



## BOARD OF DIRECTORS MEETING

Tuesday, March 1, 2022 @ 4:00 P.M.

In Person & Zoom Meeting

2525 Phillips Field Road, Fairbanks, AK

### DRAFT AGENDA

*To participate via teleconference call 1-253-215-8782;  
when prompted, enter meeting ID 827 2921 7361, Password 112989*

\*This meeting will be held **both in person and telephonically**. Given the ongoing COVID-19 concerns Masks are recommended when social distancing is not possible. Packets available to the public outside the door of the IGU Office at 2525 Phillips Field Road \*

#### Join Zoom Meeting

<https://us02web.zoom.us/j/82729217361?pwd=RFFtbWRXdDkxRmc2MUR0NzVuRWxBdz09>

1-253-215-8782

**Meeting ID:** 827 2921 7361

**Password:** 112989

#### I. CALL TO ORDER

- Roll call
- Approval of Agenda & Consent Agenda\*  
(Items marked with \* are approved under consent agenda)
- \*Approval of Minutes – 2/1/2022
- \*Approval of Financials – December 2021 & January 2022
- Public Comment – *limited to three minutes*

#### II. NEW BUSINESS

- Cost of Service/Rates Review .....Page 45

#### III. OLD BUSINESS

- GM Appraisal 2021
  - Group Rating from IGU Attorney.....Page 69

#### IV. REPORTS

- Finance Committee Report
- Marketing Report .....Page 88
- General Manager Report.....Page 97
- IGU Attorney Report.....Page 99

#### V. DIRECTOR REQUESTS FOR IGU INFORMATION

#### VI. CLOSING COMMENTS

- General Manager
- IGU Attorney
- Directors

#### VII. ADJOURNMENT

THE AGENDA ITEMS AS LISTED MAY NOT BE CONSIDERED IN SEQUENCE.  
THIS AGENDA IS SUBJECT TO CHANGE TO INCLUDE THE DELETION OF ITEMS OR EXECUTIVE SESSIONS, IF NEEDED.

# Approval of Minutes

2/1/2022



**BOARD OF DIRECTORS MEETING**  
Tuesday, February 1, 2022 @ 4:00 P.M.  
ZOOM Telephonic Meeting

**DRAFT MINUTES**

A Telephonic Meeting of the Board of Directors of the Interior Gas Utility was held on:

Tuesday February 1, 2022  
IGU Board Chair, Steve Haagenson presiding.

Others in attendance were: Dan Britton (IGU General Manager), Wes Smith (IGU Controller), Elena Sudduth (IGU Customer Service/Marketing Manager), Heather Thomas (IGU Executive Assistant), Zane Wilson (IGU Attorney) David Hale (Hale & Associates), and JoAnna Lewis (Hale & Associates).

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

- Roll call  
Steve Haagenson  
Mike Miller  
Gary Wilken  
Jack Wilbur  
Luke Hopkins  
Bert Bell  
Bob Shefchik - Absent
- Approval of Agenda & Consent Agenda\*  
(Items marked with \* are approved under consent agenda)
- Approval of Minutes – 1/4/2022\*

Chair Haagenson requests a motion to approve the agenda & consent agenda.

**00:00:44 Moved** by Director Wilken to approve the Agenda & Consent Agenda, 2<sup>nd</sup> by Vice Chair Miller. ***Motion approved without objection.***

- Public Comment **00:01:05**

*There were no Public Comments*

**II. NEW BUSINESS**

- Insurance Renewal **00:01:23**

GM Dan Britton introduces David Hale & JoAnna Lewis from Hale & Associates. They will go over what they have done as far as marketing IGU to the insurance markets, what the renewal plan looks like, the levels of insurance as far as total insured values that have been selected for our

various assets and properties, and any other questions the Board might have. Also included is a comparison of costs from last year to this year. Management is recommending that the Board authorize the execution of the Insurance plan through the suggested motions included in the packet. Mr. Hale gives the Board a detailed presentation on the Insurance Renewal. Board Discussion & Questions.

***01:01:04 Moved** by Director Bell, Move to Authorize the GM to Execute the Insurance Policies as presented effective March 1, 2022 to March 1, 2023, and further Authorizing the GM to execute a revision to the property policies and excess liability policies in the event additional carriers provide more competitive pricing prior to the bidding, binding of the policies, 2<sup>nd</sup> by Director Wilken.*

***Discussion and Questions on the motion***

***01:01:29 Friendly Amendment***

Director Wilken agrees with the clarification to the misread word “bidding” that should have been “binding” as shown in the suggested motion.

***01:02:38 Roll Call Vote:** Bell-Y, Wilbur-Y, Hopkins-Y, Wilken-Y, Miller-Y, Haagenson-Y  
**Motion passes 6-0.***

- 2021 GM Appraisal **01:03:30**
  - 2022 GM Goals

Chair Haagenson gives an overview of each section of the General Manager Appraisal, Goals for 2022 and encourages feedback and suggestions from the Board. He explains the process steps and upcoming due dates of responses needed from the Board. Board Discussion, Questions and Suggestions for 2022 Goals.

#### **IV. REPORTS**

- Finance Committee Report **02:29:39**

Director Hopkins mentions that there was no quorum at the 1/25/2022 Finance Committee Meeting therefore there was no meeting and only a discussion on the issue with AIDEA funds, LAUF and the Dashboard.

GM Dan Britton comments on the AIDEA funds issue. This was a request by IGU to transfer funds before using them for an expense versus receiving a reimbursement. A portion of the SETS funds were received in a DACA account to be used on qualified expenses. We have requested that the remaining fund balance of approximately \$1.3MM be deposited in that DACA account. AIDEA has had a number of personnel changes and now have a person responsible for the IGU relationship and will address the issue soon.

- Marketing Report **02:35:37**

IGU Customer Service Manager Elena Sudduth presents the Marketing Report which includes an overview of current updates pertaining to Customer Service and New Services, including current advertising tactics, upcoming trade shows, town meetings, new cost calculator, conversion financing and the new IGU sign installation. **Board Discussion and Questions.**

- General Manager **03:07:33**

GM Dan Britton presents the report on activities and progress at IGU in the past month of January 2022 including an update meeting with Senator Murkowski. The repaired turbo expander at Titan would not start and had to be sent back out for additional repairs, a piping modification will reduce the possibility of the potential cause of the issue. Inventory forecasting is being explored for the coming years, as we are seeing inventory drop lower than what was projected. The Titan 2 expansion remains paused but with demand, customer additions and the 2.5 years out for construction have encouraged recent conversations with the selected supplier to discuss any changes to their previous proposals and scheduling. Oil prices are currently 31% greater than natural gas. ***Board Discussion and Questions.***

- IGU Attorney **03:25:06**

IGU Attorney report included for activities during January 2022.

## **V. DIRECTOR REQUESTS FOR IGU INFORMATION 03:25:18**

There were no Director Requests for Information.

## **VI. CLOSING COMMENTS 03:25:27**

- General Manager

Recently we honored our employees with Longevity awards which was a real honor. Our Plant Manager at Titan is our longest standing employee and has been with us for 25 years, he was employed before the plant produced LNG.

- Directors

*Director Wilken-* I know you are working on a new sound system in the boardroom, but I hope we don't have to suffer much more with the microphones we are dealing with, I got about half of what was being said it sounds like you're in a can. Tonight, was not acceptable and I know you're going to work on it, I don't know others experience but mine was unacceptable. It sounds like the person that's been with you 25 plus years would be the great person to flip the switch on the new sign.

*Director Wilbur-* Just a follow-up on Gary's comment, I think my pickup was a higher percentage than his, Dan was fine, but it was difficult to hear Elena. In addition to my comment before on expansion to people that may not be economical to extend a main to, everything that we save

them is more likely to be spent within this community. The money spent on oil does not largely stay in this community, the money spent on natural gas is spent more in the community but the amount they save will be spent in the community to. I had a conversation with an assembly person that was concerned about the long term viability of Natural gas in this community as a source of heating due to the recent bad name it has received. I believe that is a long time to come, but there is concern around that for Alaska. It is being said that no Natural gas by 2035, we are hopefully a 50-100 year utility, we should be aware of this and thinking about it for the future.

*Director Hopkins-* I was wondering if we can meet with our Lobbyist in executive session or schedule a special board meeting to discuss the millions of dollars coming into this state and is just being thrown at things. The AGDC presentation to FEDCO, I was quite surprised with their new idea to move forward with a gas line again. It will be interesting to hear more details. Oil is 31% higher than Natural gas, maybe I need to move closer to town. Dan thank you for a good overview of IGU.

*Chair Haagenson-* We're going to miss Mike Meeks he was a big loss for Fairbanks and was a big part of our utility for a long time. There will be a celebration of life during the solstice and will get you more information once its available. I agree with Gary's comment about the microphone, maybe get direction microphones in front of everybody, there's a lot of reverberation from that room and would be cheaper than hanging up curtains on the wall. As for in person meetings, right now it looks like we have peaked with Omicron but until we know more, I do not want to push that envelope, but maybe we will be able to meet in person in March. We should have conversations with our lobbyist soon about AGDC and TAPS, how does everyone want to handle this meeting that was requested? Or have Dan meet with our lobbyist and have him report to our attorney to compile the information for the Board?

**03:40:18** Chair Haagenson recommends a motion to adjourn.

**03:40:19** *Moved* by Vice Chair Miller to adjourn, 2<sup>nd</sup> by Director Wilbur.  
Motion approved by unanimous consent.

**VII. ADJOURNED @ approximately 7:40pm**

# Approval of Financials

December 2021 and January 2022



Finance Committee Meeting  
Tuesday, February 22, 2022 @ 12:00 PM  
2525 Phillips Field Road, Fairbanks, AK

**Draft AGENDA**

*To participate via teleconference & ZOOM call:  
1-253-215-8782; when prompted,  
Meeting ID: 870 4450 0788, Password: 203301*

\*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\*

**Join Zoom Meeting:**

<https://us02web.zoom.us/j/87044500788?pwd=ZjNmZlRlOEdG50d2diSWo5d0tKTEJnUT09>

1-253-215-8782

**Meeting ID:** 870 4450 0788

**Password:** 203301

**I. CALL TO ORDER**

- Roll call
- Approval of Agenda
- Approval of Minutes – *December 28th, 2021*

**II. MONTHLY FINANCIALS**

- Controllers Summary Report – December 2021 ..... Page 05
- Statement of Net Position with Budget Comparison-  
December 2021 ..... Page 06
- Statement of Revenues, Expenses and Changes in Net Position with  
Budget Comparison December 2021 ..... Page 07
- Board of Directors Dashboard Report – December 2021 ..... Page 18
- Controllers Summary Report – January 2021..... Page 21
- Statement of Revenues, Expenses and Changes in Net Position with  
Budget Comparison January 2021..... Page 22
- Board of Directors Dashboard Report – January 2021..... Page 33

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

**IV. CLOSING COMMENTS**

**V. ADJOURNMENT**





**FINANCE COMMITTEE MEETING**  
December 28<sup>th</sup>, 2021 @ 12:00 PM  
2525 Phillips Field Road, Fairbanks, Alaska

**MINUTES**

**I. Call to Order @ 12:27 PM – Chair Wilbur**

- **Roll Call:** Bert Bell, Jack Wilbur, David Durham  
**Also, present:** Dan Britton, Zach Dameron  
**Absent:** Luke Hopkins

**12:28 pm Motion to approve the agenda,** Moved by Bert, and 2<sup>nd</sup> by Dave.  
Motion approved by unanimous consent.

