



## BOARD OF DIRECTORS MEETING

Tuesday, December 1, 2020 @ 4:00 P.M.

IGU Office: 3408 International Street, Fairbanks, AK

Future IGU Meeting Location: 2216 S Cushman St, Fairbanks, AK

### DRAFT AGENDA

*To participate via teleconference call 1-253-215-8782;  
when prompted, enter meeting ID 830 7345 2334, Password 222079*

\*Given the ongoing COVID-19 concerns this meeting will be held telephonically only. Packets will be available to the public outside the door of the IGU Office or outside the door at our future meeting location 2216 S Cushman St \*

#### Join Zoom Meeting

<https://us02web.zoom.us/j/83073452334?pwd=R0dMOGZjbFFWRUFSVHRQcTIHYitVZz09>

1-253-215-8782

**Meeting ID:** 830 7345 2334

**Password:** 222079

#### I. CALL TO ORDER

- Roll call
- Approval of Agenda & Consent Agenda\*  
(Items marked with \* are approved under consent agenda)
- \* • \*Approval of Minutes – 11/3/2020 & 11/17/2020
- \* • \*Approval of Financials – 11/24/2020
- Public Comment – limited to three minutes

#### II. OLD BUSINESS (Board Discussion & Possible Action) (Possible Executive Session)

- Records Retention Policy ..... Page 28
- Investment Policy..... Page 35

#### III. OTHER BUSINESS (Board Discussion & Possible Action) (Possible Executive Session)

- Marketing & New Service Report ..... Page 40
- Update of Gas Supply Search
  - MAP Report..... Page 41

#### V. REPORTS

- General Manager ..... Page 43
- IGU Attorney ..... Page 45

#### VI. DIRECTOR REQUESTS FOR IGU INFORMATION

#### VII. CLOSING COMMENTS

- General Manager
- IGU Attorney
- Directors

#### VIII. EXECUTIVE SESSION

#### IX. ADJOURNMENT - To be effective at the end of the Executive Session

\* EXECUTIVE SESSIONS will be moved to after Closing Comments to allow for the public's full participation in the meeting.\*

# Approval of Minutes

11/3/2020

11/17/2020



**BOARD OF DIRECTORS MEETING**  
Tuesday, November 3, 2020 @ 4:00 P.M.  
ZOOM Telephonic Meeting

**DRAFT MINUTES**

A Telephonic Meeting of the Board of Directors of the Interior Gas Utility was held Tuesday November 3, 2020. IGU Board Chair, Steve Haagenon presiding.

Others in attendance were: Dan Britton (IGU General Manager), Heather Thomas (IGU Secretary), Zane Wilson (IGU Attorney), Mary Ann Pease (MAP Consulting).

**I. CALL TO ORDER 4:00 pm**

- Roll call  
Steve Haagenon  
Mike Miller  
Patrice Lee  
Mary Nordale  
Pamela Throop  
Jack Wilbur  
Gary Wilken
- Approval of Agenda & Consent Agenda\*
- Approval of Minutes – 10/6/2020\*
- Approval of Financials – 10/27/2020  
(Items marked with \* are approved under consent agenda)

**00:00:54 Moved** by Vice Chair Miller to Approve the Agenda & Consent Agenda, 2<sup>nd</sup> by Director Lee.

**Motion approved without objection.**

- Public Comment – *There were no public comments*

**II. OLD BUSINESS**

- Records Retention Policy **00:01:07**

IGU Attorney Zane Wilson requests that the Records Retention Policy discussion be postponed to the next meeting so that the changes submitted by Director Wilbur can be added to the policy. This Records Retention Policy was modeled after the Fairbanks North Star Borough's Records Retention Policy and it was discovered that it has since been updated.

**00:02:38 Moved** by Director Wilken to postpone the Records Retention Policy discussion to the next regularly scheduled Board Meeting, 2<sup>nd</sup> by Director Lee.

**Motion approved without objection.**

### III. OTHER BUSINESS

- Marketing & New Service Report **00:04:55**

GM Dan Britton presents an abbreviated Marketing and New Service Report highlighting current activities. We continue to receive applications, 11 were received in October. 206 service lines have been installed in 2020, currently 90 of those services are consuming gas. We continue to seek a new individual to fill the open position for a Customer Service/Marketing Manager. Board Discussion and Questions.

- Update on Gas Supply Search(public) **00:18:30**

GM Dan Britton presents the public portion of the Gas Supply Search. We continue to advance a few options that will be brought to the Board for final approval. There is nothing new to report to the Directors for Executive Session tonight. Board requests and discussion on DNR's decision for RIK gas.

### IV. CORRESPONDENCE

- Fort Wainwright Draft EIS **00:29:36**

GM Dan Britton presents the correspondence, the Fort Wainwright Draft EIS. Fort Wainwright is evaluating various options for upgrading their coal fired power plant, included in those options is the use of natural gas. IGU will be presenting a public comment. Public comments are being accepted until 12/8/2020. A Public Meeting will be held on Monday November 9, 2020 from 5pm-7pm. The link to the Draft EIS is provided for your information. Board Discussion and Questions.

### V. REPORTS

- General Manager **01:07:09**

GM Dan Britton presents his report. We continue under modified protocols with COVID-19. We are seeing challenges related to employees coming into close contact with someone that has tested positive for COVID-19 or the employee testing positive, but we are managing those issues. IGU updates were provided to the FNSB Assembly, FEDCO and the GVEA Board this month. We have received the funds from the Bond Issuance. 206 Installs were completed this year, 8 timely submitted service line applications were not able to be completed in 2020. Those 8 customers were contacted and added to the top of the list to install in 2021. The 5.25MM Gallon Storage tank Inventory has increased to 2,586,088 gallons. The North Pole Storage Site is set to be completed November 30, 2020 but there may be a delay of a few weeks. Board discussion and questions.

- IGU Attorney **01:19:11**

Report provided for your information, as noted legal demand has tapered off.

### VI. DIRECTOR REQUESTS FOR IGU INFORMATION **01:19:48**

*There were no Director Requests for IGU Information.*

## VII. CLOSING COMMENTS 01:20:34

- Directors

*Director Lee- Thank you for the vigorous discussion on the Draft EIS, I am looking forward to discussing it further.*

*Director Throop-I have been interested for quite some time in transcribing our meetings and I have just found software that is inexpensive, and I intend on using it to transcribe our meetings.*

*Director Wilken-I see Luke is online and he was involved in the F-35's, I would hope we would include Luke in our EIS discussions with his past experience.*

*Director Nordale-I want to caution Dan and Director Wilken, when dealing with Washington DC we must include our senate and house delegation. If we avoid dealing with our elected delegation in congress and it will be noticeable. I worked in the US Senate for 8 years and I am familiar with their procedures.*

*Chair Haagenson- Dan I hope you are sleeping better at night knowing the tank is half full. Thanks to the construction crews for doing a good job this summer. Thanks to Heather for stepping up and working on the customer service/marketing updates. Is it a good time to have a conversation with the Borough to get their bus fleet converted to Natural gas? The Borough put out a short video called the Counsel of the token which included a reference to IGU.*

**01:27:07** Chair Haagenson would entertain a motion to Adjourn.

**01:27:09 Moved** by Director Nordale to Adjourn, 2<sup>nd</sup> by Director Lee.  
***Motion approved without objection.***

VIII. ADJOURNED @ approximately 5:25 pm



**BOARD OF DIRECTORS MEETING**  
Tuesday, November 17, 2020 @ 4:00 P.M.  
ZOOM Telephonic Meeting

**DRAFT MINUTES**

A Telephonic Meeting of the Board of Directors of the Interior Gas Utility was held Tuesday November 17, 2020. IGU Board Chair, Steve Haagenson presiding.

Others in attendance were: Dan Britton (IGU General Manager), Heather Thomas (IGU Secretary), Zane Wilson (IGU Attorney), Mary Ann Pease (MAP Consulting).

**I. CALL TO ORDER 4:00 pm**

- Roll call  
Steve Haagenson  
Patrice Lee  
Mary Nordale  
Pamela Throop  
Jack Wilbur  
Gary Wilken  
Mike Miller-Absent
- Approval of Agenda & Consent Agenda\*  
(Items marked with \* are approved under consent agenda)

***00:01:14 Moved by Director Wilken to Approve the Agenda & Consent Agenda, 2<sup>nd</sup> by Director Lee. Motion approved without objection.***

• Public Comment – **00:01:28**

*Luke Hopkins*-I am in a quasi-world of being an elected board member but not yet able to fully participate in the Work Session. In regard to the Fort Wainwright DRAFT EIS I do not believe IGU should support the option for the existing power plant to remain. Moving into Option 2 like what the University has done was expensive and can use natural gas at some point. I would like to see Fort Wainwright exclusively using Natural Gas soon. I hope IGU moves forward with their comments to Fort Wainwright in support of Option 3, I am concerned with the utilidors. With that I hope to listen to the Work Session discussion and hope to listen to tonight's Executive Session come January. Director Questions/Comments.

**II. OLD BUSINESS**

• Fort Wainwright DRAFT EIS Discussion **00:09:25**

Chair Haagenson opens up the discussion. Dan Britton begins the Public discussion announcing that it is IGU's full intent to provide public comment to Fort Wainwright. IGU did provide a public comment during the open house. The Army was notified of the 5.25MM Gallon Storage Project during their preliminary scoping session for the DRAFT EIS, we will be updating them on what has

changed and advanced in those 15 months since IGU's last comment with regards to their security of supply requirements. We will focus on a comparison of the alternatives and three main components: Air Quality, Environmental Justice and Human Health and Safety. Capital and O&M will be included as well. Board Discussion and questions.

### III. DIRECTOR REQUESTS FOR IGU INFORMATION 00:29:16

*Director Lee Question:* Do we have any updates on Gas Supply?

*GM Dan Britton Answer:* We continue to advance the options and will be presenting more details to the Board in the next Board meetings Executive Session.

*Director Lee Question:* How are we doing in our search for a new Customer Service/Marketing Manager? Where would that person work given COVID, would they work from home? Have you determined if you would consider hiring a contractor from a Marketing firm? Have we made any more progress on getting more people hooked up on gas?

*GM Dan Britton Answer:* We continue to search for the right person, we had a couple of false starts. Where they work will be dependent on current COVID protocols. Currently we have a number of people working from home to give more space between employees. The numbers for Gas Turn ons are reported monthly in my general managers' report, we continue to schedule turn ons daily.

*Director Nordale Question:* Have you determined to not hire a contractor for sales from a marketing firm?

*GM Dan Britton Answer:* Hiring an in-house employee remains our long-term best option. We do use Porcaro for outside assistance currently. Additionally, we did identify through our annual analysis that we do have a need for a Customer Service Representative to handle the daily duties such as calls and scheduling allowing the Customer Service Manager to focus on sales.

### IV. CLOSING COMMENTS 00:39:12

- GM Dan Britton

We do have tighter COVID protocols at the office and have asked a number of employees to work from home if able.

- Directors

*Director Wilken-* I am on Pins and Needles about the Gas Contract and look forward to that report. If there's an option out there that is \$2-\$3 cheaper out there I know you're working on it Mary Ann and Dan. Zane, I am glad your back and Happy Thanksgiving, despite the times we have much to be thankful for.

*Director Lee-* I associate myself with Director Wilkens comments, glad Zane is recovering. Have a safe, socially distanced and Happy Thanksgiving. Keep an eye on that turkey timer because last year we had turkey jerky and it was not fun. We do need to keep an eye on our Air Quality and have had many alerts, I want us all to be healthy.

*Director Nordale*-I want to wish everyone a happy and healthy Thanksgiving. I want to join with the others and congratulate Zane on returning to good health. Pam I will get with you tomorrow to find out about the new transcription software.

