *****							
D ALTERNATE BID SCHEDULES							
D.1 ALT. NO. 1 - ASPHALT PAVING	65,900	5,272	2,847	5,922	79,940	7,994	87,934
D.2 ALT. NO. 2 - RAP SURFACING	-7,900	-632	-341	-710	-9,583	-958	-10,541
D.3 ALT. NO. 3 - RELOCATE TRIA ROAD BULLET TANKS	150,000	12,000	6,480	13,478	181,958	18,196	200,154
Total Estimated Base Construction Cost with Alt. No. 1 & 3 and 10% Contingency							\$9,928,434
Design Fees (per contract)							\$711,918
Inspection & Cons. Mgt. (12% Const Est'd Cost w/o Cont.)							\$1,083,102
Permitting							\$75,000
Startup/Commission (2.5% Const. Est'd Cost w/o Cont.)							\$225,646
Owner Rep (3% of Est'd. Const Cost w/o Cont.)							\$295,145
TOTAL PROJECT ESTIMATED COST							\$12,031,156

**Based on Extract from Alaska Construction Managements Estimate dated 1-25-19

Interior Alaska Natural Gas Utility
Capital Program & Funding Sources
As of January 29, 2019

FY 19

		Projected	Capital													Capital	Projected
		Capital Program	Program Cost													Program Cost	Capital Program
		Cost	Through FY	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Through FY	Cost Remaining
			2018													2019	
1	<u>Distribution</u>																
2	NP - Phase 1-3 Buildout	\$ 87,360,000	\$ 29,346,778	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,346,778	\$ 58,013,222
3	FNG Expansion/Infill	23,000,000	14,806,184	-	-	-	-	-	-	-	-	-	-	-	-	14,806,184	8,193,816
4																	
5	<u>New Services and Meters</u>																
6	IGU/FNG Service Area*	19,149,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,149,000
7																	
8	<u>Storage</u>																
9	North Pole 150Kgal Storage	12,031,156	-	-	-	-	-	-	370,000	181,500	181,500	1,129,815	1,129,815	1,129,815	1,129,815	5,252,260	6,778,896
10	Fairbanks 5.25Mgal Storage - Loan	52,583,942	15,644,713	3,582,674	6,555,482	392,394	4,593,999	1,740,525	1,357,513	238,807	1,678,813	1,678,813	1,678,813	1,678,813	1,678,813	42,500,174	10,083,768
11	Fairbanks 5.25Mgal Storage - WC	1,705,375	1,694,488	-	-	-	-	-	10,887	-	-	-	-	-	-	1,705,375	-
12																	
13	<u>LNG Supply</u>																
14	Titan 2 and Titan 3 - FEED	750,000	-	-	-	-	-	-	-	-	-	125,000	125,000	125,000	125,000	500,000	250,000
15	Titan 2 LNG Plant (inc Titan 1 upgrades)	45,450,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45,450,000
16	Titan 3 LNG Plant	25,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,000,000
17																	
18	<u>LNG Transportation</u>																
19	LNG High-capacity Trailers & Equip	4,745,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,745,000
20																	
21	<u>Other Items</u>																
22	Program Management	8,300,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,300,000
23	Customer Conversion Program	3,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,000,000
24	Pentex Acquisition	21,208,913	21,208,913	-	-	-	-	-	-	-	-	-	-	-	-	21,208,913	-
25																	
26	Total Capital Program	\$ 304,283,386	\$ 82,701,076	\$ 3,582,674	\$ 6,555,482	\$ 392,394	\$ 4,593,999	\$ 1,740,525	\$ 1,738,401	\$ 420,307	\$ 1,860,313	\$ 2,933,628	\$ 2,933,628	\$ 2,933,628	\$ 2,933,628	\$ 115,319,684	\$ 188,963,702