**12:29 pm Motion to approve the 11/23/21 Minutes,** Moved by Bert, and 2<sup>nd</sup> by Dave.  
Motion approved by unanimous consent.

**II. Monthly Financials 12:29 pm :**

OCTOBER FINANCIALS

- **Controllers Summary Report - November:**

Zach Dameron presents the *Controller Summary* attached on the Statement of Revenues, Expenses and Change in Net Position and the Detailed IGU Expenses. Five months into the fiscal year IGU remains in a positive position.

Committee discussion & questions on the *Controller Summary*, specifically on EBITDA and allocation of wages.

- **Statement of Revenues, Expenses, and Changes in Net Position with Budget Comparison - November:**

*Included in Controller Summary.* Committee discussion & questions on the *Controller Summary*, specifically on staffing changes during and after the event, timing difference for gas liquefaction expense, and customer relights after event.

**12:50pm Motion to recommend that the Board of Directors accept the November financials as presented.** Moved by Bert and 2<sup>nd</sup> by Dave.  
Motion accepted by unanimous consent.

- **BOD Dashboard Report 12:51pm:**

Zach Dameron presents the Dashboard report, no questions were asked.

### III. **PROJECT FINANCING 12:51pm**

- GM Dan Britton mentions that we are working with AIDEA on the remaining balance of funds available to borrow.

### IV. **CLOSING COMMENTS 12:52pm**

- *GM Dan Britton-* I would like to note on the Dashboard you will see a reduction of inventory, we are consuming inventory out of the large storage tank as our consumption exceeds our production likely to the end of February and then we will start rebuilding inventory. Jack Wilbur asks if we are operating at full capacity? Dan mentions we are operating near full capacity, we had a shutdown for deriming the turbo expander for 4 days. Full capacity is about 50,000 gallons a day, when it is cold and dependent if the hospital is using, we consume 75,000-80,000 gallons per day. The storage facility is meant to make up the difference and will rebuild inventory in the off months. We are getting to the point where we need to start talking about Titan 2.
- *Bert Bell-* I received my IGU bill and noticed a \$12 service charge, and called the office not knowing what it is for, and come to find out it is just because I'm a customer. It kind of left a bad taste in my mouth not having it explained on the bill itself. IGU assistant controller Zach Dameron mentions that they will be reformatting the bill due to customer feedback to make it more readable, Elena is spearheading that and will also add a page on the website for "Explanation of my bill". GM Dan Britton explains rate making for utilities. Thank you I was real pleased with he financial report, things are going well.
- *Jack Wilbur-* Does the \$12 fixed charge show in the online calculator? GM Dan Britton will check with Elena. Jack mentions if its not it should be added.
- *Dave Durham-* Thank the staff for another good monthly report and Happy New Year.
- *Jack Wilbur-* I apologize for being late, but we are still finishing on time, ill take that. Happy New Year.

12:59 pm Motion to Adjourn Moved by Dave and 2<sup>nd</sup> by Bert.

### V. **Adjourned @ 12:59 pm**

## **Controller Summary – Interior Alaska Natural Gas Utility – November, 2021**

The summary report provided for November, 2021 was derived from analysis and evaluation of the current and prospective profitability based on Earnings before Interest, Taxes, Depreciation and Amortization, liquidity and financial stability and compliance of Interior Gas Utility. Methods used include trend analysis as well as ratios such as Current and Quick ratios (Liquidity) and Debt Coverage Ratio (Financial Stability and Compliance). Results of data analyzed show that these ratios are equal to or above industry benchmark averages that I have researched.

The report finds the prospects of the IGU in its current position are positive. The company continues to remain stable in difficult local and national economic conditions largely related to the COVID-19 pandemic.

Month ending working capital, \$1.9 million, is above budgeted levels, \$1.2 million. During November, we continued working with AIDEA to close individual project funds and consolidate any remaining balances in those funds into one final project fund totaling approximately \$1.3 million. The funds have been consolidated and a request has been submitted to AIDEA to draw the remaining funds. Once AIDEA reviews and subsequently approves the draw request, the funds will be deposited into our DACA (Deposit Account Control Agreement) account. Overall, working capital was sufficient to cover all budgetary items during the month.

Gas sales for the month of November were above budget by 17,418 Mcf's, 15%. Sales were up or on target across all revenue classes. November had 32 usage days as October was a short meter reading month and the last 2 usage days in October were included in November. These additional 2 usage days contributed to the higher usage, though also contributing to the higher usage was a colder than normal November.

Overall cost of goods sold (COGS), which include natural gas purchases, trucking expenses, LNG production electricity, and gas liquefaction expenses, for the month of November were 19% higher than budgeted. The largest contribution to the higher expenses is attributed to higher gas sales and an unintended permanent timing difference for FY 22 between Liquefaction Gas Usage actual expense and Liquefaction Gas Usage budgeted expense. The Variance to Budget Footnote, note 2, for the Detailed Expenses financial report goes into further detail regarding the permanent timing difference.

Departmental expenses, in whole, were lower than budget for the month. Departmental expenses were \$435 thousand compared to the budget of \$438 thousand. Management continues to review and adjust expenses in response to overall sales.

During November we capitalized \$5,601 of operating wages related to end of season construction activities. Year to date we have capitalized \$66,827 of operating wages related to Services and Main Extension construction activities.

The second quarter of FY 22 currently has no reported casualty loss due to vehicle accidents or loss time work injuries. No recording of a contingent liability was needed.

Recommendations for discussion include:

- None at time of report.

Wesley G.W. Smith, C.P.A.  
Controller

## **Controller Summary – Interior Alaska Natural Gas Utility – December, 2021**

The summary report provided for December, 2021 was derived from analysis and evaluation of the current and prospective profitability based on Earnings before Interest, Taxes, Depreciation and Amortization, liquidity and financial stability and compliance of Interior Gas Utility. Methods used include trend analysis as well as ratios such as Current and Quick ratios (Liquidity) and Debt Coverage Ratio (Financial Stability and Compliance). Results of data analyzed show that these ratios are equal to or above industry benchmark averages that I have researched.

The report finds the prospects of the IGU in its current position are positive. The company continues to remain stable in difficult local and national economic conditions largely related to the COVID-19 pandemic.

Month ending working capital, \$2.4 million, is above budgeted levels, \$1.6 million. During December, we continued working with AIDEA to close individual project funds and consolidate any remaining balances in those funds into one final project fund totaling approximately \$1.3 million. The funds have been consolidated and a request has been submitted to AIDEA to draw the remaining funds. Once AIDEA reviews and subsequently approves the draw request, the funds will be deposited into our DACA (Deposit Account Control Agreement) account. Overall, working capital was sufficient to cover all budgetary items during the month.

Gas sales for the month of December were above budget by 22,033 Mcf's, 18%. Sales were up or on target across all revenue classes. December had 34 usage days due to winter storm events delayed the meter reading process. The additional 3 usage days contributed to the higher usage.

Overall cost of goods sold (COGS), which include natural gas purchases, trucking expenses, LNG production electricity, and gas liquefaction expenses, for the month of December were 25% higher than budgeted. The largest contribution to the higher cost of goods sold is attributed to higher gas sales, higher than budgeted cost per Mcf for natural gas purchases and higher than expected unaccounted-for gas. Unaccounted-for gas for the month was approximately 4,000 Mcf higher than expected. A portion of the unaccounted-for gas is related to a timing difference between when meters are read and when inventory is read, causing lagged sales. Inventory is read at midnight on the day meters are read and meters are read between 8am and 5pm on the same day. The time period between 8am and midnight, 16 hours, consists of the lagged sales. The gas used to generate those lagged sales left the storage and expensed, while the lagged sales will be counted in the next billing period.

Departmental expenses, in whole, were \$20K higher than budget for the month largely attributed to expenses related to the November event and additional wage cost associated to the December winter weather events. Departmental expenses were \$459 thousand compared to the budget of \$439 thousand. Management continues to review and adjust expenses in response to overall sales.

During December we capitalized \$8,240 of operating wages related to end of season construction activities. Year to date we have capitalized \$75,067 of operating wages related to Services and Main Extension construction activities.

The second quarter of FY 22 currently has no reported casualty loss due to vehicle accidents or loss time work injuries. No recording of a contingent liability was needed.

Recommendations for discussion include:

- None at time of report.

Wesley G.W. Smith, C.P.A.  
Controller

**Interior Alaska Natural Gas Utility**  
**Financial Statements - with budget comparison**  
**December 31, 2021**

	December 2021 (Actual)	December 2021 (Budget)	December 2021 (Variance)	Footnote
<b>STATEMENT OF NET POSITION</b>				
<b><u>Assets and Deferred Outflows of Resources</u></b>				
Property, plant and equipment				
Gas plant in service, at cost	162,039,289	162,866,165	(826,876)	
Less: Accumulated provision for depreciation	11,410,537	11,658,722	(248,185)	
Net plant in services	150,628,752	151,207,443	(578,691)	
Gas plant held for future use, at cost	258,846	0	258,846	
Construction work in progress	9,855,482	11,431,418	(1,575,936)	
Net property, plant and equipment	160,743,080	162,638,861	(1,895,781)	(a)
Current assets				
Cash - unrestricted	2,442,353	1,634,087	808,266	(b)
Cash - restricted (SETS)	556,967	0	556,967	(b)
Cash - restricted (Bonds - Project Funds)	7,041,380	6,421,439	619,940	(b)
Cash - restricted (Bonds - Debt Service Reserve)	813,949	813,750	199	(b)
Cash - restricted (Bonds - Capitalized Interest)	894,836	894,549	287	(b)
Investments	287,911	311,623	(23,712)	
Accounts receivable	3,175,539	2,602,993	572,546	(c)
LNG inventory	2,397,680	4,090,167	(1,692,486)	(d)
Materials and supplies inventory	1,535,767	938,488	597,279	(e)
Deposits and other current assets	263,353	239,343	24,009	(f)
Total current assets	19,409,735	17,946,439	1,463,295	
Deferred outflows of resources				
Gas plant acquisition adjustment, net of amortization	7,354,511	7,354,510	1	
<b>Total assets and deferred outflows of resources</b>	<b>187,507,325</b>	<b>187,939,810</b>	<b>(432,485)</b>	
<b><u>Liabilities and Net Position</u></b>				
Current liabilities				
Current maturities of long-term debt	434,299	433,960	339	
Accrued wages and burden	182,858	234,504	(51,646)	(g)
Accounts payable	1,720,254	1,707,574	12,680	(h)
Construction payables	51,939	55,667	(3,728)	
Other current and accrued liabilities	434	40,859	(40,425)	(i)
Total current liabilities	2,389,783	2,472,563	(82,780)	
Noncurrent liabilities				
Accumulated deferred compensation	287,911	311,623	(23,712)	
Long-term debt, less current maturities				
Revenue bonds	11,790,000	11,790,000	0	
AIDEA - Term loan	137,645,943	139,000,000	(1,354,057)	(j)
GVEA land contract	1,463,866	1,463,979	(113)	
Mt McKinley Bank Commercial Loan	1,978,694	1,978,742	(48)	
Equipment loans payable	259,954	259,822	132	
Total noncurrent liabilities	153,426,368	154,804,167	(1,377,799)	
Net position				
Net investments in capital assets	16,008,663	15,949,689	58,974	
Restricted	9,307,132	8,129,738	1,177,394	
Unrestricted	6,375,379	6,583,653	(208,274)	
Total net position	31,691,174	30,663,080	1,028,094	
<b>Total liabilities and net position</b>	<b>187,507,325</b>	<b>187,939,810</b>	<b>(432,485)</b>	