*Director Throop*-Happy Thanksgiving Everyone, last year I bought a very expensive organic turkey set on the porch to cool and my dog ate it, so don't let your dog eat your turkey.

*Chair Haagenson*- Keep connecting those customers Dan. Thank you to the crew from the Board for all the connection done this summer. Also, glad to see Zane back. I got fuel delivered and they dropped #1 fuel instead of #2 and came in at \$18.05 MBTU, still up there.

**00:45:34** Chair Haagenson recommends a motion to Adjourn effective at the end of the Executive Session

**00:45:44 Moved** by Director Nordale to Adjourn effective at the end of the Executive Session, 2<sup>nd</sup> by Director Wilken.

*Motion approved without objection.*

**00:46:28 Moved** by Director Lee to ENTER INTO EXECUTIVE SESSION TO DISCUSS IGU'S RESPONSE TO THE FORT WAINWRIGHT DRAFT EIS; THE PUBLIC KNOWLEDGE OF WHICH WOULD HAVE AN IMMEDIATE IMPACT ON THE FINANCES OF IGU., 2<sup>nd</sup> by Director Wilken.

*Motion passed by unanimous consent.*

VIII. ADJOURNED @ approximately 4:46 pm



# Approval of Financials

11/24/2020



Finance Committee Meeting  
Tuesday, November 24, 2020 @ 12:00 PM  
3408 International Street, Fairbanks, AK

**Draft AGENDA**

*To participate via teleconference & ZOOM call:  
1-253-215-8782; when prompted, enter Meeting ID:  
867 1891 1668, Password: 152342*

\*Given the ongoing COVID-19 concerns this meeting will be held telephonically only.  
Packets will be available to the public outside the door of the IGU Office\*

**I. CALL TO ORDER**

- Roll call
- Approval of Agenda
- Approval of Minutes – *October 27<sup>th</sup>, 2020*

**II. MONTHLY FINANCIALS**

- Statement of Revenues, Expenses and Changes in Net Position with Budget Comparison October 2020.....Page 04
- Board of Directors Dashboard Report – October 2020.....Page 15

**IV. PROJECT FINANCING (Discussion as needed)**

**V. CLOSING COMMENTS**

**VI. ADJOURNMENT**

**Join Zoom Meeting**

<https://us02web.zoom.us/j/86718911668?pwd=UTFTWnk1TFVqV3dQZkJldHlTVUV6dz09>

1-253-215-8782

**Meeting ID:** 867 1891 1668

**Password:** 152342



## Interior Gas Utility FINANCE COMMITTEE MEETING

October 27<sup>th</sup>, 2020 @ 12:00 PM  
3408 International Street, Fairbanks, Alaska

### DRAFT MINUTES

#### I. Call to Order @ 12:02 PM – Chair Wilbur

- **Roll Call:** Jack Wilbur, Mike Miller, David Durham-Joined @ 12:16pm, Doug Bishop  
**Also, present:** Wes Smith, GM Dan Britton, Heather Thomas, Zach Dameron

**12:02pm Motion to approve the Agenda:** Moved by Mike and 2<sup>nd</sup> by Doug.  
Motion approved by unanimous consent.

**12:03pm Motion to approve the 9/22/2020 Minutes:** Moved by Mike and 2<sup>nd</sup> by Jack.  
Motion approved by unanimous consent.

Dan apologizes to the chair and the committee for not making the suggested changes to the Dashboard reflecting the 12 month rolling average gas cost.

#### II. Monthly Financials 12:04pm:

- **Statement of Net Position with Budget Comparison September 2020-** Wes presents. Many of the notated lines are due to a timing difference. Utility Plant was \$4.9M under budget is a timing difference, our construction work in progress is at a different stage than what was budgeted. Unrestricted and restricted cash was \$1.7M lower than budgeted largely due to a lag in receiving funds from construction activities. The AIDEA-Term loan was \$6.2 MM lower than budget due timing difference between actual and budgeted construction activities and loan requests that have not yet been received. The bond issuance was sold, and we received our \$10MM in project funds.
- **Consolidated IGU Revenues-** Wes presents. Revenues are greater than budgeted this period and for the quarter to date. We are lagging in interruptible small due to COVID-19 as they are in the hospitality business. The Hospital is using more than budgeted. UAF used a small amount. Operating expenses, costs of goods sold, natural gas purchases, trucking expense, electricity cost are consistent with higher sales. Notes U-Z are due to timing differences. Committee questions.
- **Consolidated Detailed IGU Expenses-** Wes presents. Gas liquefaction - Salaries & Wages expense was \$10K lower than budget due to 9 personnel being budgeted while the LNG plant is currently staffed at 8 personnel and an adjustment to accrued wages. There has been a candidate selected and should be starting by the end of the month. Gas usage expense was \$8K lower than budget. We are continuing to learn how much gas the SS III facility will consume for vaporization.

Customer Service Sales Expense was \$6K lower than budgeted due to a timing difference as are notes 4-5. Legal expenses are shown broken out by attorney. Note 6, we are adjusting worker' comp.

**12:23pm Motion to recommend that the Board of Directors accept the July financials as presented.** Moved by Mike and 2<sup>nd</sup> by Doug.  
**Motion accepted by unanimous consent.**

- **12:24pm BOD Dashboard Report-** Wes presents the Dashboard report. The Gross Margin is showing higher than budgeted due to an increase in sales, gas liquefaction timing differences and the price of natural gas \$.23 lower than budgeted.

### **III. PROJECT FINANCING 12:28pm**

- GM Dan Britton announces the closing on the Bond Sale was on September 24th, 2020 and the \$10MM of funds have been received. A lot of effort was put into our first Bond Sale and are moving forward with capital plans.

### **IV. CLOSING COMMENTS 12:18pm**

- Jack-I have received a memo from Doug that he is resigning from the IGU Finance Committee so I would like to thank Doug for all his years of service. Thank to Wes and Dan for a good report.
- Luke- I appreciate listening to the report and look forward to being more involved. Thank you for your service Jack.
- Doug- Thank you to everyone I enjoyed the experience and learned a lot.

**V. Adjourned @ 12:31pm – Motion to Adjourn:** Moved by Mike and 2<sup>nd</sup> by Doug.  
**Motion approved by unanimous consent.**

**Interior Alaska Natural Gas Utility**  
**Financial Statements - with budget comparison**  
**October 31, 2020**

	2020 (Actual)	2020 (Budget)	2020 (Variance) fav/(unfav)	Footnote	YTD 2020 (Actual)	YTD 2020 (Budget)	YTD 2020 (Variance) fav/(unfav)
<b>STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION</b>							
Mcf:							
Residential	5,942	5,655	286	(a)	11,930	11,218	713
Small Commercial	33,286	35,384	(2,098)	(b)	72,135	73,796	(1,660)
Large Commercial	18,906	17,299	1,607	(c)	38,692	37,578	1,114
Interruptible - Small	5,744	5,531	213		14,192	18,755	(4,563)
Interruptible - Large	4,080	3,735	345	(d)	7,983	6,697	1,286
Hospital	7,123	5,067	2,056	(e)	27,666	14,440	13,225
UAF	0	0	0		1,014	0	1,014
Talkeetna	547	562	(15)		2,112	3,403	(1,291)
Total Mcf	75,627	73,234	2,393		175,724	165,886	9,837
HDD	1,173	1,174	(1)		2,039	2,110	(71)
<b>Operating revenues</b>							
Residential Gas Revenues	123,645	117,690	5,955	(a)	248,258	233,436	14,821
Small Commercial Gas Revenues	690,914	734,575	(43,661)	(b)	1,497,418	1,531,996	(34,578)
Large Commercial Gas Revenues	391,344	358,089	33,255	(c)	800,926	777,865	23,062
Interruptible - small commercial gas revenues	115,042	110,786	4,256		284,273	375,663	(91,390)
Interruptible - large commercial gas revenues	67,320	61,628	5,693	(d)	131,711	110,501	21,211
Hospital Gas Revenues	117,531	83,607	33,924	(e)	456,484	238,266	218,218
UAF Revenues	0	0	0		16,731	0	16,731
Talkeetna commercial gas revenues	8,178	9,835	(1,657)		36,825	59,551	(22,726)
Service Charge Revenues	29,332	27,918	1,414		112,260	109,326	2,934
Other Revenue	34,210	2,500	31,710	(f)	69,725	10,000	59,725
Total operating revenue	1,577,516	1,506,628	70,888		3,654,611	3,446,603	208,008
<b>Operating expenses</b>							
Natural gas purchases	625,380	601,304	(24,076)	(g)	1,431,837	1,368,664	(63,173)
Trucking Expenses	162,483	173,873	11,390	(h)	372,781	392,732	19,951
Electricity	112,962	84,559	(28,403)	(i)	243,581	204,841	(38,740)
Gas liquefaction expenses	194,057	173,412	(20,645)	(j)	520,997	614,203	93,206
Fairbanks distribution operations	34,826	42,011	7,185	(j)	146,202	168,045	21,844
Fairbanks distribution maintenance	5,525	12,226	6,702	(j)	35,118	48,905	13,787
Fairbanks storage & vaporization operations	46,431	64,295	17,864	(j)	161,786	222,231	60,445
Fairbanks storage & vaporization maintenance	1,843	12,144	10,302	(j)	7,850	45,778	37,928
Engineering	14,988	20,992	6,004	(j)	55,088	83,967	28,879
Talkeetna operations	0	0	0		0	0	0
Talkeetna maintenance	59	696	637		893	2,783	1,890
Customer Services	42,108	30,876	(11,232)	(k)	106,316	124,574	18,258
Administration and general expenses	217,293	232,434	15,141	(l)	892,035	949,054	57,019
Property taxes	1,042	1,062	20		4,167	4,212	46
Interest expense	2,596	2,444	(152)		107,915	107,763	(152)
Depreciation	276,774	298,420	21,646		1,107,098	1,193,681	86,583
Amortization	38,529	38,529	0		154,117	154,117	0
Total operating expense	1,776,895	1,789,278	12,383		5,347,780	5,685,551	337,771
Operating income (loss)	(199,379)	(282,650)	83,271		(1,693,170)	(2,238,948)	545,779
<b>Non operating income (expense)</b>							
Gain (loss) from disposition of property, plant and equipm	0	0	0		0	0	0
Interest income	547	7,016	(6,469)		2,230	28,064	(25,835)
Proceeds from bond premium (Series 2020A)	0	0	0		1,384,570	1,186,751	197,819
Cost of issuance of bonds (Series 2020A)	0	0	0		(716,107)	(813,311)	97,203
Other income (expense)	2,357	0	2,357		3,578	0	3,578
Net increase in fair value of investments	0	0	0		0	0	0
Total non operating income (expense)	2,905	7,016	(4,111)		674,270	401,505	272,765
Change in net position	(196,474)	(275,633)	79,159		(1,018,900)	(1,837,444)	818,544
Net position - beginning of period	36,332,545	36,966,193	(633,648)		37,154,971	38,528,003	(1,373,032)
Net position - end of period	36,136,071	36,690,559	(554,488)		36,136,071	36,690,559	(554,488)
EBITDA	118,521	56,744	61,777		(324,040)	(783,387)	459,347