		Projected	Capital Funding													Capital Funding	Projected
		Capital Program	Expended													Expended	Capital Program
		Funding Level	Through FY	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Through FY	Funding
			2018													2019	Remaining
27	SETS	\$ 125,000,000	\$ 77,173,400	\$ 6,251,616	\$ 3,280,367	\$ 3,028,525	\$ 2,763,782	\$ 2,096,861	\$ 2,176,569	\$ 1,794,833	\$ 1,813,841	\$ 2,933,628	\$ 2,933,628	\$ 2,933,628	\$ 2,933,628	\$ 112,114,309	\$ 12,885,691
28	Capital Appropriations	1,500,000	958,111	207,691	278,463	55,735	-	-	-	-	-	-	-	-	-	1,500,000	-
29	Revenue Bonding	150,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	150,000,000
30	Bond Bridging Loans (LOC)	10,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,000,000
31	Commercial Financing	4,200,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,200,000
32	Storage Credits	20,850,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,850,000
33	Working Capital - Cash (5.25M gal)	1,705,375	1,694,488	-	-	-	-	-	10,887	-	-	-	-	-	-	1,705,375	-
34																	
35	Total Funding Sources	\$ 313,255,375	\$ 79,825,999	\$ 6,459,307	\$ 3,558,830	\$ 3,084,261	\$ 2,763,782	\$ 2,096,861	\$ 2,187,457	\$ 1,794,833	\$ 1,813,841	\$ 2,933,628	\$ 2,933,628	\$ 2,933,628	\$ 2,933,628	\$ 115,319,684	\$ 197,935,691

* Services added to both IGU and FNG service areas for FY20-FY21 are: 360 Residential, 122 Commercial and 1 Industrial. Information taken from "IGU Financial Forecast and Proforma" report; May 17, 2018.

**Interior Alaska Natural Gas Utility
Capital Program & Funding Sources
As of January 29, 2019**

FY 20

Capital Program	Projected Capital Program Cost	Capital Program Cost Through FY 2019	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Capital Program Cost Through FY 2020	Projected Capital Program Cost Remaining
36 <u>Distribution</u>																
37 NP - Phase 1-3 Buildout	\$ 87,360,000	\$ 29,346,778	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,346,778	\$ 58,013,222
38 FNG Expansion/Infill	23,000,000	14,806,184	-	-	-	-	-	-	-	-	-	-	-	-	14,806,184	8,193,816
39																-
40 <u>New Services and Meters</u>																-
41 IGU/FNG Service Area*	19,149,000	-	-	-	-	-	-	-	-	-	-	-	171,166	171,166	342,332	18,806,668
42																-
43 <u>Storage</u>																-
44 North Pole 150Kgal Storage	12,031,156	5,252,260	1,129,815	1,129,815	1,129,815	1,129,815	1,129,815	1,129,821	-	-	-	-	-	-	12,031,156	-
45 Fairbanks 5.25Mgal Storage - Loan	52,583,942	42,500,174	1,678,813	1,678,813	1,678,813	1,678,813	1,678,813	1,689,701	-	-	-	-	-	-	52,583,942	-
46 Fairbanks 5.25Mgal Storage - WC	1,705,375	1,705,375	-	-	-	-	-	-	-	-	-	-	-	-	1,705,375	-
47																-
48 <u>LNG Supply</u>																-
49 Titan 2 and Titan 3 - FEED	750,000	500,000	125,000	125,000	-	-	-	-	-	-	-	-	-	-	750,000	-
50 Titan 2 LNG Plant (inc Titan 1 upgrades)	45,450,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45,450,000
51 Titan 3 LNG Plant	25,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,000,000
52																-
53 <u>LNG Transportation</u>																-
54 LNG High-capacity Trailers & Equip	4,745,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,745,000
55																-
56 <u>Other Items</u>																-
57 Program Management	8,300,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,300,000
58 Customer Conversion Program	3,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,000,000
59 Pentex Acquisition	21,208,913	21,208,913	-	-	-	-	-	-	-	-	-	-	-	-	21,208,913	-
60																
61 Total Capital Program	\$ 304,283,386	\$ 115,319,684	\$ 2,933,628	\$ 2,933,628	\$ 2,808,628	\$ 2,808,628	\$ 2,808,628	\$ 2,819,522	\$ -	\$ -	\$ -	\$ -	\$ 171,166	\$ 171,166	\$ 132,774,680	\$ 171,508,706