**Interior Alaska Natural Gas Utility**  
**Financial Statements - with budget comparison**  
**December 31, 2021**

	December 2021 (Actual)	December 2021 (Budget)	December 2021 (Variance) fav/(unfav)	Footnote	YTD 2021 (Actual)	YTD 2021 (Budget)	YTD 2021 (Variance) fav/(unfav)
<b>STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION</b>							
Mcf:							
Residential	15,027	13,985	1,042		43,590	38,564	5,026
Small Commercial	71,484	64,683	6,801		211,160	194,188	16,972
Large Commercial	36,377	30,367	6,010		108,544	95,581	12,963
Interruptible - Small	9,024	8,628	396		32,516	34,897	(2,381)
Interruptible - Large	8,268	6,409	1,859		25,621	19,208	6,413
Hospital	5,744	0	5,744		42,983	21,017	21,966
UAF	276	0	276		779	0	779
Talkeetna	805	901	(96)		4,933	4,957	(24)
Total Mcf	147,005	124,973	22,033	(k)	470,125	408,411	61,713
HDD	2,036	2,135	(99)		6,255	6,089	166
<b>Operating revenues</b>							
Residential Gas Revenues	312,710	291,024	21,686		907,106	802,510	104,596
Small Commercial Gas Revenues	1,491,960	1,342,820	149,140		4,391,628	4,031,333	360,295
Large Commercial Gas Revenues	753,012	628,597	124,415		2,246,855	1,978,527	268,328
Interruptible - small commercial gas revenues	180,758	172,819	7,939		651,290	698,987	(47,697)
Interruptible - large commercial gas revenues	161,233	105,749	55,484		492,120	316,932	175,188
Hospital Gas Revenues	112,006	0	112,006		806,627	346,788	459,840
UAF Revenues	5,382	0	5,382		14,407	0	14,407
Talkeetna commercial gas revenues	14,081	15,768	(1,687)		86,331	86,746	(415)
Service Charge Revenues	33,244	33,542	(298)		189,712	190,806	(1,094)
Other Revenue	1,500	12,675	(11,175)		81,700	76,725	4,975
Total operating revenue	3,065,886	2,602,993	462,893	(k)	9,867,775	8,529,352	1,338,423
<b>Operating expenses</b>							
Natural gas purchases	1,256,673	1,023,541	(233,132)	(l)	3,958,409	3,338,807	(619,603)
Trucking Expenses	372,494	288,583	(83,911)	(m)	1,143,991	942,064	(201,926)
Electricity	191,077	148,901	(42,176)	(n)	596,510	507,621	(88,889)
Gas liquefaction expenses	261,179	209,527	(51,651)	(o)	1,093,069	1,043,551	(49,518)
Distribution operations	24,901	40,392	15,491	(p)	175,905	248,018	72,113
Distribution maintenance	10,289	13,415	3,126		86,249	82,159	(4,090)
Storage & vaporization operations	148,045	78,748	(69,297)	(q)	495,432	407,024	(88,408)
Storage & vaporization maintenance	12,713	12,233	(479)		64,975	73,401	8,426
Engineering	4,320	24,135	19,815	(r)	28,758	144,808	116,050
Talkeetna operations	0	0	0		0	0	0
Talkeetna maintenance	229	521	291		5,480	3,125	(2,355)
Customer Services	37,026	30,699	(6,327)	(s)	170,767	183,617	12,849
Administration and general expenses	221,756	238,602	16,846	(t)	1,425,969	1,490,230	64,261
Property taxes	0	1,062	1,062		0	6,301	6,301
Interest expense	305,248	305,232	(16)		432,503	431,773	(730)
Depreciation	430,179	407,701	(22,478)	(u)	2,481,710	2,446,207	(35,503)
Amortization	38,529	38,529	0		231,175	231,176	1
Total operating expense	3,314,658	2,861,823	(452,835)		12,390,901	11,579,882	(811,020)
Operating income (loss)	(248,772)	(258,830)	10,058		(2,523,126)	(3,050,529)	527,403
<b>Non operating income (expense)</b>							
Gain (loss) from disposition of property, plant and equipment	0	0	0		0	0	0
Interest and dividend income	746	677	68		1,918	4,800	(2,882)
Other income (expense)	5,569	0	5,569		13,014	0	13,014
Total non operating income (expense)	6,315	677	5,637		14,932	4,800	10,132
Change in net position	(242,458)	(258,152)	15,695		(2,508,194)	(3,045,729)	537,535
Net position - beginning of period	31,933,632	30,921,233	1,012,399		34,199,368	33,708,810	490,559
Net position - end of period	31,691,174	30,663,080	1,028,094		31,691,174	30,663,080	1,028,094
EBITDA	525,185	492,633	32,551		622,262	58,626	563,636

**Interior Alaska Natural Gas Utility**  
**Financial Statements - with budget comparison**  
**December 31, 2021**

	December 2021 (Actual)	December 2021 (Budget)	December 2021 (Variance) fav/(unfav)	Footnote	YTD 2021 (Actual)	YTD 2021 (Budget)	YTD 2021 (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	2,983,811	2,384,810	599,001		7,214,990	6,446,825	768,165
Cash received from bond premium	0	0	0		0	0	0
Cash paid to suppliers, employees	(2,565,337)	(1,902,359)	(662,978)		(8,141,192)	(6,780,340)	(1,360,852)
Cash paid to underwriters and bond professionals	0	0	0		0	0	0
Interest and dividends received	746	677	68		1,918	4,800	(2,882)
Net cash provided by (used in) operating activities	<u>419,219</u>	<u>483,129</u>	<u>(63,909)</u>		<u>(924,284)</u>	<u>(328,715)</u>	<u>(595,570)</u>
<b>Cash flows from capital and related financing activities</b>							
<b>Financing capital, operational, sources:</b>							
Proceeds from issuance of long-term debt (Commercial)	0	0	0		0	0	0
<b>Financing capital, operational, uses:</b>							
Principal payments on long-term debt	(21,513)	(21,418)	(95)		(290,207)	(290,319)	111
Interest paid	(7,079)	(7,064)	(16)		(134,334)	(133,604)	(730)
Liquified natural gas inventory	760,104	0	760,104		337,648	(1,568,213)	1,905,861
Proceeds from disposal of assets	0	0	0		0	0	0
Purchase of property, plant and equipment	(89,534)	(4,000)	(85,534)		(542,486)	(795,000)	252,514
Construction payable - operating capital projects	84,934	(6,000)	90,934		89,534	4,000	85,534
<b>Financing capital, long-term debt, sources:</b>							
Proceeds from issuance of long-term debt (SETS)	0	0	0		158,628	1,512,685	(1,354,057)
Proceeds from issuance of long-term debt (Bonds)	0	0	0		0	0	0
<b>Financing capital, long-term debt, uses:</b>							
Interest paid (Bonds)	(298,169)	(298,169)	0		(298,169)	(298,169)	0
Purchase of pipe inventory for future customer services	(59,256)	0	(59,256)		(452,868)	0	(452,868)
Consumed pipe and parts inventory for services	0	0	0		0	0	0
Construction work in progress (5.25 Storage)	0	0	0		6,692	(47,500)	54,192
Construction work in progress (Distribution and services)	(62,884)	(51,667)	(11,218)		(2,493,887)	(3,270,000)	776,113
Construction work in progress (NP Storage)	0	0	0		(80,000)	(20,000)	(60,000)
Construction work in progress (Liquifaction)	0	0	0		0	(426,000)	426,000
Construction payable - IEP capital projects	(221,866)	(312,000)	90,134		(626,138)	51,667	(677,805)
Net cash provided by (used in) capital and related financing activities	<u>84,737</u>	<u>(700,317)</u>	<u>785,054</u>		<u>(4,325,587)</u>	<u>(5,280,452)</u>	<u>954,866</u>
<b>Cash flows from investing activities</b>							
Purchase of marketable securities	0	0	0		0	0	0
Payment on deferred compensation	(1)	0	(1)		(0)	0	(0)
Net cash provided by (used in) investing activities	<u>(1)</u>	<u>0</u>	<u>(1)</u>		<u>(0)</u>	<u>0</u>	<u>(0)</u>
Net increase (decrease) in cash	503,955	(217,189)	721,144		(5,249,871)	(5,609,167)	359,296
Cash at beginning of period	<u>11,245,530</u>	<u>9,981,014</u>	<u>1,264,516</u>		<u>16,999,356</u>	<u>15,372,992</u>	<u>1,626,364</u>
Cash at end of period	<u><u>11,749,485</u></u>	<u><u>9,763,825</u></u>	<u><u>1,985,660</u></u>		<u><u>11,749,485</u></u>	<u><u>9,763,825</u></u>	<u><u>1,985,660</u></u>
<b>Reconciliation of Net Income (Loss) to Net Cash Provided By (Used in) Operating Activities</b>							
Operating income/(loss)	(248,772)	(258,830)	10,058		(2,523,126)	(3,050,529)	527,403
Adjustments to reconcile net income to net cash provided by (used in) operating activities:							
Depreciation	430,179	407,701	22,478		2,481,710	2,446,207	35,503
Amortazation	38,529	38,529	(0)		231,175	231,176	(1)
Gain (loss) from disposition of property, plant and equipment	0	0	0		0	0	0
Interest and dividend income	746	677	68		1,918	4,800	(2,882)
Other income (expense)	5,569	0	5,569		13,014	0	13,014
Interest paid	305,248	305,232	16		432,503	431,773	730
(Increase) decrease in assets					0		
Accounts receivable, net	(87,644)	(218,183)	130,539		(2,665,799)	(2,082,527)	(583,272)
Materials and supplies inventory	0	0	0		0	0	0
Deposits and other current assets	86,329	74,937	11,391		569,122	469,892	99,230
Increase (decrease) in liabilities							
Accounts payable	(36,296)	124,443	(160,739)		681,220	1,179,088	(497,867)
Accrued wages and burden	(74,701)	(538)	(74,163)		(146,446)	10,042	(156,488)
Other current and accrued liabilities	32	9,159	(9,127)		425	31,365	(30,940)
Net cash provided by (used in) operating activities	<u>419,219</u>	<u>483,129</u>	<u>(63,909)</u>		<u>(924,284)</u>	<u>(328,715)</u>	<u>(595,570)</u>



**Variance to Budget Footnotes**  
**December 31, 2021**

(a) - Utility Plant was \$1.9M<sup>1</sup> under budget due to a timing difference between budgeted projects and actual projects. In the first quarter of the fiscal year we budgeted to complete \$474K in project work for Titan II and miscellaneous work related to Site III, and \$320K in various other projects. These projects have not been completed by the end of the second quarter. We also budgeted for 600 service installs to be completed during the 2021 summer construction season and achieved 311 which resulted in \$1.1MM under budget. Year to date Utility Plant activity were as follows at December 31, 2021:

(\$ in thous)	Actual	Budget	Variance
Beginning Utility Plant net of accumulated depreciation, July 1, 2021	\$ 160,093	\$ 160,042	\$ 52
Capital Additions			
Budgeted Projects	564	795	(231)
Construction Work in Progress - IEP Projects	2,567	4,248	(1,681)
Disposals/Retirements	-	-	-
Current year accumulated depreciation	(2,482)	(2,446)	(36)
Adjustment to Accumulated Depreciation - Disposal of Assets	-	-	-
Ending Utility Plant net of accumulated depreciation, December 31, 2021	<u>\$ 160,743</u>	<u>\$ 162,639</u>	<u>\$ (1,896)<sup>1</sup></u>