**Interior Alaska Natural Gas Utility**  
**Financial Statements - with budget comparison**  
**October 31, 2020**

	2020 (Actual)	2020 (Budget)	2020 (Variance) fav/(unfav)	Footnote	YTD 2020 (Actual)	YTD 2020 (Budget)	YTD 2020 (Variance) fav/(unfav)
<b>STATEMENT OF CASH FLOWS</b>							
<b>Increase (Decrease) in Cash</b>							
<b>Cash flows from operating activities</b>							
Cash received from customers	891,915	875,825	16,089		2,667,083	2,469,402	197,680
Cash received from bond premium	0	0	0		1,384,570	1,186,751	197,819
Cash paid to suppliers, employees	(987,925)	(959,861)	(28,064)		(3,380,447)	(3,588,555)	208,109
Cash paid to underwriters and bond professionals	0	0	0		(716,107)	(813,311)	97,203
Interest and dividends received	547	7,016	(6,469)		2,230	28,064	(25,835)
Net cash provided by (used in) operating activities	<u>(95,463)</u>	<u>(77,020)</u>	<u>(18,444)</u>		<u>(42,672)</u>	<u>(717,648)</u>	<u>674,976</u>
<b>Cash flows from capital and related financing activities</b>							
Proceeds from issuance of long-term debt (SETS)	3,299,190	2,071,307	1,227,884		7,811,378	8,316,348	(504,970)
Proceeds from issuance of long-term debt (Bonds)	0	0	0		11,790,000	12,465,000	(675,000)
Principal payments on long-term debt	(14,172)	(14,324)	152		(212,144)	(212,342)	198
Interest paid	(2,596)	(2,444)	(152)		(107,915)	(107,763)	(152)
Liquified natural gas inventory	(294,558)	(235,206)	(59,352)		(1,167,899)	(949,960)	(217,939)
Proceeds from disposal of assets	0	0	0		0	0	0
Purchase of property, plant and equipment	0	(106,607)	106,607		(96,309)	(304,570)	208,261
Construction payable - operating capital projects	(20,488)	57,000	(77,488)		(12,200)	44,800	(57,000)
Construction payable - IEP capital projects	(62,922)	(247,437)	184,514		(520,178)	932,311	(1,452,489)
<b>Financing capital, long-term debt, uses:</b>							
Purchase of pipe inventory for future customer services	0	0	0		0	0	0
Consumed pipe and parts inventory for services	0	0	0		(70,254)	484,700	(554,954)
Construction work in progress (5.25 Storage)	(23,484)	0	(23,484)		(187,983)	(413,903)	225,921
Construction work in progress (Distribution and services)	(284,777)	0	(284,777)		(645,447)	(859,534)	214,087
Construction work in progress (NP Storage)	(2,489,499)	(2,019,371)	(470,128)		(4,998,043)	(8,077,485)	3,079,443
Construction work in progress (Liquefaction)	0	(16,610)	16,610		(23,078)	(66,440)	43,362
Net cash provided by (used in) capital and related financing activities	<u>106,694</u>	<u>(513,692)</u>	<u>620,386</u>		<u>11,559,927</u>	<u>11,251,161</u>	<u>308,766</u>
<b>Cash flows from investing activities</b>							
Purchase of marketable securities	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>	<u>0</u>
Net cash provided by (used in) investing activities	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>	<u>0</u>
Net increase (decrease) in cash	<u>11,230</u>	<u>(590,712)</u>	<u>601,943</u>		<u>11,517,255</u>	<u>10,533,513</u>	<u>983,742</u>
Cash at beginning of period	<u>19,155,389</u>	<u>20,898,348</u>	<u>(1,742,959)</u>		<u>7,649,364</u>	<u>9,774,123</u>	<u>(2,124,759)</u>
Cash at end of period	<u><u>19,166,619</u></u>	<u><u>20,307,635</u></u>	<u><u>(1,141,016)</u></u>		<u><u>19,166,619</u></u>	<u><u>20,307,635</u></u>	<u><u>(1,141,016)</u></u>
Reconciliation of Net Income (Loss) to Net Cash Provided By (Used in) Operating Activities							
Operating income/(loss)	(199,379)	(282,650)	83,271		(1,693,170)	(2,238,948)	545,779
Adjustments to reconcile net income to net cash provided by (used in) operating activities:							
Depreciation	276,774	298,420	(21,646)		1,107,098	1,193,681	(86,583)
Amortization	38,529	38,529	(0)		154,117	154,117	(0)
Gain (loss) from disposition of property, plant and equipm	0	0	0		0	0	0
Bond premium	0	0	0		1,384,570	1,186,751	197,819
Bond issuance cost	0	0	0		(716,107)	(813,311)	97,203
Interest and dividend income	547	7,016	(6,469)		2,230	28,064	(25,835)
Other income (expense)	2,357	0	2,357		3,578	0	3,578
Increase in fair value of investments	0	0	0		0	0	0
Interest paid	2,596	2,444	152		107,915	107,763	152
(Increase) decrease in assets							
Accounts receivable, net	(687,959)	(630,803)	(57,156)		(991,106)	(977,201)	(13,905)
Materials and supplies inventory	0	0	0		0	0	0
Deposits and other current assets	65,888	62,449	3,439		226,787	248,538	(21,751)
Increase (decrease) in liabilities							
Accumulated deferred compensation	0	0	0		0	0	0
Accounts payable	366,812	401,615	(34,804)		441,737	329,183	112,554
Accrued wages and burden	38,370	17,611	20,759		4,834	41,171	(36,337)
Other current and accrued liabilities	0	8,347	(8,347)		(75,153)	22,543	(97,696)
Net cash provided by (used in) operating activities	<u>(95,463)</u>	<u>(77,020)</u>	<u>(18,444)</u>		<u>(42,672)</u>	<u>(717,648)</u>	<u>674,976</u>



### Variance to Budget Footnotes October 31, 2020

(a) - Residential revenue was \$6K<sup>1</sup> higher than budgeted. A large contribution to the higher sales was the budget projected 539 service location consuming gas during the month while actual service locations consuming was 573. The addition of new service location was the underlying factor for the increase in service locations leading to higher sales. Heating Degree Days (HDD) were on target for the month. Actual HDD was 1,173 versus 1,174 in the budget. There were 30 days in the billing cycle for October.

	Actual	Budget	F (U) Variance
Total Mcf per mo	5,942	5,655	286
Rate per Mcf	\$ 20.81	\$ 20.81	\$ -
Residential gas billings for October, 2020	<u>\$ 123,645</u>	<u>\$ 117,690</u>	<u>\$ 5,955</u> <sup>1</sup>

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

	Budget
HDD	1,174
Base	1.31
Per DD	0.008
Customers	539
Total Mcf per month ((Base+(PerDD*HDD))*Customers)	<u>5,655</u>
Total Mcf per month	5,655
Rate per Mcf	<u>\$ 20.81</u>
Total residential monthly revenue - gas sales	<u>\$ 117,690</u>

(b) - Small Commercial revenue was \$44K<sup>1</sup> lower than budget. A large contribution to the lower sales was the budget projected 677 service location consuming gas during the month while actual service locations consuming was 632. A large population of new service locations added during the summer are still in the process of conversion, though their meters have been installed. Total meters for Small Commercial in service was 684. Heating Degree Days (HDD) were on target for the month. Actual HDD was 1,173 versus 1,174 in the budget. There were 30 days in the billing cycle for October.

	Actual	Budget	F (U) Variance
Total Mcf per mo, adjusted for Weather Factor	33,286	35,384	(2,098)
Rate per Mcf	\$ 20.76	\$ 20.76	\$ -
Small commercial revenue	\$ 690,914	\$ 734,575	\$ (43,661)
Billing allowances	-	-	-
Small Commercial gas sales for October, 2020	<u>\$ 690,914</u>	<u>\$ 734,575</u>	<u>\$ (43,661)</u> <sup>1</sup>

(c) - Large Commercial revenue was \$33K<sup>1</sup> higher than budget. No significant situation is apparent for the increase. Large Commercial revenue budget is not based on HDD and is calculated based on historical usage data that has been accumulated for each customer.

	Actual	Budget	F (U) Variance
Total Mcf gas sales	18,906	17,299	1,607
Rate per Mcf	\$ 20.70	\$ 20.70	\$ -
Large commercial revenue for October, 2020	<u>\$ 391,344</u>	<u>\$ 358,089</u>	<u>\$ 33,255</u>



### Variance to Budget Footnotes October 31, 2020

(d) - Interruptible - Large revenue was \$6K1 higher than budgeted largely due to the Fairbanks North Star School District using more than budgeted.

	Actual	Budget	F (U) Variance
Total Mcf gas sales	4,080	3,735	345
Rate per Mcf	\$ 16.50	\$ 16.50	\$ -
Interruptible - Large gas sales for October, 2020	<u>\$ 67,320</u>	<u>\$ 61,628</u>	<u>\$ 5,693 <sup>1</sup></u>

(e) - Hospital revenue was \$59K<sup>1</sup> higher than budgeted. The hospital reported during the budgeting process that they were going to use natural gas as a supplemental fuel source. We lowered the gas usage expectations for the budget year during the off peak months.

	Actual	Budget	F (U) Variance
Total Mcf gas sales	7,123	5,067	2,056
Rate per Mcf	\$ 16.50	\$ 16.50	\$ -
Hospital gas sales for October, 2020	<u>\$ 117,531</u>	<u>\$ 83,607</u>	<u>\$ 33,924 <sup>1</sup></u>

(f) - Other revenue was \$32K higher than budget. The increase is the result of application fees, excess flow valve (EFV) fees and service line installations greater than 100 feet that were not budgeted. I expect this trend to continue throughout the year.

(g) - Cost of gas was \$24K higher than budget for October largely due to higher than budgeted gas sales. Also the cost of gas of \$8.27 per Mcf was higher than the budgeted cost of gas of \$8.21 per Mcf resulting in \$4K in additional cost of gas. The higher per Mcf is attributed to inventory cost lag. The inventoried gas cost being used in October are the inventory cost incurred in June, July and August 2020. During those months the cost of gas per Mcf were greater than what was budgeted in October. This trend will begin to reverse as older inventory is used up.

(h) - Trucking expense was \$11K lower than budget for October due to the trucking cost of \$2.15 per Mcf was lower than the budgeted trucking cost of \$2.34 per Mcf. The lower per Mcf cost is attributed to inventory cost lag. The inventoried trucking cost being used in October are the inventory cost incurred in June, July and August 2020. During those months the utilization of IGU's LNG tractors caused a lower per unit cost of trucking.

(i) - Electricity was \$28K higher than budget for October due to the electricity cost of \$1.49 per Mcf was higher than the budgeted electricity cost of \$1.15 per Mcf. The higher per Mcf is attributed to inventory cost lag. The inventoried electric cost being used in October are the inventory cost incurred in June, July and August 2020. During those months the cost of electricity per Mcf are greater than the higher peak winter months. This trend will begin to lower as older inventory is used up.

(j) - Gas liquefaction, Fairbanks distribution operations and maintenance, Fairbanks storage & vaporization operations and maintenance, and Engineering expenses were \$27K lower than budget, collectively, largely due to timing differences between actual and budgeted expenses.

(k) - Customer Services expense was \$11K higher than budget largely due to timing differences between actual and budgeted expenses relating to web design.

(l) - G&A - IGU expenses were \$15K lower than budget largely due to timing differences between actual expenses vs budgeted expenses.