Capital Funding Sources	Projected Capital Program Funding Level	Capital Funding Expended Through FY 2019	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Capital Funding Expended Through FY 2020	Projected Capital Program Funding Remaining
62 SETS	\$ 125,000,000	\$ 112,114,309	\$ 2,933,628	\$ 2,933,628	\$ 2,808,628	\$ 2,808,628	\$ 1,401,178	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,000,000	\$ -
63 Capital Appropriations	1,500,000	1,500,000	-	-	-	-	-	-	-	-	-	-	-	-	1,500,000	-
64 Revenue Bonding	150,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	150,000,000
65 Bond Bridging Loans (LOC)	10,000,000	-	-	-	-	-	1,407,451	2,819,522	-	-	-	-	171,166	171,166	4,569,305	5,430,695
66 Commercial Financing	4,200,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,200,000
67 Storage Credits	20,850,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,850,000
68 Working Capital - Cash (5.25M gal)	1,705,375	1,705,375	-	-	-	-	-	-	-	-	-	-	-	-	1,705,375	-
69																
70 Total Funding Sources	\$ 313,255,375	\$ 115,319,684	\$ 2,933,628	\$ 2,933,628	\$ 2,808,628	\$ 2,808,628	\$ 2,808,628	\$ 2,819,522	\$ -	\$ -	\$ -	\$ -	\$ 171,166	\$ 171,166	\$ 132,774,680	\$ 180,480,695

* Services added to both IGU and FNG service areas for FY20-FY21 are: 360 Residential, 122 Commercial and 1 Industrial. Information taken from "IGU Financial Forecast and Proforma" report; May 17, 2018.

Interior Alaska Natural Gas Utility
Capital Program & Funding Sources
As of January 29, 2019

FY 21																	
		Projected Capital Program Cost	Capital Program Cost Through FY 2020	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Capital Program Cost Through FY 2021	Projected Capital Program Cost Remaining
71	Distribution																
72	NP - Phase 1-3 Buildout	\$ 87,360,000	\$ 29,346,778	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,346,778	\$ 58,013,222
73	FNG Expansion/Infill	23,000,000	14,806,184													14,806,184	8,193,816
74																	-
75	New Services and Meters																-
76	IGU/FNG Service Area*	19,149,000	342,332	171,166	171,166	171,166	171,170	-	-	-	-	-	321,750	321,750	321,750	1,992,250	17,156,750
77																	-
78	Storage																-
79	North Pole 150Kgal Storage	12,031,156	12,031,156	-	-	-	-	-	-	-	-	-	-	-	-	12,031,156	-
80	Fairbanks 5.25Mgal Storage - Loan	52,583,942	52,583,942	-	-	-	-	-	-	-	-	-	-	-	-	52,583,942	-
81	Fairbanks 5.25Mgal Storage - WC	1,705,375	1,705,375													1,705,375	-
82																	-
83	LNG Supply																-
84	Titan 2 and Titan 3 - FEED	750,000	750,000	-	-	-	-	-	-	-	-	-	-	-	-	750,000	-
85	Titan 2 LNG Plant (inc Titan 1 upgrades)	45,450,000	-	-	-	-	-	-	-	-	-	-	-	-	-		45,450,000
86	Titan 3 LNG Plant	25,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,000,000
87																	-
88	LNG Transportation																-
89	LNG High-capacity Trailers & Equip	4,745,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,745,000
90																	-
91	Other Items																-
92	Program Management	8,300,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,300,000
93	Customer Conversion Program	3,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,000,000
94	Pentex Acquisition	21,208,913	21,208,913	-	-	-	-	-	-	-	-	-	-	-	-	21,208,913	-
95																	
96	Total Capital Program	\$ 304,283,386	\$ 132,774,680	\$ 171,166	\$ 171,166	\$ 171,166	\$ 171,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 321,750	\$ 321,750	\$ 321,750	\$ 134,424,598	\$ 169,858,788

																Capital Funding	Projected
																Expended	Capital Program
																Through FY	Funding
Capital Funding Sources	Projected Capital Program Funding Level	Expended Through FY 2020	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	2021	Remaining	
97	SETS	\$ 125,000,000	\$ 125,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,000,000	\$ -	
98	Capital Appropriations	1,500,000	1,500,000	-	-	-	-	-	-	-	-	-	-	-	1,500,000	-	
99	Revenue Bonding	150,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	150,000,000	
100	Bond Bridging Loans (LOC)	10,000,000	4,569,305	171,166	171,166	171,166	171,170	-	-	-	-	321,750	321,750	321,750	6,219,223	3,780,777	
101	Commercial Financing	4,200,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,200,000	
102	Storage Credits	20,850,000	-	-	-	-	-	-	-	-	-	-	-	-	-	20,850,000	
103	Working Capital - Cash (5.25M gal)	1,705,375	1,705,375	-	-	-	-	-	-	-	-	-	-	-	1,705,375	-	
104																	
105	Total Funding Sources	\$ 313,255,375	\$ 132,774,680	\$ 171,166	\$ 171,166	\$ 171,166	\$ 171,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 321,750	\$ 321,750	\$ 321,750	\$ 178,830,777	

* Services added to both IGU and FNG service areas for FY20-FY21 are: 360 Residential, 122 Commercial and 1 Industrial. Information taken from "IGU Financial Forecast and Proforma" report; May 17, 2018.