(b) - Unrestricted and restricted cash was \$2MM<sup>1</sup> higher than budgeted. Unrestricted cash was approximately \$808K higher than what was budgeted. The higher cash balance is a accumulation of various higher and lower cash transactions than was budgeted. The largest contribution to unrestricted cash was higher sales during the first two quarters. The restricted cash was higher than budgeted due to capital projects not being completed or started. Year to date cash activities were as follows at December 31, 2021:

(\$ in thous)	Actual	Budget	Variance
Beginning cash, July 1, 2021	\$ 16,999	\$ 15,373	\$ 1,626
Net Increase/(Decrease) resulting from Operations, Financing and Investing activities	(5,250)	(5,609)	359
Ending cash, December 31, 2021	<u>\$ 11,749</u>	<u>\$ 9,764</u>	<u>\$ 1,986<sup>1</sup></u>

(c) - Accounts receivable was \$573K<sup>1</sup> higher than budget due to higher sales during the first two quarters. Collections continue to be stable. Accounts receivable activities were as follows at December 31, 2021:

(\$ in thous)	Actual	Budget	Variance
Beginning accounts receivable, July 1, 2021	\$ 610	\$ 620	\$ (11)
Addition - Billings	9,868	8,529	1,338
Payments received on account	(7,202)	(6,447)	(755)
Less allowance for doubtful accounts	<u>(100)</u>	<u>(100)</u>	<u>-</u>
Ending accounts receivable, December 31, 2021	<u>\$ 3,176</u>	<u>\$ 2,603</u>	<u>\$ 573<sup>1</sup></u>

(d) - LNG inventory was \$1.7M under budget largely due to sales out pacing LNG Plant production as expected during the winter season, no third party LNG purchases have been made as budgeted, and production challenges at the LNG Plant.

(e) - Materials and supply inventory was \$597K over budget largely due to current year materials used in construction have not been reclassified to the respective project accounts. The reclassification will occur when all construction documents are complete.





**Variance to Budget Footnotes**  
**December 31, 2021**

(f) - Deposits and other current assets were \$24K<sup>1</sup> higher than budget largely due to budgeted beginning balance was lower than actual beginning balance. This beginning balance difference will be eliminated during the year. Year to date deposits and other current assets activities were as follows at December 31, 2021:

(\$ in thous)	Actual	Budget	Variance
Beginning deposits and other current assets, July 1, 2021	\$ 832	\$ 709	\$ 123
<u>Additions</u>			
Prepaid Expenses:			
Insurance and operating expenses	120	120	-
<u>Reductions</u>			
Prepaid Expenses:			
Insurance and operating expenses	(689)	(590)	(99)
Deposits - Leased trailers & WC Insurance	-	-	-
Ending deposits and other current assets, December 31, 2021	<u>\$ 263</u>	<u>\$ 239</u>	<u>\$ 24<sup>1</sup></u>

(g) - Accrued wages & burden was \$52K lower than budget due to a timing difference between budgeted and actual accrued PTO. The 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.

(h) - Accounts payable was \$13K<sup>1</sup> higher than budget largely due to timing differences between actual and budgeted accounts payable and increased purchases associated with higher sales.

(i) - Other current and accrued liabilities were \$40K lower than budgeted due to timing differences between actual and budgeted accrued liabilities.

(j) - AIDEA - Term loan was \$1.4MM lower than budget. We continue to work with AIDEA to release the remaining project funds.

(k) - Gas revenues were \$463K higher than budget for the month of December. Due to the weather events prior to the end of the month, meter reads were delayed to January 3, 2022. The extended meter read period contributed to the increased sales for the month. Heating Degree Days (HDD) during the extended billing period were higher than budgeted for the month. Actual HDD during the extended billing period was 2,305 versus 2,135 budgeted.

(l) - Cost of gas was \$233K higher than budget for December due to higher than budgeted gas sales and unaccounted for gas costs.

(m) - Trucking expense was \$84K higher than budget for December largely due to higher sales.

(n) - Electricity was \$42K higher than budget for December largely due to higher gas sales.

(o) - Gas liquefaction expenses were \$54K higher than budget largely due to timing differences between actual and budgeted expenses. Please see Note 2 to the Detailed Expenses with Budget Comparison for further explanation of the variance.

(p) - Distribution operations expenses were \$15K lower than budget and \$5K lower than budget due to timing differences between actual and budgeted expenses.

(q) - Storage & vaporization operations expense was \$69K higher than budget due to expenses related to Novembers event and continued 24 hr manning of Site III.

(r) - Engineering expenses were \$19K lower than budget due to a large portion of wages being capitalized for mains and services construction and a vacant Engineer position.

(s) - Customer Services expense was \$6K higher than budget due to timing difference between actual and budgeted expenses and the monthly payroll accrual entry.

(t) - Administration and general expenses were \$17K lower than budget largely due to various timing differences between actual and budgeted expenses.

(u) - Depreciation expense was \$22K higher than budget due to a catchup entry for the new building.

# Interior Alaska Natural Gas Utility

## Detailed Expenses with Budget Comparison

	Dec 2021 (Actual)	Dec 2021 (Budget)	Dec 2021 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2021 (Actual)	YTD 2021 (Budget)	YTD 2021 (Variance)	Fav (F)/ Unfav (U)
<b><u>COST OF SALES</u></b>									
<b><u>Cost of Gas</u></b>									
Natural Gas Expense	1,256,673	1,023,541	(233,132)	U		3,958,409	3,338,807	(619,603)	U
Trucking Expenses	372,494	288,583	(83,911)	U		1,143,991	942,064	(201,926)	U
Electricity Expense	191,077	148,901	(42,176)	U		596,510	507,621	(88,889)	U
Total cost of gas	1,820,244	1,461,025	(359,219)	U		5,698,910	4,788,492	(910,418)	U
<b><u>Gas liquefaction expenses</u></b>									
Communications	369	500	131	F		2,201	3,000	799	F
Utilities	5,371	5,042	(329)	U		27,333	27,740	407	F
Rent Expense - Houston Facility	572	0	(572)	U		3,430	0	(3,430)	U
Other Expenses	3,282	303	(2,979)	U		3,282	1,815	(1,467)	U
Training Material	0	1,917	1,917	F		0	11,500	11,500	F
Safety Material	412	1,308	896	F		5,291	7,850	2,559	F
Freight Expense	0	53	53	F		403	317	(86)	U
Yard Maintenance	1,418	525	(893)	U		1,539	3,149	1,610	F
Outside Services	5,076	2,500	(2,576)	U		9,382	15,000	5,619	F
Maint - Structure Materials	0	33	33	F		1,110	196	(914)	U
Maint - Equipment Materials	1,602	1,197	(405)	U		19,265	7,183	(12,082)	U
Maint - Turbo Expander	2,871	2,500	(371)	U		2,871	15,000	12,129	F
Maint - BTB 1	1,414	7,083	5,670	F	(1)	7,344	42,500	35,156	F
Maint - BTB 2	1,414	7,083	5,670	F	(1)	10,768	42,500	31,732	F
Maint - Amine & Glycol	0	2,154	2,154	F		9,275	12,925	3,650	F
Maint - Cascade	19,091	9,167	(9,925)	U	(2)	36,998	55,000	18,002	F
Maint - Boost Compressor	0	2,917	2,917	F		26,211	17,500	(8,711)	U
Maint - Feed Gas Compressor	2,079	5,417	3,337	F		9,992	32,500	22,508	F
Maint - Skid Process	0	950	950	F		1,753	5,700	3,947	F
Maint - Transp Truck Materials	0	215	215	F		231	1,292	1,060	F
Maint - Trans Trailer T-2	0	458	458	F		797	2,750	1,952	F
Maint - Trans Trailer T-4	0	458	458	F		498	2,750	2,252	F
Maint - Trans Trailer T-6	0	458	458	F		3,036	2,750	(286)	U
Maint - Trans Trailer T-7	0	458	458	F		545	2,750	2,205	F
Maint - Trans Trailer T-8	0	458	458	F		4,676	2,750	(1,926)	U
Maint - Trans Trailer T-9	0	458	458	F		5,258	2,750	(2,508)	U
Maint - Trans Trailer T-10	81	458	377	F		81	2,750	2,669	F
Maint - Trans Trailer T-13	141	458	317	F		2,123	2,750	627	F
Maint - Trans Trailer T-14	141	458	317	F		3,648	2,750	(898)	U
Maint - Trans Trailer T-15	141	458	317	F		845	2,750	1,905	F
Maint - Trans Trailer T-16	630	458	(172)	U		1,482	2,750	1,268	F
Maint - Trans Trailer T-17	0	458	458	F		0	2,750	2,750	F
Maint - Trans Trailer T-18	0	458	458	F		0	2,750	2,750	F
Maint - Trans Trailer T-19	0	458	458	F		2,503	2,750	247	F
Maint - Trans Trailer T-20	0	458	458	F		208	2,750	2,542	F
Maint - Trans Trailer T-21	0	458	458	F		1,486	2,750	1,264	F
Maint - Trans Trailer T-22	0	458	458	F		5,818	2,750	(3,068)	U
Maint - Trans Trailer Unallocated	1,539	542	(997)	U		6,912	3,250	(3,662)	U
Maint - Other Equip Materials	3,954	1,128	(2,826)	U		9,610	6,769	(2,841)	U
Maint - Light Truck	175	417	242	F		736	2,500	1,764	F
Maint - Heavy Equip	969	417	(552)	U		969	2,500	1,531	F
Maint - Small Tools	0	453	453	F		1,547	2,716	1,169	F
Maint - T800s	0	625	625	F		2,774	3,750	976	F
Maint - Shop Consumables	340	1,250	910	F		2,310	7,500	5,190	F
Liquefaction Gas Usage	135,507	81,696	(53,810)	U	(3)	485,673	279,078	(206,595)	U
Salaries & Wages	59,645	57,953	(1,692)	U		332,251	347,715	15,464	F
Salaries & Wages - Overtime	10,303	4,819	(5,483)	U		32,082	28,917	(3,165)	U
Employee Benefits	2,644	1,573	(1,071)	U		6,521	9,439	2,918	F
Total gas liquefaction expenses	261,179	209,527	(51,651)	U		1,093,069	1,043,551	(49,518)	U