# Interior Alaska Natural Gas Utility

## Detailed Expenses with Budget Comparison

	Oct 2020 (Actual)	Oct 2020 (Budget)	Oct 2020 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2020 (Actual)	YTD 2020 (Budget)	YTD 2020 (Variance)	Fav (F)/ Unfav (U)
<b><u>COST OF SALES</u></b>									
<b><u>Cost of Gas</u></b>									
Natural Gas Expense	625,380	601,304	(24,076)	U		1,431,837	1,368,664	(63,173)	U
Trucking Expenses	162,483	173,873	11,390	F		372,781	392,732	19,951	F
Electricity Expense	112,962	84,559	(28,403)	U		243,581	204,841	(38,740)	U
Total cost of gas	900,825	859,736	(41,089)	U		2,048,200	1,966,237	(81,962)	U
<b><u>Gas liquefaction expenses</u></b>									
Communications	634	400	(233)	U		2,251	1,601	(650)	U
Utilities	4,888	4,475	(413)	U		17,864	15,703	(2,161)	U
Other Expenses	0	318	318	F		2,156	1,271	(885)	U
Training Material	0	1,250	1,250	F		0	5,000	5,000	F
Safety Material	6,659	794	(5,866)	U	(1)	14,465	3,175	(11,290)	U
Freight Expense	252	0	(252)	U		252	1	(251)	U
Yard Maintenance	1,493	225	(1,268)	U		1,493	899	(594)	U
Maint - Structure Materials	0	33	33	F		257	131	(126)	U
Maint - Equipment Materials	995	900	(94)	U		6,799	3,601	(3,199)	U
Maint - Turbo Expander	24,842	2,500	(22,342)	U	(2)	24,842	10,000	(14,842)	U
Maint - BTB 1	5,596	7,083	1,487	F		10,690	28,333	17,643	F
Maint - BTB 2	4,250	7,083	2,833	F		9,746	28,333	18,588	F
Maint - Amine & Glycol	0	1,428	1,428	F		0	5,712	5,712	F
Maint - Cascade	4,073	7,167	3,094	F		9,820	28,667	18,847	F
Maint - Boost Compressor	1,435	625	(810)	U		1,435	2,500	1,065	F
Maint - Feed Gas Compressor	4,702	5,417	714	F		8,868	21,667	12,798	F
Maint - Skid Process	1,931	544	(1,387)	U		9,113	2,175	(6,937)	U
Maint - Transp Truck Materials	0	341	341	F		1,195	1,363	168	F
Maint - Trans Trailer T-2	16	458	442	F		71	1,833	1,763	F
Maint - Trans Trailer T-4	304	458	154	F		2,146	1,833	(313)	U
Maint - Trans Trailer T-6	1,326	458	(867)	U		2,866	1,833	(1,033)	U
Maint - Trans Trailer T-7	0	458	458	F		660	1,833	1,173	F
Maint - Trans Trailer T-8	1,028	458	(570)	U		1,622	1,833	211	F
Maint - Trans Trailer T-9	375	458	84	F		961	1,833	872	F
Maint - Trans Trailer T-10	72	458	386	F		1,276	1,833	557	F
Maint - Trans Trailer T-13	120	458	338	F		1,814	1,833	20	F
Maint - Trans Trailer T-14	0	458	458	F		2,687	1,833	(853)	U
Maint - Trans Trailer T-15	285	458	173	F		448	1,833	1,385	F
Maint - Trans Trailer T-16	76	458	382	F		788	1,833	1,045	F
Maint - Trans Trailer T-17	0	458	458	F		0	1,833	1,833	F
Maint - Trans Trailer T-18	0	458	458	F		0	1,833	1,833	F
Maint - Trans Trailer T-19	0	458	458	F		1,733	1,833	101	F
Maint - Trans Trailer T-20	670	208	(462)	U		1,627	833	(794)	U
Maint - Trans Trailer T-21	0	208	208	F		827	833	7	F
Maint - Trans Trailer T-22	670	208	(462)	U		1,319	833	(486)	U
Maint - Trans Trailer Unallocated	148	542	394	F		1,125	2,167	1,041	F
Maint - Other Equip Materials	0	1,277	1,277	F		966	5,109	4,143	F
Maint - Light Truck	75	417	342	F		218	1,667	1,449	F
Maint - Heavy Equip	0	550	550	F		0	2,200	2,200	F
Maint - Small Tools	237	571	334	F		1,515	2,282	768	F
Maint - T800s	812	625	(187)	U		3,300	2,500	(800)	U
Maint - Shop Consumables	1,043	1,667	624	F		1,933	6,667	4,734	F
Liquefaction Gas Usage	73,516	56,942	(16,575)	U	(3)	157,607	150,519	(7,088)	U
Salaries & Wages	47,319	56,925	9,607	F	(4)	190,735	227,702	36,967	F
Salaries & Wages - Overtime	3,007	4,731	1,723	F		16,079	18,922	2,844	F
Employee Benefits	1,210	1,542	333	F		5,428	6,169	742	F
Total gas liquefaction expenses	194,057	173,412	(20,645)	U		520,997	614,203	93,206	F

# Interior Alaska Natural Gas Utility

## Detailed Expenses with Budget Comparison

	Oct 2020 (Actual)	Oct 2020 (Budget)	Oct 2020 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2020 (Actual)	YTD 2020 (Budget)	YTD 2020 (Variance)	Fav (F)/ Unfav (U)
<b><u>COST OF SALES</u></b>									
<b><u>Distribution operations</u></b>									
<b><u>Common</u></b>									
Dist Ops - Office & Computer	620	441	(179)	U		2,492	1,764	(728)	U
Dist Ops - Training Materials	149	4,125	3,977	F		7,849	16,500	8,652	F
Dist Ops - Safety Materials	1,917	945	(972)	U		4,001	3,781	(220)	U
Dist Ops - Freight Expense	247	0	(247)	U		510	0	(510)	U
Dist Ops - Transportation Fuel	0	2,075	2,075	F		6,084	8,302	2,217	F
Dist Ops - System Gas - LAUF	1,007	0	(1,007)	U		2,404	0	(2,404)	U
Dist Ops - Supervisor Labor	9,582	7,233	(2,349)	U		40,708	28,255	(12,453)	U
Dist Ops - Office Labor	3,426	4,099	673	F		1,734	13,970	12,236	F
Dist Ops - Training Labor	67	1,531	1,464	F		3,311	6,124	2,814	F
Dist Ops - Safety Labor	525	1,440	915	F		1,266	5,760	4,494	F
Dist Ops - Snow Removal Labor	0	2,386	2,386	F		0	9,543	9,543	F
Dist Ops - PTO Labor	1,172	5,007	3,834	F		6,905	20,027	13,122	F
Dist Ops - Holiday Labor	0	0	0	F		3,163	3,103	(60)	U
Dist Ops - Temp Labor	0	0	0	F		5,474	0	(5,474)	U
Dist Ops - Employee Benefits	358	1,123	765	F		1,672	4,493	2,821	F
<b><u>Fairbanks</u></b>									
Dist Ops - Mains Materials	338	583	245	F		338	2,333	1,995	F
Dist Ops - Meter Material	0	667	667	F		0	2,667	2,667	F
Dist Ops - Customer Site	0	0	0	F		0	0	0	F
Dist Ops - Outside Services	833	42	(792)	U		2,832	167	(2,665)	U
Dist Ops - Lease ROW	173	241	68	F		3,091	964	(2,127)	U
Dist Ops - Mains Labor	0	31	31	F		1,522	122	(1,400)	U
Dist Ops - Patrolling Labor	95	81	(14)	U		3,194	324	(2,870)	U
Dist Ops - Locating Labor	4,109	1,574	(2,535)	U		14,533	6,294	(8,239)	U
Dist Ops - Sys Pressure Labor	0	295	295	F		0	1,181	1,181	F
Dist Ops - Odorant Route Labor	227	522	295	F		678	2,088	1,410	F
Dist Ops - Meter Labor	6,680	1,714	(4,966)	U		14,508	6,856	(7,652)	U
Dist Ops - OT Labor	651	3,483	2,833	F		2,473	13,933	11,461	F
Dist Ops - On Call Labor	2,650	1,757	(893)	U		15,461	7,028	(8,432)	U
<b><u>North Pole</u></b>									
Dist Ops - Mains Materials	0	0	0	F		0	0	0	F
Dist Ops - Meter Material	0	0	0	F		0	0	0	F
Dist Ops - Customer Site	0	0	0	F		0	0	0	F
Dist Ops - Outside Services	0	0	0	F		0	0	0	F
Dist Ops - Rents	0	0	0	F		0	0	0	F
Dist Ops - Lease ROW	0	0	0	F		0	0	0	F
Dist Ops - Lease Private	0	617	617	F		0	2,467	2,467	F
Dist Ops - Mains Labor	0	0	0	F		0	0	0	F
Dist Ops - Patrolling Labor	0	0	0	F		0	0	0	F
Dist Ops - Locating Labor	0	0	0	F		0	0	0	F
Dist Ops - Sys Pressure Labor	0	0	0	F		0	0	0	F
Dist Ops - Odorant Route Labor	0	0	0	F		0	0	0	F
Dist Ops - Meter Labor	0	0	0	F		0	0	0	F
Dist Ops - OT Labor	0	0	0	F		0	0	0	F
Total distribution operations	34,826	42,011	7,185	F		146,202	168,045	21,844	F

**Interior Alaska Natural Gas Utility**  
**Detailed Expenses with Budget Comparison**

	Oct 2020 (Actual)	Oct 2020 (Budget)	Oct 2020 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2020 (Actual)	YTD 2020 (Budget)	YTD 2020 (Variance)	Fav (F)/ Unfav (U)
<b><u>COST OF SALES</u></b>									
<b><u>Distribution maintenance</u></b>									
<b><u>Common</u></b>									
Dist Maint - Structure	0	0	0	F		0	0	0	F
Dist Maint - Yard Clean Up	213	63	(151)	U		719	250	(469)	U
Dist Maint - Equip Materials	390	133	(257)	U		2,029	533	(1,496)	U
Dist Maint - Light Truck	878	1,286	408	F		1,802	5,142	3,340	F
Dist Maint - Heavy Equip	0	833	833	F		4,717	3,333	(1,384)	U
Dist Maint - Small Tools	0	109	109	F		509	437	(72)	U
Dist Maint - Shop Consumables	28	700	672	F		389	2,799	2,410	F
Dist Maint - CNG Comp	1,724	4	(1,720)	U		1,724	15	(1,709)	U
Dist Maint - Yard Labor	0	1,330	1,330	F		3,131	5,318	2,188	F
Dist Maint - Shop Labor	80	994	914	F		636	3,976	3,340	F
Dist Maint - Supervision	0	0	0	F		1,043	0	(1,043)	U
Dist Maint - Equipment Labor	752	923	171	F		2,994	3,692	698	F
<b><u>Fairbanks</u></b>									
Dist Maint - Main Materials	0	250	250	F		466	1,000	534	F
Dist Maint - Services Material	244	104	(140)	U		1,986	417	(1,569)	U
Dist Maint - Meter/Reg Material	494	83	(411)	U		494	333	(161)	U
Dist Maint - Mains Labor	0	2,499	2,499	F		1,638	9,996	8,358	F
Dist Maint - Dist Valves Labor	0	145	145	F		114	580	466	F
Dist Maint - Line Hit Labor	0	384	384	F		2,742	1,536	(1,206)	U
Dist Maint - Locate Labor	0	363	363	F		1,374	1,451	77	F
Dist Maint - Service Labor	0	989	989	F		2,362	3,957	1,595	F
Dist Maint - Meter Labor	600	540	(60)	U		1,461	2,159	698	F
Dist Maint - OT Labor	122	495	373	F		2,789	1,980	(810)	U
<b><u>North Pole</u></b>									
Dist Maint - Main Materials	0	0	0	F		0	0	0	F
Dist Maint - Services Material	0	0	0	F		0	0	0	F
Dist Maint - Meter/Reg Material	0	0	0	F		0	0	0	F
Dist Maint - Mains Labor	0	0	0	F		0	0	0	F
Dist Maint - Dist Valves Labor	0	0	0	F		0	0	0	F
Dist Maint - Line Hit Labor	0	0	0	F		0	0	0	F
Dist Maint - Locate Labor	0	0	0	F		0	0	0	F
Dist Maint - Service Labor	0	0	0	F		0	0	0	F
Dist Maint - Meter Labor	0	0	0	F		0	0	0	F
Dist Maint - OT Labor	0	0	0	F		0	0	0	F
Total distribution maintenance	5,525	12,226	6,702	F		35,118	48,905	13,787	F