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**Interior Alaska Natural Gas Utility
Schedule of LNG Storage Buildup**

FY 20	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Totals
<u>Storage</u>													
106 LNG produced for inventory buildup - (Gals)*	-	-	1,016,149	756,762	334,017	223,354	176,133	287,321	471,047	837,953	1,142,484	-	5,245,220
107 \$ per Gallon - Projected	\$ -	\$ -	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ -	\$ 1.04
108 LNG produced for inventory buildup cost	\$ -	\$ -	\$ 1,059,407	\$ 788,978	\$ 348,236	\$ 232,862	\$ 183,631	\$ 299,552	\$ 491,100	\$ 873,625	\$ 1,191,120	\$ -	\$ 5,468,511
109													
110													
111													
112 Beginning Cash - Projected**	\$ 7,182,129	\$ 7,143,866	\$ 7,034,503	\$ 6,944,187	\$ 5,718,882	\$ 4,841,661	\$ 4,920,493	\$ 5,050,093	\$ 5,191,736	\$ 4,646,230	\$ 4,409,423	\$ 3,495,971	\$ 7,182,129
113 Payments for LNG produced for inventory buildup	-	-	-	(1,059,407)	(788,978)	(348,236)	(232,862)	(183,631)	(299,552)	(491,100)	(873,625)	(1,191,120)	(5,468,511)
114 Cash flows from operating, capital and investing activities	(38,263)	(109,363)	(90,315)	(165,898)	(88,243)	434,691	385,358	348,170	(6,004)	277,190	(16,931)	(190,127)	740,265
115 Purchase of North Pole Storage property (1 of 10 Annual)									(217,054)				(217,054)
116 Interest payments on Bond Bridging Loans (LOC)						(7,624)	(22,896)	(22,896)	(22,896)	(22,896)	(22,896)	(23,823)	(145,927)
117													
118 Ending Cash - Projected	\$ 7,143,866	\$ 7,034,503	\$ 6,944,187	\$ 5,718,882	\$ 4,841,661	\$ 4,920,493	\$ 5,050,093	\$ 5,191,736	\$ 4,646,230	\$ 4,409,423	\$ 3,495,971	\$ 2,090,902	\$ 2,090,902

*The LNG produced is based on current Titan facility producing 50,000gal LNG daily and delivering same into Fairbanks storage less projected rate payer usage.

**Projected IGU consolidated ending cash on June 30, 2019.



Considered on: January 29, 2019
Approved on:

RESOLUTION No. 2019-02

**A RESOLUTION OF THE INTERIOR GAS UTILITY
AUTHORIZING THE PURCHASE OF LAND AND APPROVING THE BUDGET
FOR CONSTRUCTION OF THE NORTH POLE STORAGE FACILITY**

WHEREAS, the Interior Gas Utility (IGU) was formed by the three municipalities of Interior Alaska to create a public natural gas utility to expand natural gas utility service within the Interior; and

WHEREAS, the mission of the IGU from its creation has been to bring natural gas to the most residents of the Interior as possible at the lowest cost possible; and

WHEREAS, proceeding with the development of the North Pole Storage facility is time critical in order to possibly qualify for State of Alaska tax credits that require any such facility to commence commercial operation before January 1, 2020; and

WHEREAS, in order to deliver natural gas into IGU's existing Phase I natural gas distribution system and support further expansion into Phases 2 & 3, IGU must construct an LNG storage and regasification facility in North Pole; and

WHEREAS, in concurring with Board Memorandum No. 2018-05, the IGU Board of Directors authorized an Option to Purchase and Early Entry Agreement for purchase of property described as Lot 1 containing approximately 6.5 acres and the northern portion of Lot 2, consisting of approximately 13.5 acres, of the H&H Industrial Subdivision located in Section 15, T2S, R2E, Fairbanks Meridian according to Plat No. 2014-98, Records of the Fairbanks Recording District, Fourth Judicial District, Alaska; and .