# Interior Alaska Natural Gas Utility

## Detailed Expenses with Budget Comparison

	Dec 2021 (Actual)	Dec 2021 (Budget)	Dec 2021 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2021 (Actual)	YTD 2021 (Budget)	YTD 2021 (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	0	350	350	F		77	2,100	2,023	F
Dist Ops - Training Materials	202	2,292	2,090	F		2,877	13,750	10,873	F
Dist Ops - Safety Materials	402	800	398	F		8,630	4,800	(3,830)	U
Dist Ops - Freight Expense	0	43	43	F		0	258	258	F
Dist Ops - Transportation Fuel	4,615	1,460	(3,155)	U		22,995	8,760	(14,235)	U
Dist Ops - Supervisor Labor	(2,333)	6,997	9,330	F	(4)	(1,239)	42,329	43,567	F
Dist Ops - Office Labor	(2,288)	3,224	5,513	F	(4)	19,656	20,599	943	F
Dist Ops - Training Labor	366	1,672	1,306	F		4,330	10,035	5,705	F
Dist Ops - Safety Labor	50	1,573	1,523	F		1,233	9,438	8,205	F
Dist Ops - Snow Removal Labor	3,025	2,606	(419)	U		3,776	15,636	11,859	F
Dist Ops - PTO Labor	3,352	5,469	2,117	F		21,758	32,815	11,057	F
Dist Ops - Holiday Labor	3,948	1,597	(2,351)	U		9,654	7,986	(1,668)	U
Dist Ops - Temp Labor	0	0	0	F		0	0	0	F
Dist Ops - Employee Benefits	0	1,140	1,140	F		0	6,838	6,838	F
<b><u>Fairbanks</u></b>									
Dist Ops - Mains Materials	0	0	0	F		76	1,667	1,590	F
Dist Ops - Meter Material	0	0	0	F		0	2,000	2,000	F
Dist Ops - Customer Site	600	0	(600)	U		5,910	0	(5,910)	U
Dist Ops - Outside Services	0	42	42	F		1,350	250	(1,100)	U
Dist Ops - Lease ROW	373	399	27	F		1,236	2,397	1,160	F
Dist Ops - Mains Labor	33	33	0	F		738	200	(538)	U
Dist Ops - Patrolling Labor	189	89	(101)	U		2,604	531	(2,073)	U
Dist Ops - Locating Labor	202	1,719	1,517	F		19,467	10,313	(9,154)	U
Dist Ops - Sys Pressure Labor	977	323	(655)	U		1,664	1,935	272	F
Dist Ops - Odorant Route Labor	275	570	295	F		2,832	3,421	589	F
Dist Ops - Meter Labor	1,692	1,872	180	F		9,770	11,234	1,464	F
Dist Ops - OT Labor	1,778	3,760	1,982	F		11,948	22,558	10,610	F
Dist Ops - On Call Labor	7,444	2,320	(5,124)	U	(5)	24,563	13,920	(10,642)	U
<b><u>North Pole</u></b>									
								0	F
Dist Ops - Mains Materials	0	0	0	F		0	1,333	1,333	F
Dist Ops - Meter Material	0	0	0	F		0	667	667	F
Dist Ops - Customer Site	0	42	42	F		0	250	250	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	0	0	F		0	0	0	F
Dist Ops - Supervisor Labor	0	0	0	F		0	0	0	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 - Office 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 - Snow Removal Labor	0	0	0	F		0	0	0	F
Dist Ops - OT Labor	0	0	0	F		0	0	0	F
Dist Ops - On Call Labor	0	0	0	F		0	0	0	F
Total distribution operations	24,901	40,392	15,491	F		175,905	248,018	72,113	F

# Interior Alaska Natural Gas Utility

## Detailed Expenses with Budget Comparison

	Dec 2021 (Actual)	Dec 2021 (Budget)	Dec 2021 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2021 (Actual)	YTD 2021 (Budget)	YTD 2021 (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	0	417	417	F		899	2,500	1,601	F
Dist Maint - Equip Materials	539	250	(289)	U		1,158	1,498	340	F
Dist Maint - Light Truck	1,574	1,250	(324)	U		8,466	7,500	(966)	U
Dist Maint - Heavy Equip	147	1,000	853	F		19,749	6,000	(13,749)	U
Dist Maint - Small Tools	1,493	105	(1,388)	U		4,056	632	(3,424)	U
Dist Maint - Shop Consumables	86	434	347	F		3,057	2,603	(455)	U
Dist Maint - CNG Comp	0	151	151	F		0	908	908	F
Dist Maint - Yard Labor	153	1,452	1,300	F		7,518	8,714	1,196	F
Dist Maint - Shop Labor	2,283	1,086	(1,197)	U		14,359	6,515	(7,844)	U
Dist Maint - Equipment Labor	282	1,008	726	F		1,151	6,049	4,898	F
<b><u>Fairbanks</u></b>									
Dist Maint - Main Materials	0	167	167	F		324	1,000	676	F
Dist Maint - Services Material	0	104	104	F		1,162	625	(537)	U
Dist Maint - Meter/Reg Material	0	83	83	F		1,242	500	(742)	U
Dist Maint - Mains Labor	0	2,730	2,730	F		1,668	16,379	14,712	F
Dist Maint - Dist Valves Labor	264	158	(106)	U		1,117	950	(166)	U
Dist Maint - Line Hit Labor	777	419	(357)	U		2,566	2,517	(49)	U
Dist Maint - Locate Labor	0	396	396	F		3,043	2,377	(666)	U
Dist Maint - Service Labor	479	1,081	601	F		3,034	6,483	3,450	F
Dist Maint - Meter Labor	1,064	590	(475)	U		4,769	3,537	(1,232)	U
Dist Maint - OT Labor	1,146	534	(612)	U		6,912	3,205	(3,707)	U
<b><u>North Pole</u></b>									
Dist Maint - Main Materials	0	0	0	F		0	667	667	F
Dist Maint - Services Material	0	0	0	F		0	667	667	F
Dist Maint - Meter/Reg Material	0	0	0	F		0	333	333	F
Dist Maint - Outside Services	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	10,289	13,415	3,126	F		86,249	82,159	(4,090)	U

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

	Dec 2021 (Actual)	Dec 2021 (Budget)	Dec 2021 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2021 (Actual)	YTD 2021 (Budget)	YTD 2021 (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	0	131	131	F		0	783	783	F
SS I - Outside Ser. - General	0	1,208	1,208	F		2,445	7,250	4,805	F
SS I - Utilities - Other	116	154	39	F		693	926	232	F
SS I - Supplies & Materials	0	17	17	F		0	100	100	F
SS I - Safety & Signage	0	100	100	F		3,881	600	(3,281)	U
SS I - Rents	0	50	50	F		0	300	300	F
SS I - Gas Usage	9,118	18,282	9,164	F	(6)	21,590	55,292	33,702	F
SS I - Electricity	2,233	1,467	(767)	U		9,973	12,214	2,241	F
SS I - Supervision Labor	0	18	18	F		0	107	107	F
SS I - Operations Labor	672	1,513	841	F		10,452	9,077	(1,375)	U
SS I - Snow Removal Labor	274	58	(215)	U		686	351	(335)	U
SS I - OT Labor	291	18	(273)	U		3,211	107	(3,104)	U
<b><u>Storage Site III</u></b>									
SS III - Communications	117	316	198	F		705	1,895	1,190	F
SS III - Outside Ser. - General	23,454	6,250	(17,204)	U	(7)	37,309	37,500	191	F
SS III - Utilities - Other	570	646	76	F		6,073	3,873	(2,200)	U
SS III - Supplies & Materials	652	238	(414)	U		652	1,425	773	F
SS III - Safety & Signage	0	142	142	F		840	850	10	F
SS III - Rents	0	83	83	F		0	500	500	F
SS III - Gas Usage	28,262	22,852	(5,410)	U	(6)	79,038	75,471	(3,567)	U
SS III - Electricity	26,246	18,497	(7,749)	U	(8)	150,799	154,043	3,243	F
SS III - Gas Losses	0	0	0	F		6,543	0	(6,543)	U
SS III - Supervision Labor	1,211	103	(1,108)	U		1,389	617	(772)	U
SS III - Operations Labor	25,513	1,526	(23,987)	U	(7)	57,489	9,157	(48,333)	U
SS III - Snow Removal Labor	0	58	58	F		0	351	351	F
SS III - OT Labor	15,587	160	(15,427)	U	(7)	22,720	958	(21,762)	U
<b><u>Storage Site IV</u></b>									
SS IV - Communications	0	42	42	F		330	250	(80)	U
SS IV - Outside Ser. - General	0	2,417	2,417	F		8,109	14,500	6,391	F
SS IV - Utilities - Other	342	333	(9)	U		1,994	2,000	6	F
SS IV - Supplies & Materials	0	208	208	F		6,521	1,250	(5,271)	U
SS IV - Safety & Signage	0	100	100	F		0	600	600	F
SS IV - Rents	0	50	50	F		0	300	300	F
SS IV - Gas Usage	3,401	415	(2,985)	U	(6)	22,353	3,568	(18,786)	U
SS IV - Electricity	3,533	1,298	(2,235)	U		15,072	10,810	(4,262)	U
SS IV - Supervision Labor	0	0	0	F		0	0	0	F
SS IV - Operations Labor	5,233	0	(5,233)	U	(9)	21,273	0	(21,273)	U
SS IV - Snow Removal Labor	83	0	(83)	U		152	0	(152)	U
SS IV - OT Labor	1,141	0	(1,141)	U		3,140	0	(3,140)	U
Total storage & vaporization operations	148,045	78,748	(69,297)	U		495,432	407,024	(88,408)	U



# Interior Alaska Natural Gas Utility

## Detailed Expenses with Budget Comparison

	Dec 2021 (Actual)	Dec 2021 (Budget)	Dec 2021 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2021 (Actual)	YTD 2021 (Budget)	YTD 2021 (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	150	500	350	F		5,382	3,000	(2,382)	U
SS I - Maint of Boiler Rm	0	167	167	F		0	1,000	1,000	F
SS I - Maint S&I - Yard	0	292	292	F		278	1,750	1,473	F
SS I - Mnte of LNG Tank 1	0	63	63	F		330	375	45	F
SS I - Mnte of LNG Tank 2	0	63	63	F		16	375	359	F
SS I - Mnte of LNG Tank 3	0	63	63	F		0	375	375	F
SS I - Mnte of LNG Tank 4	0	63	63	F		0	375	375	F
SS I - Mnte Vapor Equip	35	125	90	F		35	750	715	F
SS I - Mnte of Meter - Main	0	150	150	F		733	900	167	F
SS I - Mnte of Meter - Bypass	0	83	83	F		0	500	500	F
SS I - Mnte of Odorant	332	0	(332)	U		332	0	(332)	U
SS I - Maint Other Equip	0	92	92	F		2,179	554	(1,625)	U
SS I - Maint Testing Equip	0	133	133	F		1,895	800	(1,095)	U
SS I - Maint General Labor	601	710	108	F		6,914	4,258	(2,656)	U
SS I - Maint S&I Labor	0	438	438	F		1,599	2,626	1,026	F
SS I - Maint LNG Tank Labor	0	592	592	F		973	3,550	2,577	F
SS I - Maint Vapor Equip Labor	0	173	173	F		0	1,041	1,041	F
SS I - Maint Meas. & Reg. Labor	0	157	157	F		33	944	911	F
SS I - Maint Other Equip Labor	0	804	804	F		514	4,822	4,309	F
SS I - Maint OT Labor	297	43	(254)	U		539	260	(279)	U
<b><u>Storage Site III</u></b>									
SS III - Maint of Cont Rm	420	136	(284)	U		420	816	396	F
SS III - Maint of Boiler Rm	0	371	371	F		0	2,226	2,226	F
SS III - Maint S&I - Yard	0	345	345	F		253	2,070	1,817	F
SS III - Mnte of LNG Tank 1	2,806	0	(2,806)	U		4,465	0	(4,465)	U
SS III - Mnte Vapor Equip	0	66	66	F		0	396	396	F
SS III - Mnte of Meter - Main	0	42	42	F		0	250	250	F
SS III - Mnte of Odorant	0	667	667	F		0	4,004	4,004	F
SS III - Maint Other Equip	0	458	458	F		3,489	2,750	(739)	U
SS III - Maint Testing Equip	215	210	(5)	U		1,331	1,259	(72)	U
SS III - Maint General Labor	4,497	709	(3,788)	U		13,249	4,252	(8,997)	U
SS III - Maint S&I Labor	132	814	682	F		1,465	4,882	3,418	F
SS III - Maint Tank Labor	0	120	120	F		494	721	227	F
SS III - Maint Vapor Equip Labor	1,506	430	(1,075)	U		3,192	2,582	(610)	U
SS III - Maint Mea. & Reg. Labor	0	111	111	F		89	665	576	F
SS III - Maint Other Equip Labor	66	1,201	1,135	F		2,098	7,208	5,110	F
SS III - Maint OT Labor	0	199	199	F		66	1,191	1,125	F
<b><u>Storage Site IV</u></b>									
SS IV - Maint of Cont Rm	570	125	(445)	U		763	750	(13)	U
SS IV - Maint of Boiler Rm	0	292	292	F		0	1,750	1,750	F
SS IV - Maint S&I - Yard	0	125	125	F		127	750	623	F
SS IV - Mnte of LNG Tank 1	0	63	63	F		260	375	115	F
SS IV - Mnte of LNG Tank 2	0	63	63	F		0	375	375	F
SS IV - Mnte Vapor Equip	0	125	125	F		0	750	750	F
SS IV - Mnte of Meter - Main	0	83	83	F		195	500	305	F
SS IV - Mnte of Odorant	0	542	542	F		0	3,250	3,250	F
SS IV - Maint Other Equip	0	208	208	F		0	1,250	1,250	F
SS IV - Maint Testing Equip	0	21	21	F		0	125	125	F
SS IV - Maint General Labor	878	0	(878)	U		7,520	0	(7,520)	U
SS IV - Maint S&I Labor	0	0	0	F		1,592	0	(1,592)	U
SS IV - Maint LNG Tank Labor	0	0	0	F		0	0	0	F
SS IV - Maint Vapor Equip Labor	208	0	(208)	U		999	0	(999)	U
SS IV - Maint Meas. & Reg. Labor	0	0	0	F		66	0	(66)	U
SS IV - Maint Other Equip Labor	0	0	0	F		615	0	(615)	U
SS IV - Maint OT Labor	0	0	0	F		476	0	(476)	U
Total storage & vaporization maintenance	12,713	12,233	(479)	U		64,975	73,401	8,426	F
<b><u>Talkeetna maintenance</u></b>									
Maint - Salaries & Wages	229	0	(229)	U		1,788	0	(1,788)	U
Maint - Equip Materials	0	500	500	F		3,692	3,000	(692)	U
Maint - Small Tools	0	21	21	F		0	125	125	F
Total Talkeetna maintenance	229	521	291	F		5,480	3,125	(2,355)	U