**Interior Alaska Natural Gas Utility**  
**Detailed Expenses with Budget Comparison**

	Oct 2020 (Actual)	Oct 2020 (Budget)	Oct 2020 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2020 (Actual)	YTD 2020 (Budget)	YTD 2020 (Variance)	Fav (F)/ Unfav (U)
<b><u>COST OF SALES</u></b>									
<b><u>Storage &amp; vaporization operations</u></b>									
<b><u>Storage Site I</u></b>									
SS I - Communications	340	133	(207)	U		679	531	(148)	U
SS I - Outside Ser. - General	0	708	708	F		0	2,833	2,833	F
SS I - Utilities - Other	113	122	10	F		450	489	38	F
SS I - Supplies & Materials	0	11	11	F		0	45	45	F
SS I - Safety & Signage	0	64	64	F		0	257	257	F
SS I - Gas Usage	10,146	5,313	(4,832)	U		15,412	12,096	(3,316)	U
SS I - Electricity	1,789	2,221	432	F		5,852	10,130	4,278	F
SS I - Supervision Labor	0	18	18	F		0	71	71	F
SS I - Operations Labor	2,781	1,385	(1,396)	U		3,352	5,540	2,188	F
SS I - Snow Removal Labor	0	54	54	F		0	214	214	F
SS I - OT Labor	1,270	17	(1,253)	U		1,457	66	(1,391)	U
<b><u>Storage Site II &amp; III</u></b>									
SS II & III - Communications	984	316	(668)	U		1,658	1,263	(394)	U
SS II & III - Outside Ser. - General	0	917	917	F		0	3,667	3,667	F
SS II & III - Utilities - Other	459	77	(382)	U		1,665	306	(1,359)	U
SS II & III - Supplies & Materials	0	243	243	F		86	973	888	F
SS II & III - Safety & Signage	50	339	289	F		150	1,356	1,206	F
SS II & III - Gas Usage	6,420	19,925	13,505	F	(5)	16,122	47,056	30,934	F
SS II & III - Electricity	21,451	27,466	6,015	F	(6)	85,705	125,271	39,566	F
SS II & III - Supervision Labor	0	101	101	F		1,115	405	(709)	U
SS II & III - Operations Labor	578	1,397	819	F		20,010	5,588	(14,422)	U
SS II & III - Snow Removal Labor	0	54	54	F		0	214	214	F
SS II & III - OT Labor	52	148	96	F		7,820	592	(7,228)	U
<b><u>Storage Site IV</u></b>									
SS IV - Communications	0	56	56	F		254	56	(198)	U
SS IV - Outside Ser. - General	0	0	0	F		0	0	0	F
SS IV - Utilities - Other	0	56	56	F		0	56	56	F
SS IV - Supplies & Materials	0	56	56	F		0	56	56	F
SS IV - Safety & Signage	0	0	0	F		0	0	0	F
SS IV - Gas Usage	0	1,328	1,328	F		0	1,328	1,328	F
SS IV - Electricity	0	1,772	1,772	F		0	1,772	1,772	F
SS IV - Supervision Labor	0	0	0	F		0	0	0	F
SS IV - Operations Labor	0	0	0	F		0	0	0	F
SS IV - Snow Removal Labor	0	0	0	F		0	0	0	F
SS IV - OT Labor	0	0	0	F		0	0	0	F
Total storage & vaporization operations	46,431	64,295	17,864	F		161,786	222,231	60,445	F

# Interior Alaska Natural Gas Utility

## Detailed Expenses with Budget Comparison

	Oct 2020 (Actual)	Oct 2020 (Budget)	Oct 2020 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2020 (Actual)	YTD 2020 (Budget)	YTD 2020 (Variance)	Fav (F)/ Unfav (U)
<b><u>COST OF SALES</u></b>									
<b><u>Storage &amp; vaporization maintenance</u></b>									
<b><u>Storage Site I</u></b>									
SS I - Maint of Cont Rm	0	667	667	F		0	2,667	2,667	F
SS I - Maint of Boiler Rm	0	1,333	1,333	F		0	5,333	5,333	F
SS I - Maint S&I - Yard	0	213	213	F		235	851	616	F
SS I - Mnte of LNG Tank 1	44	31	(13)	U		44	124	80	F
SS I - Mnte of LNG Tank 2	44	104	60	F		44	416	372	F
SS I - Mnte of LNG Tank 3	44	10	(34)	U		44	40	(4)	U
SS I - Mnte of LNG Tank 4	44	19	(25)	U		44	75	31	F
SS I - Mnte Vapor Equip	0	126	126	F		0	502	502	F
SS I - Mnte of Meter - Main	0	84	84	F		0	337	337	F
SS I - Mnte of Meter - Bypass	0	0	0	F		0	0	0	F
SS I - Mnte of Odorant	0	0	0	F		0	0	0	F
SS I - Maint Other Equip	44	211	166	F		44	842	798	F
SS I - Maint Testing Equip	0	21	21	F		0	83	83	F
SS I - Maint General Labor	485	650	165	F		485	2,599	2,114	F
SS I - Maint S&I Labor	262	401	139	F		489	1,603	1,113	F
SS I - Maint LNG Tank Labor	218	542	324	F		379	2,167	1,788	F
SS I - Maint Vapor Equip Labor	40	159	119	F		40	635	596	F
SS I - Maint Meas. & Reg. Labor	0	144	144	F		0	576	576	F
SS I - Maint Other Equip Labor	30	736	705	F		686	2,943	2,258	F
SS I - Maint OT Labor	525	40	(485)	U		1,291	160	(1,130)	U
<b><u>Storage Site II &amp; III</u></b>									
SS II & III - Maint of Cont Rm	0	136	136	F		0	544	544	F
SS II & III - Maint of Boiler Rm	0	371	371	F		0	1,484	1,484	F
SS II & III - Maint S&I - Yard	0	345	345	F		0	1,380	1,380	F
SS II & III - Mnte of LNG Tank 1	63	0	(63)	U		63	0	(63)	U
SS II & III - Mnte Vapor Equip	0	196	196	F		0	784	784	F
SS II & III - Mnte of Meter - Main	0	7	7	F		0	27	27	F
SS II & III - Mnte of Odorant	0	626	626	F		0	2,503	2,503	F
SS II & III - Maint Other Equip	0	550	550	F		1,001	2,200	1,199	F
SS II & III - Maint Testing Equip	0	210	210	F		0	839	839	F
SS II & III - Maint General Labor	0	649	649	F		0	2,595	2,595	F
SS II & III - Maint S&I Labor	0	745	745	F		0	2,980	2,980	F
SS II & III - Maint Tank Labor	0	110	110	F		0	440	440	F
SS II & III - Maint Vapor Equip Labor	0	394	394	F		578	1,576	998	F
SS II & III - Maint Mea. & Reg. Labor	0	101	101	F		0	406	406	F
SS II & III - Maint Other Equip Labor	0	1,100	1,100	F		897	4,399	3,502	F
SS II & III - Maint OT Labor	0	184	184	F		1,486	736	(750)	U
<b><u>Storage Site IV</u></b>									
SS IV - Maint of Cont Rm	0	56	56	F		0	56	56	F
SS IV - Maint of Boiler Rm	0	56	56	F		0	56	56	F
SS IV - Maint S&I - Yard	0	278	278	F		0	278	278	F
SS IV - Mnte of LNG Tank 1	0	28	28	F		0	28	28	F
SS IV - Mnte of LNG Tank 2	0	28	28	F		0	28	28	F
SS IV - Mnte Vapor Equip	0	167	167	F		0	167	167	F
SS IV - Mnte of Meter - Main	0	0	0	F		0	0	0	F
SS IV - Mnte of Odorant	0	17	17	F		0	17	17	F
SS IV - Maint Other Equip	0	278	278	F		0	278	278	F
SS IV - Maint Testing Equip	0	28	28	F		0	28	28	F
SS IV - Maint General Labor	0	0	0	F		0	0	0	F
SS IV - Maint S&I Labor	0	0	0	F		0	0	0	F
SS IV - Maint LNG Tank Labor	0	0	0	F		0	0	0	F
SS IV - Maint Vapor Equip Labor	0	0	0	F		0	0	0	F
SS IV - Maint Meas. & Reg. Labor	0	0	0	F		0	0	0	F
SS IV - Maint Other Equip Labor	0	0	0	F		0	0	0	F
SS IV - Maint OT Labor	0	0	0	F		0	0	0	F
Total storage & vaporization maintenance	1,843	12,144	10,302	F		7,850	45,778	37,928	F
<b><u>Talkeetna maintenance</u></b>									
Maint - Equip Materials	59	675	616	F		893	2,700	1,807	F
Maint - Small Tools	0	21	21	F		0	83	83	F
Total Talkeetna maintenance	59	696	637	F		893	2,783	1,890	F



# Interior Alaska Natural Gas Utility

## Detailed Expenses with Budget Comparison

	Oct 2020 (Actual)	Oct 2020 (Budget)	Oct 2020 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2020 (Actual)	YTD 2020 (Budget)	YTD 2020 (Variance)	Fav (F)/ Unfav (U)
<b><u>COST OF SALES</u></b>									
<b><u>Engineering</u></b>									
Eng Office & Computers	1,444	346	(1,098)	U		5,575	1,383	(4,192)	U
Eng - Outside Services - General	1,020	2,342	1,322	F		1,020	9,367	8,347	F
Eng - Travel	105	0	(105)	U		1,023	0	(1,023)	U
Eng - Training & Seminars	0	1,083	1,083	F		0	4,333	4,333	F
Eng - Dues & Subscriptions	0	833	833	F		551	3,333	2,782	F
Eng - General Labor	10,505	14,960	4,455	F		35,008	58,525	23,517	F
Eng - Training Labor	0	205	205	F		0	818	818	F
Eng - PTO Labor	1,046	648	(398)	U		8,019	2,591	(5,428)	U
Eng - Holiday Labor	0	0	0	F		523	1,316	793	F
Eng - OT Labor	868	575	(293)	U		3,369	2,301	(1,068)	U
Total engineering	14,988	20,992	6,004	F		55,088	83,967	28,879	F
<b><u>Customer Service</u></b>									
Cust Accts - Billing General Expense	3,772	7,279	3,507	F		17,337	29,115	11,778	F
Cust Accts - Doubtful Accounts	4,167	4,167	0	F		16,667	16,667	0	F
Cust Accts - Public Awareness Expense	0	1,042	1,042	F		1,174	4,167	2,993	F
Sales Expense - Materials	26,134	6,250	(19,884)	U	(7)	29,382	25,000	(4,382)	U
Cust Accts - Conversion Manager	3,061	6,990	3,929	F		21,086	27,961	6,875	F
Cust Accts - General Labor	4,324	3,850	(474)	U		18,566	15,398	(3,168)	U
Cust Accts - Meter Reading Labor	650	853	202	F		2,104	3,412	1,307	F
Cust Accts - PTO Labor	0	446	446	F		0	1,784	1,784	F
Cust Accts - Holiday Labor	0	0	0	F		0	1,071	1,071	F
Total customer services	42,108	30,876	(11,232)	U		106,316	124,574	18,258	F
<b>Depreciation</b>	276,774	298,420	21,646	F		1,107,098	1,193,681	86,583	F
<b>Amortization</b>	38,529	38,529	0	F		154,117	154,117	0	F
Total cost of sales	1,555,964	1,553,338	(2,626)	U		4,343,664	4,624,522	280,859	F
<b><u>Administration &amp; General</u></b>									
Administrative Salaries	57,660	62,886	5,226	F		238,241	251,544	13,303	F
Administrative Wages	7,586	7,887	301	F		28,899	31,549	2,650	F
Administrative PTO Salaries and Wages	175	325	150	F		(3,279)	1,298	4,578	F
Administrative Holiday Salaries and Wages	0	0	0	F		768	779	11	F
Administrative OT Wages	857	1,256	399	F		2,778	5,023	2,245	F
Taxes Other than Income Taxes	14,235	15,958	1,723	F		63,047	63,833	786	F
Admin Employee Benefits	2,864	2,440	(425)	U		12,759	9,759	(3,001)	U
Admin & general expenses									
Office Supplies & Expense	2,834	1,937	(897)	U		6,442	7,749	1,307	F
Postage & Mailing Exp	519	637	118	F		2,493	2,547	54	F
Outside Services - General	4,288	10,833	6,545	F	(8)	51,272	43,333	(7,938)	U
Outside Services - Legal	12,345	8,333	(4,012)	U	(9)	32,073	33,333	1,260	F
Outside Services - Accounting	0	439	439	F		38,055	40,375	2,320	F
Outside Services - Office	0	0	0	F		578	0	(578)	U
Outside Services - Engineering	0	1,250	1,250	F		0	5,000	5,000	F
Property Insurance - Equipment	47,966	54,532	6,565	F	(10)	192,271	198,446	6,175	F
Property Insurance - Auto	3,130	3,140	10	F		12,520	12,560	40	F
General Liability Insurance	8,381	7,560	(821)	U		32,571	30,240	(2,331)	U
Workers Compensation Insurance	5,563	6,284	721	F		18,836	25,137	6,302	F
Employee Benefits - Other	2,281	0	(2,281)	U		3,980	0	(3,980)	U
Insurance - Health	17,206	12,913	(4,293)	U		48,126	51,652	3,526	F
Advertising - Public Notices	1,406	800	(606)	U		2,940	3,201	262	F
Union expenses	1,254	1,375	121	F		5,026	5,500	474	F
Misc General Expenses	4,076	3,997	(78)	U		14,886	15,989	1,103	F
Dues and Subscriptions	832	2,350	1,517	F		4,312	9,399	5,087	F
Donations	0	83	83	F		0	333	333	F
Telephone & Communication	2,899	2,216	(683)	U		9,948	8,865	(1,083)	U
Meals & Entertainment	196	292	96	F		687	1,167	480	F
Property Tax	1,042	1,062	20	F		4,167	4,212	46	F
Utilities - Office	1,619	1,444	(174)	U		5,849	5,377	(472)	U
Travel	934	1,542	607	F		2,013	6,167	4,154	F
Training & Seminars - Admin	0	1,875	1,875	F		(171)	7,500	7,671	F
Rent (Building) Fairbanks	12,630	14,173	1,543	F		50,620	56,691	6,070	F
General Maintenance Building	728	625	(103)	U		2,459	2,500	41	F
Maintenance of Computers	2,829	3,052	223	F		11,039	12,209	1,170	F
Total G&A - FNG	218,335	233,495	15,161	F		896,202	953,266	57,064	F
Total administration & general	218,335	233,495	15,161	F		896,202	953,266	57,064	F
Total cost of sales and administration & general	1,774,299	1,786,833	12,535	F		5,239,866	5,577,788	337,923	F