WHEREAS, preliminary work, including design, geotechnical and environmental reviews indicate the subject property is suitable for the intended use and free of any previous conditions which would cause IGU to incur potential environmental liability.

NOW, THEREFORE, BE IT RESOLVED BY THE INTERIOR ALASKA NATURAL GAS UTILITY AS FOLLOWS: IGU approves the purchase of land as agreed upon with the Golden Valley Electric Association, authorizing the General Manager (GM) to sign all documents and to take all other actions, necessary or expedient, in fulfilling the purposes of the purchase of land.

BE IT FURTHER RESOLVED: IGU approves the budget dated January 25, 2019 totaling \$12,031,156 for the construction of the North Pole Storage Facility, authorizing the GM to negotiate, execute and cause to be performed all construction contracts, purchase orders, and other agreements necessary or convenient to completing construction of the North Pole

LNG storage facility without soliciting prior Board authorization; subject to the GM following the IGU procurement manual and limited to the approved total project budget

Approved:

Pamela Throop - Chair, IGU Board of Directors

Date

Laura Steel, Secretary to the IGU Board of Directors

Date

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Item	Action	Responsible Person	Date Initiated	Due Date	Status	Notes
1	Final Decision on North Slope Pad	IGU Board	12/18/18	01/22/19	Completed	
2	Work w AIDEA (Alan Weitzner) and complete full DNR analysis, determine if we can move fwd w an appeal; report to BOD	Dan Britton	12/18/18	01/22/19	Completed	
3	Dan recommend Storage Tax Credit Strategy - possible lobbyist hired	Dan Britton	01/15/19	01/29/19	Memorandum presented to BOD	
4	Siemens Negotiations Update under GM Report	Dan Britton		1st & 3rd Tuesdays	Ongoing	
5	FEED Update under GM Report	Dan Britton		1st & 3rd Tuesdays	Ongoing	
6	Citizens for Clean Air Update	Director Lee		Monthly	Ongoing	
7	Update Binders of Meeting Minutes & Attachments	Laura Steel	11/09/18	Ongoing	Ongoing	
8	Global Plan going forward with the Utility, Update Capital Plan and Proforma	IGU Board		Ongoing	Ongoing	
9	Staffing plan for overall Project Management, Scope, Schedule and Budget	Dan Britton		Ongoing	Ongoing	
10	Identify gas supplies and negotiate price and terms	Dan Britton		Ongoing	Ongoing	
11	Finish modeling for comparisons	Brown Thornton		Ongoing	Ongoing	
12	Siemens Negotiations Schedule sent to BOD	Dan Britton		Weekly	Ongoing	
13	Discussion of Board Communications in compliance with Public Meetings Act	IGU Attorney	01/08/19	Work Session 1/15/2019	Postponed until all Directors present	
14	Hire Financial Advisors	Dan Britton		RFP issued 1/11/2019	RFP closes 1/31/2019	
15	Hire media company for updating and integrating IGU and FNG's online/internet presence	Michelle Hollowell		12/31/18	Will issue an RFP	
16	Updated FEED scope to be completed and discussed with Braemar	Dan Britton	01/16/19	01/31/19		
17	Ethical Procedures Developed	Director Nordale & IGU Attorney	01/08/19	Mid-February		
18	Policy No. 05 Ethics and Conflicts of Interest updated	Director Nordale & IGU Attorney		Mid-February		
19	Policy No. 05 Ethics and Conflicts of Interest; Disclosure form created	Director Nordale & IGU Attorney		Mid-February		
20	Change the Code of Ethics	Director Nordale & IGU Attorney		Mid-February		
21	IGU Policy 09 Relationship Between the IGU Board of Directors and the General Manager	IGU Board	09/04/18	Tabled on 9/4/18		
22	IGU Policy 10 Delegation of Authority by the IGU Board of Directors to the General Manager	IGU Board	09/04/18	Tabled on 9/4/18		
23	Schedule to include Action Plan Items	VC Haagenon	01/22/19			
24	Invitation to FNSB Assembly for tank tour	Laura Steel	01/15/19			
25	Consider forming a Board Improvement Committee	IGU Board	01/08/19			
26	Policy Drafted on Public Records Retention	IGU Attorney	12/13/18			
27	Political versus Legal View for N Slope Pad Return on Investment	IGU Attorney	01/22/19	Feb or Mar 2019		
28	Insurance Coverage Summary	Dan Britton	01/22/19			