# Interior Alaska Natural Gas Utility

## Detailed Expenses with Budget Comparison

	Dec 2021 (Actual)	Dec 2021 (Budget)	Dec 2021 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2021 (Actual)	YTD 2021 (Budget)	YTD 2021 (Variance)	Fav (F)/ Unfav (U)
<b><u>COST OF SALES</u></b>									
<b><u>Engineering</u></b>									
Eng Office & Computers	0	1,167	1,167	F		1,695	7,000	5,305	F
Eng - Outside Services - General	1,667	3,126	1,460	F		6,667	18,757	12,090	F
Eng - Travel	70	1,167	1,097	F		251	7,000	6,749	F
Eng - Training & Seminars	0	938	938	F		0	5,625	5,625	F
Eng - Dues & Subscriptions	909	1,104	195	F		5,455	6,625	1,170	F
Eng - General Labor	1,596	14,527	12,931	F	(10)	6,264	87,818	81,553	F
Eng - Training Labor	0	208	208	F		503	1,246	743	F
Eng - PTO Labor	(1,858)	657	2,516	F		2,654	3,945	1,290	F
Eng - Holiday Labor	796	658	(138)	U		1,327	3,290	1,963	F
Eng - OT Labor	1,140	584	(556)	U		3,942	3,503	(439)	U
Total engineering	4,320	24,135	19,815	F		28,758	144,808	116,050	F
<b><u>Customer Service</u></b>									
Cust Accts - Billing General Expense	7,378	7,659	281	F		34,114	45,952	11,839	F
Cust Accts - Doubtful Accounts	4,167	4,167	0	F		25,000	25,000	0	F
Cust Accts - Public Awareness Expense	905	1,042	137	F		5,165	6,250	1,085	F
Cust Accts - Sales Expense - Materials	0	417	417	F		4,043	2,500	(1,543)	U
Cust Accts - Sponsorships and Donations	0	417	417	F		1,500	2,500	1,000	F
Cust Accts - Office Supplies & Expense	86	625	539	F		452	3,750	3,298	F
Cust Accts - Employee Benefits - Appreciation	4,653	1,042	(3,611)	U		9,244	6,250	(2,994)	U
Cust Accts - Travel	0	417	417	F		28	2,500	2,473	F
Cust Accts - Dues and Memberships	0	429	429	F		407	2,575	2,168	F
Cust Accts - Meals & Entertainment	328	613	285	F		408	3,675	3,267	F
Cust Accts - Training & Seminars	2,265	208	(2,057)	U		2,265	1,250	(1,015)	U
Cust Accts - Conversion Manager	10,962	7,769	(3,193)	U		51,154	46,614	(4,540)	U
Cust Accts - Sales Labor	1,917	0	(1,917)	U		9,238	0	(9,238)	U
Cust Accts - General Labor	3,230	3,907	677	F		21,804	23,444	1,640	F
Cust Accts - Meter Reading Labor	1,135	932	(204)	U		5,948	5,590	(358)	U
Cust Accts - PTO Labor	0	481	481	F		0	2,883	2,883	F
Cust Accts - Holiday Labor	0	577	577	F		0	2,883	2,883	F
Total customer services	37,026	30,699	(6,327)	U		170,767	183,617	12,849	F
<b>Depreciation</b>	430,179	407,701	(22,478)	U		2,481,710	2,446,207	(35,503)	U
<b>Amortization</b>	38,529	38,529	0	F		231,175	231,176	1	F
Total cost of sales	2,787,654	2,316,926	(470,727)	U		10,532,430	9,651,578	(880,852)	U
<b><u>Administration &amp; General</u></b>									
Administrative Salaries	66,157	67,633	1,477	F		412,285	405,799	(6,486)	U
Administrative Wages	6,782	12,171	5,390	F	(11)	53,226	73,028	19,802	F
Administrative PTO Salaries and Wages	(5,140)	501	5,641	F	(12)	(30,070)	3,005	33,075	F
Administrative Holiday Salaries and Wages	2,163	601	(1,562)	U		4,424	3,005	(1,419)	U
Administrative Training Wages	0	0	0	F		895	0	(895)	U
Administrative OT Wages	650	1,720	1,070	F		5,624	10,322	4,698	F
Taxes Other than Income Taxes	18,939	17,157	(1,782)	U		96,313	102,944	6,631	F
Admin Employee Benefits	5,724	3,187	(2,537)	U		47,201	19,123	(28,078)	U
Admin & general expenses									
Office Supplies & Expense	2,640	1,589	(1,051)	U		20,515	9,535	(10,979)	U
Postage & Mailing Exp	819	674	(145)	U		5,476	4,042	(1,434)	U
Outside Services - General	4,535	8,333	3,798	F		39,032	50,000	10,968	F
Outside Services - Legal	1,953	8,333	6,381	F	(13)	11,894	50,000	38,106	F
Outside Services - Accounting	0	449	449	F		39,643	42,201	2,559	F
Property Insurance - Equipment	59,051	66,058	7,007	F	(14)	354,305	396,349	42,044	F
Property Insurance - Auto	3,317	3,140	(177)	U		19,536	18,840	(697)	U
General Liability Insurance	15,414	11,060	(4,354)	U	(14)	92,484	66,360	(26,124)	U
Workers Compensation Insurance	4,585	3,792	(793)	U		20,500	22,752	2,253	F
Employee Benefits - Health Insurance	17,027	13,913	(3,114)	U		85,763	83,478	(2,285)	U
Employee Benefits - Union	1,713	1,604	(109)	U		7,217	9,625	2,409	F
Telephone & Communication	3,308	2,281	(1,027)	U		20,649	13,686	(6,963)	U
Misc General Expenses	2,130	3,891	1,761	F		25,777	23,343	(2,434)	U
Travel	(19)	1,208	1,228	F		3,885	7,250	3,365	F
Advertising - Public Notices	611	902	291	F		1,556	5,415	3,859	F
Dues and Subscriptions	1,229	1,429	200	F		10,361	8,571	(1,790)	U
Property Tax	0	1,062	1,062	F		0	6,301	6,301	F
Meals & Entertainment	134	292	158	F		3,715	1,750	(1,965)	U
Utilities - Office	3,820	2,329	(1,491)	U		16,008	9,534	(6,474)	U
Training & Seminars - Admin	0	1,042	1,042	F		4,218	6,250	2,032	F
Rent (Building) Fairbanks	0	0	0	F		24,150	24,150	0	F
General Maintenance Building	1,523	625	(898)	U		10,157	3,750	(6,407)	U
Maintenance of Computers	2,693	2,687	(6)	U		19,232	16,123	(3,109)	U
Total administration & general	221,756	239,664	17,908	F		1,425,969	1,496,531	70,563	F
Total cost of sales and administration & general	3,009,410	2,556,590	(452,820)	U		11,958,398	11,148,109	(810,290)	U



**Variance to Budget Footnotes  
December 31, 2021**

- (1) - Gas liquefaction expenses Maint - BTB 1 & 2 were \$11K, collectively, lower than budget due to a timing differences between actual and budgeted maintenance expenses.
- (2) - Gas liquefaction expenses - Maint - Cascade was \$10K higher than budget due to a timing difference between actual and budgeted expenses and the replacement of shaft seals.
- (3) - Gas liquefaction expenses - Liquefaction Gas Usage expense was \$54K higher than budget due to higher sales and higher cost per Mcf than budgeted. We budgeted the cost of gas for LNG production at \$.64 per Mcf of sales and internal usage. The budgeted sales and internal usage were 128,527 Mcf for a total cost of \$82K. The actual cost of gas for LNG production was \$.87 per Mcf of sales and internal usage. The actual sales and internal usage were 154,375 Mcf at a total cost of \$136K. The higher cost per Mcf is caused by additional unaccounted for gas added to the cost of gas used in the liquefaction process.
- (4) - Distribution operations - common - Supervisor labor and Office labor expense was \$15K lower than budget due to accrued wages entry and labor being allocated to other departments.
- (5) - Distribution operations - Fairbanks - On Call labor expense was \$5K higher than budget due to increase after hour call outs.
- (6) - Storage & vaporization operations - SS I, III, IV - gas usage expense was \$1K lower than budget collectively. The majority of the distribution system was serviced by SS III in December causing less gas usage at SS I.
- (7) - Storage & vaporization operations - SS III - Outside Services, Operations Labor and OT Labor expenses were \$57K, collectively, higher than budget due to expenses incurred during the late November incident and continued 24hr monitoring of SS III.
- (8) - Storage & vaporization operations - SS III - electricity expense was \$8K higher than budget. We are continuing to learn how much electricity the SS III facility will need and when it is needed. The YTD actual is \$3K below budget.
- (9) - Storage & vaporization operations - SS IV - operations labor expense was \$5K higher than budget largely due to no wages being budgeted.
- (10) - Engineering - general labor expense was \$13K lower than budget due to a portion of wages being capitalized for mains and services construction and a vacant Engineer position.
- (11) - Administration & General - Administrative Salaries expense was \$5K lower than budget due to accrued wages from the prior Month that is being corrected in the current Month. The payroll staff has been tasked to continue to review the accrual workpaper to ensure a full correction will be made.
- (12) - Administration & General - Administrative PTO Salaries and Wages expense was \$6K lower do to the monthly accrued PTO adjustment.
- (13) - Administration & General - Outside Services - Legal expense during the month was \$6K lower than budget due to a timing differences between actual and budgeted expenses.
- (14) - Administration & General - property insurance - equipment and general liability insurance expense was \$3K lower than budget, collectively. Additional insurance was budgeted in anticipation of increased premiums during the year.