**Variance to Budget Footnotes  
October 31, 2020**

- (1) - Gas liquefaction expenses - Safety Material was \$6K higher than budget due to timing differences between actual and budgeted expenses and classification error for air permit fees. The account is under review and corrections will be made in future months.
  
- (2) - Gas liquefaction expenses - Turbo Expander was \$22K higher than budget due to timing differences between actual and budgeted expenses related to the rebuild of the Turbo Expander.
  
- (3) - Gas liquefaction - Liquefaction Gas Usage expense was \$17K higher than budget due to the budget expenses all gas used in the production of LNG for the month while the decision was made to inventory the portion of cost that remains in inventory. As with the electricity cost, we are seeing the stored inventory costs of the summer, which are higher than the colder months, being expenses from inventory. This trend will begin to reverse as the year goes on.
  
- (4) - Gas liquefaction - Salaries & Wages expense was \$10K lower than budget due to 9 personnel being budgeted while the LNG plant is currently staffed at 8 personnel and an adjustment to accrued wages. When the position becomes filled the salaries and wages will be on target from month to month. I expect this expense to be below target at year end.
  
- (5) - Storage & vaporization operations - SSII & III - gas usage expense was \$14K lower than budget. We are continuing to learn how much gas the SS III facility will consume for vaporization needs. I expect this expense line to be lower or higher throughout the year.
  
- (6) - Storage & vaporization operations - SSII & III - electricity expense was \$6K lower than budget. We are continuing to learn how much electricity the SS III facility will need and when it is needed. I expect this expense line to be lower or higher throughout the year.
  
- (7) - Customer Service Sales Expense - Materials expense was \$20K higher than budget due to a timing difference between actual and budgeted expenses related to web design.
  
- (8) - Administration & general - outside services - general expense was \$7K lower than budget due to timing difference between actual and budgeted expenses.
  
- (9) - Administration & general - outside services - legal expense was \$4K higher than budget due to timing difference between actual and budgeted expenses. During the month \$9K was paid to CSG, Inc for general, bonding and gas supply matters and \$3K was paid to Brena, Bell & Walker, PC for general and gas supply matters.
  
- (10) - Administration & general - property insurance - equipment expense was \$7K lower than budget due to timing difference between actual and budgeted expenses relating to the North Pole storage facility. The facility was expected to be in operation during the month of October and under the general property insurance policy. I expect this difference to continue.

Interior Alaska Natural Gas Utility  
Financial and Operating Report  
Year to Date as of  
October 31, 2020

**Statement of Revenues, Expenses and Change in Net Position**

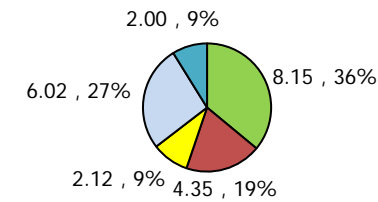
	YTD Actual	\$Mcf	YTD Budget	\$Mcf	Notes	% Difference Mcf
1 Mcf's Sales	175,724		165,886			5.9%
2 Revenues	3,654,611	20.80	3,446,603	20.78		0.10%
3						
4 Cost of sales:						
5 Natural gas purchases	1,431,837	8.15	1,368,664	8.25		-1.2%
6 Gas liquefaction	520,997	2.96	614,203	3.70		-19.9%
7 Liquefaction electricity	243,581	1.39	204,841	1.23		12.3%
8 Transportation	372,781	2.12	392,732	2.37		-10.4%
9 Cost of Sales	2,569,197	14.62	2,580,440	15.56		-6.0%
10 <b>Gross Margin</b>	1,085,414	6.18	866,163	5.22		18.3%
11						
12 Operating expenses:						
13 Distribution	181,320	1.03	216,950	1.31		-21.1%
14 Storage	170,529	0.97	270,792	1.63		-40.6%
15 Engineering	55,088	0.31	83,967	0.51		-38.1%
16 Customer service	106,316	0.61	124,574	0.75		-19.4%
17 Administration and general	896,202	5.10	953,266	5.75		-11.3%
18 Interest expense	107,915	0.61	107,763	0.65		-5.5%
19 Depreciation and amortization	1,261,214	7.18	1,347,798	8.12		-11.7%
20 Total operating expenses	2,778,584	15.81	3,105,111	18.72		-15.5%
21 <b>Operating income (loss)</b>	(1,693,170)	(9.64)	(2,238,948)	(13.50)		28.6%
22						
23 Non operating income (expense)						
24 Interest and dividend income	2,230	0.01	28,064	0.16		-92.1%
25 Net proceeds of bond financing	668,463	3.80	373,441	2.13		79.0%
26 Other income (expense)	3,578	0.02	0	0.00		NA
27 Total non operating income (expense)	674,270	3.84	401,505	2.28		NA
						% Difference
28 <b>Change in net position</b>	(1,018,900)		(1,837,444)			44.6%
29 EBITDA	(324,040)		(783,387)		(1)	58.6%

Notes:

(1) Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

**YTD Actual**

Costs Per Unit (Mcf)  
(YTD Actual Cost of Sales)

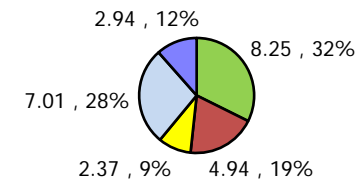


- Natural gas purchases
- Gas liquefaction
- Transportation
- Administration and general
- Distribution & Storage

Total Cost per Mcf less interest & depreciation: \$22.64

**YTD Budget**

Costs Per Unit (Mcf)  
(YTD Budgeted Cost of Sales)



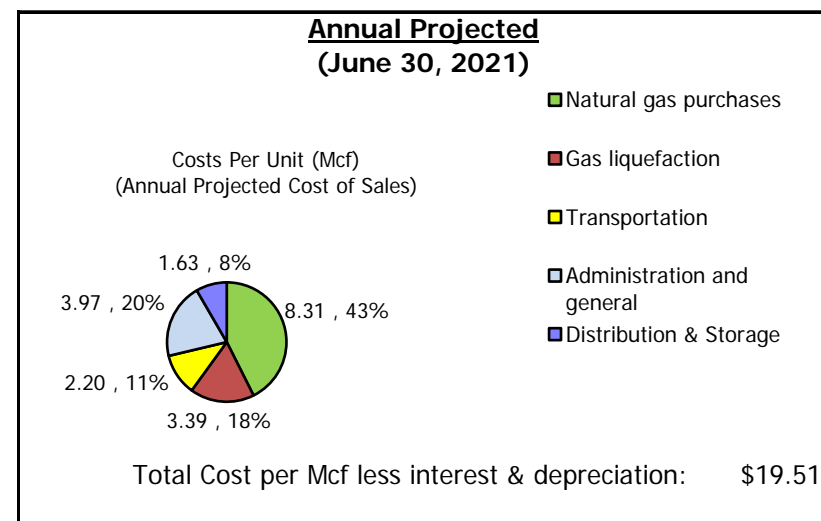
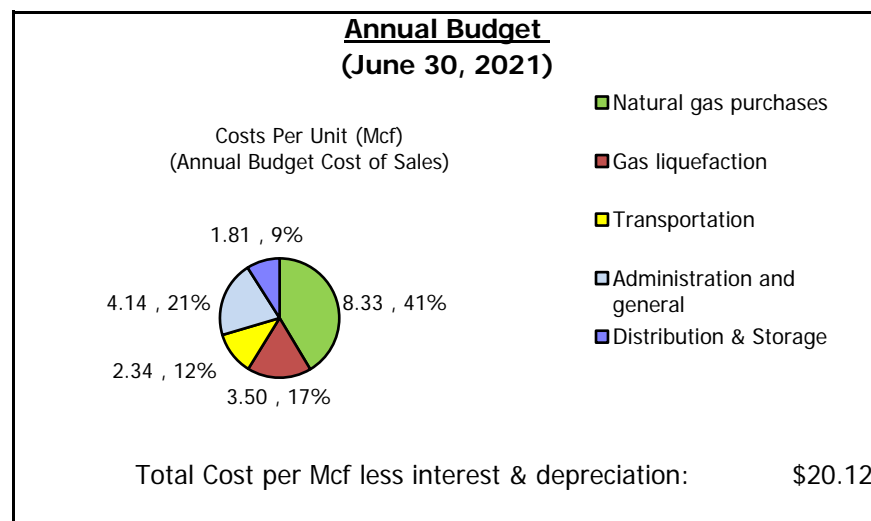
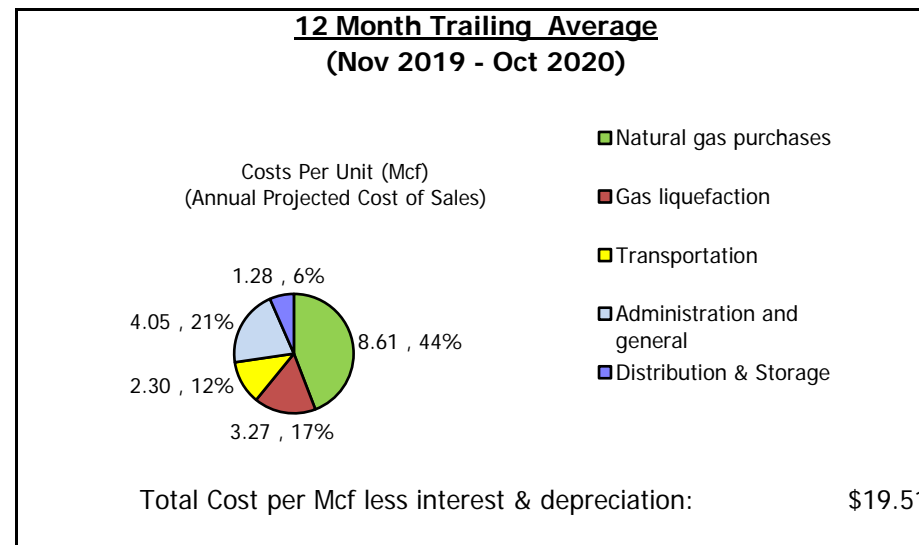
- Natural gas purchases
- Gas liquefaction
- Transportation
- Administration and general
- Distribution & Storage

Total Cost per Mcf less interest & depreciation: \$25.50

LNG Inventory (Site III ONLY)	9/30/2020	10/31/2020	
Gals LNG	2,379,176	2,624,582	245,406



Interior Alaska Natural Gas Utility  
Financial and Operating Report  
Year to Date as of  
October 31, 2020



Key Financial Metrics:

	Actual	Budgeted	% Difference
Working capital cash balance	\$ 2,326,861	\$ 3,469,195	-32.9%
Current ratio (Working capital)	1.8	2.4	-26.4% Current Assets/Current Liabilities
Quick ratio	2.2	3.0	-29.4% (Cash+A/R)/Current Liabilities)
Debt coverage ratio (Annual)	2.1	1.2	81.1% (Loan Covenants 1.2)

# Public Comment

# IGU Records Retention Policy

**Suggested Motion:** Move to approve the IGU Records Retention Policy as presented.

## INTERIOR GAS UTILITY POLICY

**Policy N0. 0**

**Page 1 of 2**

**Subject:** Records Retention

**Effective Date:**

**Revision Date:**

**I. OBJECTIVE**

To establish an organizational method for the efficient, orderly and secure storage, retrieval, retention, preservation and disposal of IGU records having administrative, legal or historical value as necessary to comply with state law.

**II. POLICY**

- A. Records shall be retained and disposed of according to the attached Retention and Disposition Schedule unless a litigation hold has been placed on a record.
- B. What constitutes a record is defined by state law [AS 40.21.150(6)]. This definition currently includes any document of any material regardless of physical form or characteristic, developed or received under law or in connection with the transaction of IGU business which is appropriate for preservation as evidence of IGU's function, policies, decisions, procedures, operations or other activities of IGU or because of the informational value in them.
- C. Other than records subject to a litigation hold or indicated to have historical value in the attached Retention and Disposition Schedule, once the retention period is met the General Manager shall ensure that the record is destroyed. The General Manager shall be responsible for identifying records with historical value. The individual destroying the records shall complete a Records Destruction Form which should identify the records being destroyed, contain a signed authorization from the General Manager executed prior to the destruction, and a signature of the person verifying that the records have been destroyed. A copy of the completed Records Destruction Form shall be transmitted to the IGU Board and this form must be preserved as a permanent record.
- D. IGU counsel shall notify the General Manager of any legal holds placed on a record. All copies of identified records, physical and electronic, shall be held from destruction until IGU counsel has notified the General Manager that the

hold has been removed. When a litigation hold is in place all activity regarding the held records shall be pursuant to the advice of IGU counsel.

- E. Records should be stored and secured in an appropriate manner to enable prompt retrieval and proper protection from disclosure any confidential record.
- F. All records created or received by employees in the course of their employment are the property of IGU and subject to this policy.

### III. RESPONSIBILITY

- A. The General Manager shall be responsible for enforcing compliance with this policy.

**IGU/FNG**  
**Records Retention and Disposition Schedule**

Department: IGU  
Schedule: A

**KEY:** ACT = Active  
C = Current  
Y = Years  
P = Permanent

Item No.	Records Series Title	Total Retention	History of Records/Additional Comments (Historical Record means an original document containing important historical information about the organization or persons within the organization) Historical records shall be kept permanently.
1	<b>GENERAL CORRESPONDENCE FILES</b> Includes correspondence, reports, studies, requests, and other pertinent information on department functions, conditions and events.	3Y	Review for potential historical value.
1a	<b>PUBLIC INFORMATION REQUESTS</b> Logs, request forms and any back up in regard to the request.	ACT + 1Y	Review for litigation hold prior to destruction.
2	<b>DEPARTMENT POLICIES &amp; PROCEDURES</b>	C +3Y	Retain old policies for 3 years after enactment of new policies for reference. Review for potential historical value.
3	<b>FINANCIAL AND BUDGET FISCAL YEAR FILES</b> Copies of petty cash records, purchase orders, accounting records, annual budget work papers, soft ledgers, p-card paperwork, overtime-comp earned requests, small dollar purchase checklist, fixed assets purchases, etc.	3Y	
4	<b>CONTRACT GRANT FILES</b> All data, documents, reports, subagreements, leases, third party contracts and supporting documents related to the project.	ACT + 3Y	Retain in office 3 years after grant closure.

**IGU/FNG**  
**Records Retention and Disposition Schedule**

Department: IGU  
Schedule: A

**KEY:** ACT = Active  
C = Current  
Y = Years  
P = Permanent

5	<b>MINUTES/ACTION OF BOARD</b> Board/Action Memos of Regular/Special Board meetings, and all committees.	ACT + 10Y	
5a	<b>INTERIOR ALASKA NATURAL GAS UTILITY (IGU) REPORTS TO ASSEMBLY</b> Quarterly and annual reports submitted to the Assembly from the IGU.	1Y	Review for potential historical value.
6	<b>ADMINISTRATIVE PROJECT FILES</b> Special projects or issues and Board research for resolutions.	9Y	Review for potential historical value.
7	<b>AGENDA/AGENDA PACKETS</b> Agendas from Board, Finance Committee, Committee of the Whole, Other Committees and Work Sessions.	ACT + 10Y	
7a	<b>MINUTES</b> Minutes of Board meetings and work sessions	P	
7b	<b>COMMUNICATIONS TO THE BOARD FROM THE FINANCE COMMITTEE</b> Financial reports.	7Y	Review for potential historical value.
8	<b>AUDIO RECORDINGS (W DRIVE)</b> Audio recordings from Board, Other Committees and Work Sessions.	ACT + 10Y	
9	<b>EXTERNAL AUDITS</b> Includes financial reports from auditor, CAFR, and management letter, for IGU	ACT + 7Y	Review for potential historical value.
10	<b>RESERVED</b>		

**IGU/FNG**  
**Records Retention and Disposition Schedule**

Department: IGU  
Schedule: A

**KEY:** ACT = Active  
C = Current  
Y = Years  
P = Permanent

11	<b>AFFIDAVITS OF PUBLICATION</b> Notice of Public Meetings, Notice of Public Hearings, and election ads.	1Y	
12	<b>DISCLOSURES</b> Boards and Commissions	ACT + 6Y	
13	<b>PERSONNEL FILES</b> Includes employment agreements, wage and benefits letters and other employment related records.	ACT + 3Y	
14	<b>CONTRACTS AND AGREEMENTS</b> All contracts and agreements to which IGU is a party	ACT + 7Y	
15	<b>CONTRACTS ADMINISTRATIVE FILES</b> Correspondence, purchase orders, and other documents relation to the administration of contracts.	*ACT + 7Y	*ACTIVE = Expiration of any warranty period, if applicable.
16	<b>RESERVED</b>		
17	<b>RESERVED</b>		
18	<b>RESERVED</b>		
19	<b>RESERVED</b>		
20	<b>ORDINANCES AND RESOLUTIONS</b>	10Y	Review for potential historical value.
21	<b>ETHICS PROCEEDINGS (DISMISSED)</b> Complaints filed that are dismissed, are not public, and remain CONFIDENTIAL. Includes complaint and determination correspondence.	ACT	Review for potential historical value. All information in this category is <b>CONFIDENTIAL</b> and cannot be disclosed to the public.



**IGU/FNG**  
**Records Retention and Disposition Schedule**

Department: IGU  
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22	<b>ETHICS PROCEEDINGS (SUBSTANTIATED)</b> Complaints filed and it is found that a violation has occurred. Includes Meeting Agendas from pre-hearing, hearing and subsequent meetings, subpoenas, hearing packet with exhibits, Findings of Fact, and Conclusions of Law, written correspondence between complaint and respondent.	ACT	Review for potential historical value.
23	Documents related to fixed assets	life of asset	
24	<b>RECORDS RETENTION SCHEDULE</b> Guidelines and procedures for the handling of IGU records and information.	C	
25	<b>Social Media</b>	C	
26	<b>IGU Attorney Files</b>	ACT + 7Y	Review for potential historical value.
27	<b>Insurance Policies</b> Occurance based	P	
28	<b>Insurance Policies</b> Claim made based	ACT + 7Y	

# IGU Investment Policy

**Suggested Motion:** Move to approve the IGU Investment Policy as presented.

**INTERIOR GAS UTILITY  
FINANCIAL POLICY**

**POLICY NO. FIN004**

**PAGE 1 of 4**

**SUBJECT: INVESTMENT POLICY**

**EFFECTIVE DATE: DECEMBER 1, 2020**

**I. PURPOSE**

It is the policy of the Interior Alaska Natural Gas Utility (IGU or Utility) that investment of IGU funds should not expose IGU to undue risk of loss while maintaining liquidity and earning a market rate of interest. The public interest within IGU's certificated area is served to the extent IGU funds can be invested with or through local financial institutions qualified and experienced in providing the requested service. Investments shall not be placed with or through such a local institution if the placement would result in any decrease in or impairment of IGU's ability to meet these objectives.

**II. POLICY**

**A. Investment policy and objectives.**

- 1) This policy applies to the investment of all IGU moneys with the exception of bond proceeds which will be governed by and in accordance with the related Bond indenture. IGU moneys accounted for in the following cash accounts shall be invested only in accordance with this policy:
  - a) General checking;
  - b) All reserve cash accounts;
  - c) All non-bond debt service accounts.
- 2) All *persons* having responsibility for making decisions regarding the investment of *IGU* moneys shall utilize the same judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of capital as well as the probable income to be derived in accordance with the objectives of this policy
- 3) *IGU* investment portfolio shall be managed so that the portfolio, as a whole, meets the objectives set forth in this policy. All persons selecting investments for *IGU* moneys shall adhere to these objectives, which are listed in order of relative importance.
  - a) Safety of principal;
  - b) Maintaining sufficient liquidity to meet *IGU*'s cash flow requirements;
  - c) Achieving a reasonable market rate of return.

**INTERIOR GAS UTILITY  
FINANCIAL POLICY**

**POLICY NO. FIN004**

**PAGE 2 of 4**

**SUBJECT: INVESTMENT POLICY**

**EFFECTIVE DATE: DECEMBER 1, 2020**

- 4) Notwithstanding the above objectives, no person shall invest *IGU* moneys in a manner which violates any provision of this policy or any administrative procedures established related to this policy.

**B. Persons authorized to invest IGU moneys.**

- 1) The general manager is authorized to invest *IGU* moneys in accordance with this policy, and shall ensure that no *person* invests *IGU* moneys other than in accordance with this policy and any administrative procedures established related to this policy.