Interior Alaska Natural Gas Utility  
Financial and Operating Report  
Year to Date as of  
December 31, 2021

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

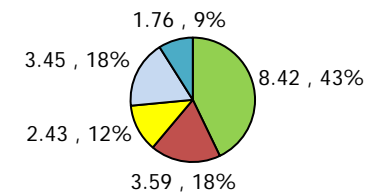
	YTD Actual	\$Mcf	YTD Budget	\$Mcf	Notes	% Difference Mcf
1 Mcf's Sales	470,125		408,411			15.1%
2 Revenues	9,867,775	20.99	8,529,352	20.88		0.51%
3						
4 Cost of sales:						
5 Natural gas purchases	3,958,409	8.42	3,338,807	8.18		3.0%
6 Gas liquefaction	1,093,069	2.33	1,043,551	2.56		-9.0%
7 Liquefaction electricity	596,510	1.27	507,621	1.24		2.1%
8 Transportation	1,143,991	2.43	942,064	2.31		5.5%
9 Cost of Sales	6,791,979	14.45	5,832,043	14.28		1.2%
10 <b>Gross Margin</b>	3,075,797	6.54	2,697,309	6.60		-0.9%
11						
12 Operating expenses:						
13 Distribution	262,154	0.56	330,177	0.81		-31.0%
14 Storage	565,886	1.20	483,550	1.18		1.7%
15 Engineering	28,758	0.06	144,808	0.35		-82.8%
16 Customer service	170,767	0.36	183,617	0.45		-19.2%
17 Administration and general	1,425,969	3.03	1,496,531	3.66		-17.2%
18 Interest expense	432,503	0.92	431,773	1.06		-13.0%
19 Depreciation and amortization	2,712,886	5.77	2,677,383	6.56		-12.0%
20 Total operating expenses	5,598,923	11.91	5,747,838	14.07		-15.4%
21 <b>Operating income (loss)</b>	(2,523,126)	(5.37)	(3,050,529)	(7.47)		28.2%
22						
23 Non operating income (expense)						
24 Interest and dividend income	1,918	0.00	4,800	0.01		-60.0%
25 Net proceeds of bond financing	0	0.00	0	0.00		NA
26 Other income (expense)	13,014	0.03	0	0.00		NA
27 Total non operating income (expense)	14,932	0.03	4,800	0.01		NA
						% Difference
28 <b>Change in net position</b>	(2,508,194)		(3,045,729)			17.7%
29 EBITDA	622,262		58,626		(1)	NA

Notes:

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

**YTD Actual**

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

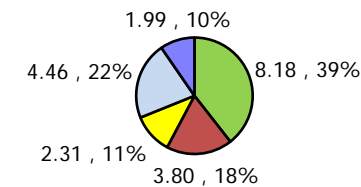


- Natural gas purchases
- Gas liquefaction
- Transportation
- Administration and general
- Distribution & Storage

Total Cost per Mcf less interest & depreciation: **\$19.67**

**YTD Budget**

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



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

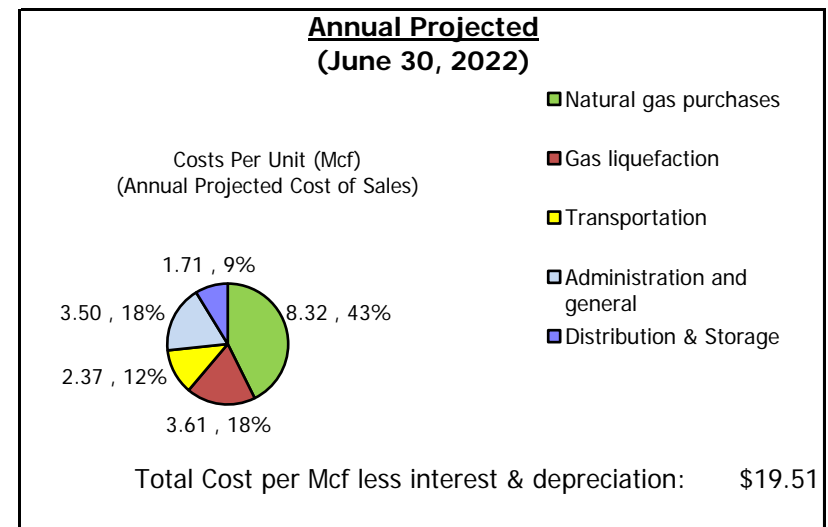
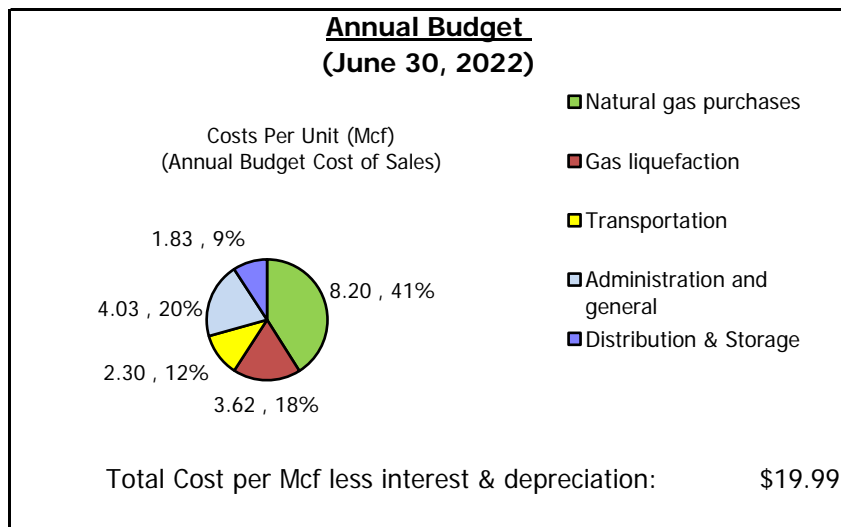
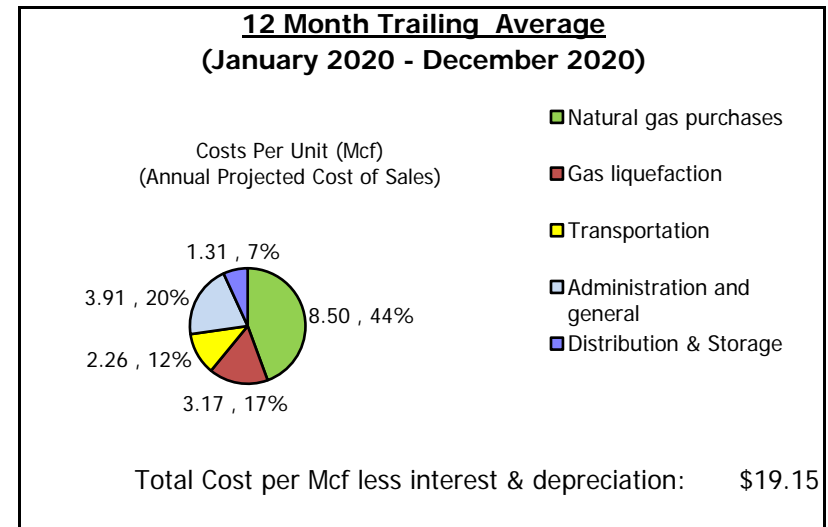
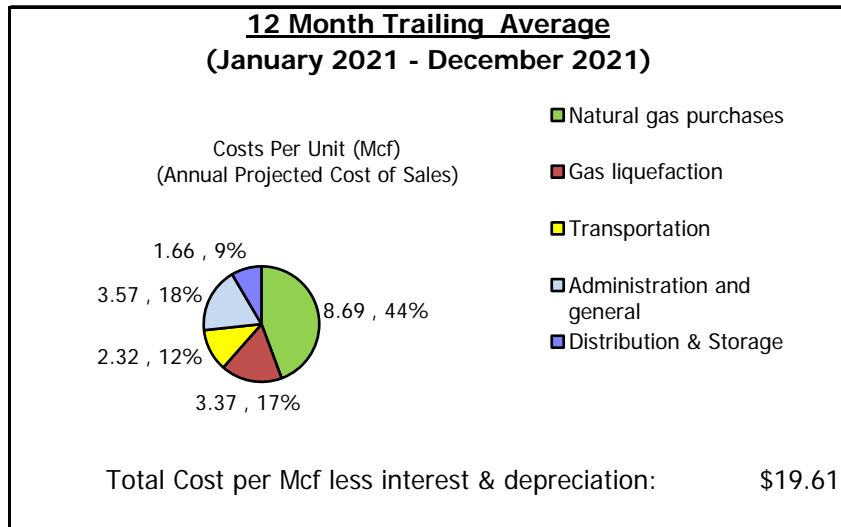
Total Cost per Mcf less interest & depreciation: **\$20.74**

LNG Inventory **11/30/2021** **12/31/2021**

Storage Site I	50,396	50,935
Storage Site III	2,842,783	2,163,219
Storage Site IV	28,127	37,644
Total Gals LNG	2,921,306	2,251,798

(669,508)

Interior Alaska Natural Gas Utility  
Financial and Operating Report  
Year to Date as of  
December 31, 2021



Key Financial Metrics:

	Actual	Budgeted	% Difference
Working capital cash balance	\$ 2,442,353	\$ 1,634,087	49.5%
Current ratio (Working capital)	4.2	3.9	7.4% Current Assets/Current Liabilities
Quick ratio	3.6	3.4	4.8% (Cash+A/R)/Current Liabilities)
Debt coverage ratio (Annual)	2.5	1.2	101.1% (Loan Covenants 1.2)

Interior Alaska Natural Gas Utility  
IGU Financial Summary:  
Income Statement and Funds Available for  
Debt Service  
**Scenario 3 - Base Case**