**C. Authorized investments.**

- 1) *IGU* moneys shall be invested only in the following instruments:
  - a) *U.S. Treasury and Agency securities* with maturities not exceeding five years from the date of purchase;
  - b) Other obligations guaranteed by the U.S. government or its agencies and instrumentalities with maturities not exceeding five years from the date of purchase;
  - c) Repurchase and Forward agreements with *financial institutions* for the sale and repurchase of securities specified in subsections **(1)(a)** and **(b)** of this section, which meet the collateralization margin requirements for such securities specified in section **D. Collateralization** and with maturities not exceeding five years from the date of purchase;
  - d) Certificates of deposit and other deposits at *banks, credit unions, or savings and loan associations* collateralized as provided in section **D. Collateralization** with maturities not exceeding five years from the date of purchase;
  - e) Uncollateralized deposits at *banks, credit unions, and savings and loan associations*, to the extent that the deposits are insured by the Federal Deposit Insurance Corporation, the National *Credit Union* Administration, or the Federal Savings and Loan Insurance Corporation with maturities not exceeding five years from the date of purchase;
  - f) Bonds and notes which are issued by any *state* or political *subdivision* thereof, and which are graded in the “A” category or higher without regarding to modifier by Moody’s Investors Service, Inc., Standard and Poor’s Corporation, or Fitch Ratings Inc. with maturities not exceeding five years from the date of purchase;

**INTERIOR GAS UTILITY  
FINANCIAL POLICY**

**POLICY NO. FIN004**

**PAGE 3 of 4**

**SUBJECT: INVESTMENT POLICY**

**EFFECTIVE DATE: DECEMBER 1, 2020**

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- g) Prime commercial paper graded P1 or higher by Moody's Investors Service, Inc., A1 or higher by Standard and Poor's Corporation, or F1 or higher by Fitch Ratings Inc. with maturities not to exceed 270 days from the date of purchase;
  - h) Prime bankers acceptances offered by the 50 largest *international banks* with maturities not to exceed 180 days from the date of purchase;
  - i) *Money market mutual funds* whose portfolios consist entirely of instruments specified in subsections **(1)(a)**, **(b)** and **(c)** of this section, maturity date not applicable;
- 2) The general manager may enter into a short-term repurchase agreement, certificate of deposit or other authorized investment with the bank or credit union in which *IGU's* daily operating moneys are deposited, for the purpose of investing any excess operating moneys which will be needed in the immediate future to fund *IGU* operations. This investment may be continuing in nature, such that excess *IGU* operating moneys are continually invested. This short-term investment shall be governed by the provisions of this section relating to similar long-term investments, except that the general manager may alter the margin requirements of section **D. Collateralization** with respect to this short-term investment, if they determine that such action is reasonably necessary to obtain and secure the investment.

**D. Collateralization.**

- 1) If *IGU* moneys are invested in certificates of deposit or other deposits in a bank, credit union, or savings and loan association, the entire amount of principal and interest which will be payable to *IGU* upon maturity of the investment must be collateralized by any combination of the following, unless otherwise provided insurance issued by the Federal Deposit Insurance Corporation (FDIC), National *Credit Union* Administration (NCUA), or Federal Savings and Loan Insurance Corporation (FSLIC):
  - a) *U.S. Treasury and Agency securities*;
  - b) Obligations guaranteed by the U.S. government or its agencies and instrumentalities;
  - c) Obligations of the *state* of Alaska or its political *subdivisions* which are secured by the full faith, credit and taxing *power* thereof, and which are rated A or higher by Moody's Investors Service, Inc., Standard and Poor's Corporation, or Fitch Ratings Inc.

**INTERIOR GAS UTILITY  
FINANCIAL POLICY**

**POLICY NO. FIN004**

**PAGE 4 of 4**

**SUBJECT: INVESTMENT POLICY**

**EFFECTIVE DATE: DECEMBER 1, 2020**

**E. Safekeeping and custody of securities.**

- 1) The general manager shall enter into agreements with one or more banks to provide custodial and safekeeping services for *IGU* investments. All investments purchased by *IGU*, and all securities pledged to *IGU* as collateral, shall be either held directly by *IGU* or held by a third-party custodial bank as agent for *IGU*. At no time shall the general manager permit the financial institution with whom *IGU* is investing funds to hold both *IGU*'s money and the securities pledged as collateral.

**F. Internal controls.**

- 1) By administrative procedure, the general manager shall adopt and establish a system of internal controls to provide checks and balances within the process by which *IGU* moneys are invested. The internal controls shall be designed to minimize the risk of loss of funds resulting from fraud, employee error, misrepresentation by third parties, anticipated changes in financial markets or imprudent actions by *IGU* officials and employees. *IGU*'s external auditors shall review and evaluate, at least annually, the system of internal controls to ensure that they are adequate for accomplishing the purposes stated in this section.

**G. Investment reporting.**

- 1) The general manager shall cause to be prepared and delivered to the Board of Directors and the investment review committee, if such committee exists, quarterly reports about each investment in which *IGU* moneys were invested at any time during the quarter:

**III. RESPONSIBILITY**

- A. The general manager shall be responsible for implementation of the policy.
- B. The general manager and chief financial officer/controller shall conduct the comprehensive review of the policy.
- C. The chief financial officer/controller shall be responsible for the execution of the policy and any procedures developed. Also, no less than quarterly, the chief financial officer/controller will present a supplemental report to the Utility's Finance Committee reporting compliance or non-compliance with the policy. In the event of non-compliance, a comprehensive plan will be submitted to correct the non-compliance.

**IV. ANNUAL REVIEW DATE**

- A. The policy will be reviewed annually on or before January 31.

*\*\*\*EXECUTIVE SESSIONS will be moved to after Closing Comments to allow for the public's full participation in the meeting and adjourn the public session immediately after conclusion of the executive session.\*\*\**

## Marketing & New Service Report (Possible Executive Session)

### **Suggested Motion:**

MOVE TO ENTER INTO EXECUTIVE SESSION TO DISCUSS THE MARKETING & NEW SERVICE REPORT; THE PUBLIC KNOWLEDGE OF WHICH WOULD HAVE AN IMMEDIATE IMPACT ON THE FINANCES OF IGU.

**INCLUDED PARTIES:** IGU BOARD OF DIRECTORS,  
DAN BRITTON-GM, & IGU ATTORNEY

*Provided that there is a Quorum, a majority vote of the Directors present is needed for the Motion to enter into Executive Session to pass.*

## November New Service Update

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Completed New Service Applications are being added to the Spring 2021 Installation list

3 Residential Applications received by email/mail

6 Residential Applications submitted through the website

2 Commercial Applications received by email/mail

**11 Applications received in November**

Total number of service lines installed in 2020 = **206**



*\*\*\*EXECUTIVE SESSIONS will be moved to after Closing Comments to allow for the public's full participation in the meeting and adjourn the public session immediately after conclusion of the executive session.\*\*\**

# UPDATE OF GAS SUPPLY SEARCH

## MAP Report

**SUGGESTED MOTION:** MOVE TO ENTER INTO EXECUTIVE SESSION TO DISCUSS GAS SUPPLY OPPORTUNITIES, CHALLENGES AND NEGOTIATING STRATEGY; THE PUBLIC KNOWLEDGE OF WHICH WOULD HAVE AN IMMEDIATE IMPACT ON THE FINANCES OF IGU.

**INCLUDED PARTIES:** IGU BOARD OF DIRECTORS, DAN BRITTON-GM, MARY ANN PEASE-GAS SUPPLY CONSULTANT, & IGU ATTORNEY

*Provided that there is a Quorum, a majority vote of the Directors present is needed for the Motion to enter into Executive Session to pass.*

# Reports

-General Manager

-IGU Attorney

## General Manager Report – For the month of November 2020

### General

- IGU continues to operate under modified protocols related to the COVID-19 virus.
- Draft Environmental Impact Statement Addressing Heat and Electrical Upgrades at Fort Wainwright Alaska meeting on November 9<sup>th</sup>, 2020. Public comments are due by 12/8/2020.
- Rotary IGU Update Presentation November 20, 2020

### Financial / Accounting

- Finance Committee met on November 24, 2020 and recommended IGU Board acceptance of the October Financials as presented.

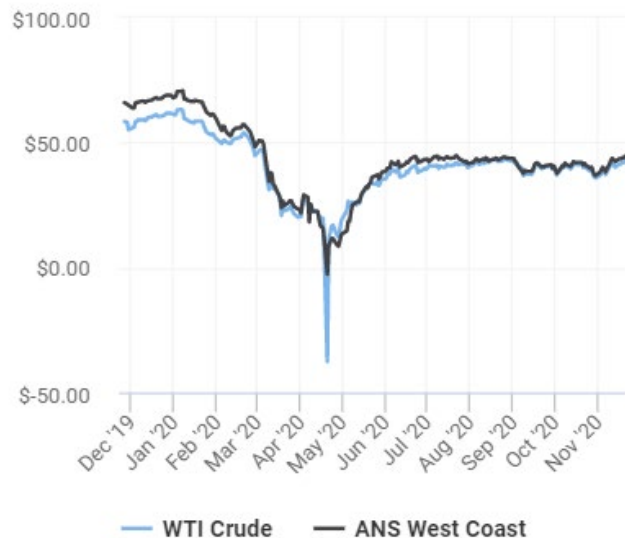
### Marketing

- New Service applications continue to be received and are being processed for completion in 2021.
- Marketing reports will resume once the Customer Service /Marketing manager position is filled.

### **Oil Markets**

Date	West Texas Intermediate	ANS West Coast
11/24/2020	\$44.95	\$44.51

Sources: Daily ANS prices estimated by Department of Revenue, WTI estimated by Bloomberg



### Operations

#### **Titan**

- Titan produced 100% of the required LNG for FNG and its other customers, without interruption. Additional LNG volumes were produced to continue filling the 5.25 Million Gallon Storage Facility.
- Zero Lost Time Injuries, Zero Titan Vehicle Accidents.
- Zero Third Party Damage.

### **FNG**

- 100% delivery reliability with no firm supply interruptions. Inventory levels continue to build in the 5.25 Storage Tank. Inventory has increased from 33.9' (2,586,088 gallons) as of October 29, 2020 to 39.4' (2,555,000 gallons) as of November 24, 2020.
- Zero Lost Time Injuries, Zero Vehicle Accidents.
- Zero Third-Party Damage.

### **IGU**

- Distribution System intact.
- Zero Third-Party Damage.
- All required Mainline Connections have been completed in preparation for gasifying the North Pole system.

## Capital Projects

### **North Pole Storage**

- Cornerstone Contracting Inc. continues work onsite. Mechanical and electrical work remains the primary focus at this time.
- On Nov. 20, the contractor updated IGU of a revised schedule. The site received permanent power from GVEA on Nov. 17. The various process piping systems will be completed in the first week of December. Fire Alarm systems are anticipated to be installed by Dec. 18. Construction checklists and pre-functional testing without introducing LNG should be complete by Jan. 6. Thereafter, the plant startup will commence with the introduction of LNG into the storage tanks. IGU has completed all gas main connections and installed numerous gas purge points throughout the North Pole distribution system which will allow us to safely remove the nitrogen gas and replace it with natural gas. Presently, the project costs are within the budget.

### **Site Status Pictures**

Fire & Telecom Panel



NG Pipe Process




Exterior Conduits



### **Titan Expansion**

- The Titan Final Investments decision remains paused given the current market volatility primarily related to the COVID-19 Pandemic.

**MEMORANDUM**

TO: IGU Board  
FROM: Zane Wilson   
SUBJECT: Summary of Activity  
DATE: November 24, 2020

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Over the last month we have been engaged on the following issues.

1. Gas contract negotiations/calls.
2. Final revisions/edits to records retention policy.
3. Communications with GM Britton/staff on miscellaneous business issues.

# Director Requests for IGU Information

# Closing Comments

- General Manager
- IGU Attorney
- Directors

# Executive Session



# ADJOURNMENT

\*To be effective at the end of the Executive Session