Line No.	ITEM	FY 2022 (Proforma)	FY 2022 (Projected) (Unaudited)	Difference
	<b>Total Customers</b>	<b>1671</b>	<b>1765</b>	<b>94</b>
1	<b>Gas Sales (MCF)</b>	1,135,293	968,563	(166,730)
2				
3	<b>Average Rate Revenue per MCF (\$/MCF)</b>	\$19.54	\$20.89	\$1.35
4				
5	<b>Operating Revenues</b>			
6	Sales/Charges for Service	\$ 22,183,535	\$ 20,234,931	\$ (1,948,604)
7	Other Income	-	-	-
8	<b>Total Operating Revenues</b>	<b>\$ 22,183,535</b>	<b>\$ 20,234,931</b>	<b>\$ (1,948,604)</b>
9				
10	<b>Operating Expenses</b>			
11	Cost of Gas (delivered to Fairbanks)*	17,180,129	13,853,176	(3,326,953)
12	ST - Revenues less Cost of Gas [1]	\$ 5,003,406	\$ 6,381,756	\$ 1,378,350
13				
14	Distribution			
15	Storage & Vaporizing	590,580	1,062,892	472,312
16	Distribution Operations	788,438	588,665	(199,773)
17	Customer Accounts	290,773	357,182	66,409
18	Administrative & General/Engineering*	2,338,590	3,031,920	693,330
19	ST - Distribution	\$ 4,008,381	\$ 5,040,658	\$ 1,032,277
20				
21	<b>Operating Margin</b> [2]	<b>\$ 995,025</b>	<b>\$ 1,341,097</b>	<b>\$ 346,072</b>
22				
23	<b>Non Operating (Revenues) Expenses</b>			
24	Depreciation and Amortization	6,342,719	5,390,268	(952,451)
25	Interest Expenses (Excludes Capitalized Interest)	112,147	175,033	62,886
26	Interest/Investment Earnings/Other Income	(283,324)	(150,197)	133,127
27	ST - Non-Operating Items	\$ 6,171,542	\$ 5,415,104	\$ (756,438)
28				
29	<b>Net Income</b> [3]	<b>\$ (5,176,517)</b>	<b>\$ (4,074,007)</b>	<b>\$ 1,102,510</b>
30				
31	<b>Funds Available for Debt Service</b> [4]	<b>\$ 1,278,349</b>	<b>\$ 1,491,295</b>	<b>\$ 212,946</b>
32				
33	<b>Debt Service</b>			
34	SETS			
35	Bonds			
36	Commercial Debt	454,201	595,655	141,454
37	<b>Total Debt Service</b>	<b>\$ 454,201</b>	<b>\$ 595,655</b>	<b>\$ 141,454</b>
38				
39	<b>Debt Service Coverage - SETS</b> [5]	-	-	
40	<b>Debt Service Coverage - Bonds</b> [6]	-	-	
41	<b>Debt Service Coverage - Commercial</b> [7]	2.81	2.50	
42	<b>Total Debt Service Coverage - Combined</b> [8]	2.81	2.50	
43				
44	Depreciable Assets	\$ 191,507,026	\$ 174,170,207	\$ (17,336,819)

**Footnotes:**

[1] Line 12 = Line 8 minus Line 11  
[2] Line 21 = Line 12 minus Line 19  
[3] Line 29 = Line 21 minus Line 27  
[4] Line 31 = Line 29 plus Line 24 plus Line 25

[5] Line 40 = SETS debt service set at 1.0  
[6] Line 41 = Funds remaining after SETS and Commercial debt service divided by Line 36  
[7] Line 42 = Commercial debt service set at 1.2  
[8] Line 43 = Line 31 divided by Line 38

\*

The Proforma includes the LNG Plant Administrative & General expenses of approximately \$507K in the Cost of Gas while the Projection includes Administrative & General expenses inclusive in Administrative & General/Engineering expense line.

## **Controller Summary – Interior Alaska Natural Gas Utility – January, 2022**

The summary report provided for January, 2022 was derived from analysis and evaluation of the current and prospective profitability based on Earnings before Interest, Taxes, Depreciation and Amortization, liquidity and financial stability and compliance of Interior Gas Utility. Methods used include trend analysis as well as ratios such as Current and Quick ratios (Liquidity) and Debt Coverage Ratio (Financial Stability and Compliance). Results of data analyzed show that these ratios are equal to or above industry benchmark averages that I have researched.

The report finds the prospects of the IGU in its current position are positive. The company continues to remain stable in difficult local and national economic conditions largely related to the COVID-19 pandemic.

Month ending working capital, \$3.6 million, is above budgeted levels, \$2.3 million. Overall, working capital was sufficient to cover all budgetary items during the month.

Gas sales for the month of January were above budget by 4,351 Mcf's, 3%, despite having a short meter read month. January had 28 usage days due to winter storm events in December delaying the meter read process during December and meter reads were not completed in December until January 3rd. The interruptible service customers accounted for the higher than budget sales in January. Fairbanks Memorial Hospital and UAF were not budgeted to consume during the month, though they did consume. The 3 usage days recorded in December contributed to the lower usage for the firm service customers in January.

Overall cost of goods sold (COGS), which include natural gas purchases, trucking expenses, LNG production electricity, and gas liquefaction expenses, for the month of January were 8% higher than budgeted. The largest contribution to the higher cost of goods sold was higher than expected gas liquefaction cost. Repair cost related to the Turbo Expander, equipment used in the liquefaction process, accounted for more than 50% of the over budget variance. The remaining variance is related to higher sales combined with higher cost per Mcf for natural gas purchases (\$.06/Mcf), trucking expense (\$.09/Mcf), and electricity (\$.02/Mcf).

Departmental expenses, in whole, were \$41K higher than budget for the month largely attributed to expenses related to the November event causing continued 24-hour manning of LNG Storage Site III and additional cost associated with the snow removal caused by the December winter weather events. Departmental expenses were \$483 thousand compared to the budget of \$442 thousand. Management continues to review and adjust expenses in response to overall sales.

During January we capitalized \$1,717 of operating wages related to construction activities. Year to date we have capitalized \$76,784 of operating wages related to Services and Main Extension construction activities.

The third quarter of FY 22 currently has no reported casualty loss due to vehicle accidents or loss time work injuries. No recording of a contingent liability was needed.

Recommendations for discussion include:

- None at time of report.

Wesley G.W. Smith, C.P.A.  
Controller

**Interior Alaska Natural Gas Utility**  
**Financial Statements - with budget comparison**  
**January 31, 2022**

	January 2022 (Actual)	January 2022 (Budget)	January 2022 (Variance) fav/(unfav)	Footnote	YTD 2022 (Actual)	YTD 2022 (Budget)	YTD 2022 (Variance) fav/(unfav)
<b>STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION</b>							
Mcf:							
Residential	13,333	14,798	(1,465)		56,923	53,362	3,562
Small Commercial	62,723	67,944	(5,221)		273,883	262,132	11,751
Large Commercial	31,022	31,981	(959)		139,565	127,562	12,003
Interruptible - Small	8,919	9,007	(88)		41,435	43,904	(2,469)
Interruptible - Large	7,759	7,515	244		33,380	26,723	6,657
Hospital	6,013	0	6,013		48,997	21,017	27,979
UAF	5,855	0	5,855		6,634	0	6,634
Talkeetna	690	718	(28)		5,623	5,675	(52)
Total Mcf	136,315	131,963	4,351	(a)	606,440	540,375	66,065
HDD	2,295	2,242	53		8,550	8,331	219
<b>Operating revenues</b>							
Residential Gas Revenues	277,467	307,948	(30,481)		1,184,573	1,110,458	74,115
Small Commercial Gas Revenues	1,302,134	1,410,525	(108,391)		5,693,761	5,441,857	251,904
Large Commercial Gas Revenues	642,151	662,007	(19,855)		2,889,006	2,640,533	248,472
Interruptible - small commercial gas revenues	178,645	180,410	(1,765)		829,935	879,397	(49,462)
Interruptible - large commercial gas revenues	151,307	123,998	27,309		643,426	440,930	202,497
Hospital Gas Revenues	117,261	0	117,261		923,889	346,788	577,101
UAF Revenues	114,173	0	114,173		128,579	0	128,579
Talkeetna commercial gas revenues	12,068	12,565	(497)		98,399	99,311	(912)
Service Charge Revenues	33,242	33,542	(300)		222,954	224,348	(1,394)
Other Revenue	6,273	2,500	3,773		87,974	79,225	8,749
Total operating revenue	2,834,721	2,733,494	101,227	(a)	12,702,497	11,262,847	1,439,650
<b>Operating expenses</b>							
Natural gas purchases	1,124,809	1,080,343	(44,466)	(b)	5,083,218	4,419,150	(664,069)
Trucking Expenses	325,928	304,000	(21,928)	(c)	1,469,919	1,246,065	(223,854)
Electricity	164,787	156,804	(7,983)	(d)	761,296	664,425	(96,872)
Gas liquefaction expenses	285,760	214,014	(71,747)	(e)	1,378,829	1,257,565	(121,264)
Distribution operations	19,195	40,392	21,197	(f)	195,100	288,410	93,310
Distribution maintenance	17,882	13,415	(4,466)		104,131	95,575	(8,556)
Storage & vaporization operations	116,702	80,433	(36,269)	(g)	612,133	487,457	(124,676)
Storage & vaporization maintenance	14,808	13,692	(1,117)		79,783	87,092	7,309
Engineering	13,301	24,135	10,834	(h)	42,059	168,942	126,884
Talkeetna operations	0	0	0		0	0	0
Talkeetna maintenance	186	521	335		5,665	3,646	(2,020)
Customer Services	37,315	30,699	(6,616)	(i)	208,083	214,316	6,233
Administration and general expenses	263,389	238,398	(24,992)	(j)	1,689,358	1,728,627	39,270
Property taxes	0	1,062	1,062		0	7,363	7,363
Interest expense	7,176	6,992	(184)		439,679	438,765	(914)
Depreciation	413,934	407,701	(6,233)	(k)	2,895,644	2,853,908	(41,736)
Amortization	38,529	38,529	0		269,705	269,705	1
Total operating expense	2,843,702	2,651,129	(192,573)		15,234,603	14,231,011	(1,003,592)
Operating income (loss)	(8,981)	82,365	(91,346)		(2,532,107)	(2,968,164)	436,057
<b>Non operating income (expense)</b>							
Gain (loss) from disposition of property, plant and equipment	0	0	0		0	0	0
Interest and dividend income	264	673	(409)		2,182	5,473	(3,291)
Other income (expense)	413	0	413		13,426	0	13,426
Total non operating income (expense)	677	673	4		15,609	5,473	10,136
Change in net position	(8,303)	83,038	(91,342)		(2,516,498)	(2,962,691)	446,193
Net position - beginning of period	31,691,174	30,663,080	1,028,094		34,199,368	33,708,810	490,559
Net position - end of period	31,682,871	30,746,119	936,752		31,682,871	30,746,119	936,752
EBITDA	450,659	535,588	(84,929)		1,072,921	594,214	478,707

**Interior Alaska Natural Gas Utility**  
**Financial Statements - with budget comparison**  
**January 31, 2022**

	January 2022 (Actual)	January 2022 (Budget)	January 2022 (Variance) fav/(unfav)	Footnote	YTD 2022 (Actual)	YTD 2022 (Budget)	YTD 2022 (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	2,900,448	2,602,993	297,455		10,115,438	9,049,818	1,065,620
Cash received from bond premium	0	0	0		0	0	0
Cash paid to suppliers, employees	(2,156,209)	(1,931,829)	(224,379)		(10,297,401)	(8,712,169)	(1,585,232)
Cash paid to underwriters and bond professionals	0	0	0		0	0	0
Interest and dividends received	264	673	(409)		2,182	5,473	(3,291)
Net cash provided by (used in) operating activities	<u>744,504</u>	<u>671,837</u>	<u>72,667</u>		<u>(179,780)</u>	<u>343,122</u>	<u>(522,903)</u>
<b>Cash flows from capital and related financing activities</b>							
<b>Financing capital, operational, sources:</b>							
Proceeds from issuance of long-term debt (Commercial)	0	0	0		0	0	0
<b>Financing capital, operational, uses:</b>							
Principal payments on long-term debt	(21,417)	(21,490)	73		(311,624)	(311,809)	185
Interest paid	(7,176)	(6,992)	(184)		(141,510)	(140,596)	(914)
Liquified natural gas inventory	543,725	0	543,725		881,373	(1,568,213)	2,449,586
Proceeds from disposal of assets	0	0	0		0	0	0
Purchase of property, plant and equipment	(15,664)	0	(15,664)		(517,615)	(795,000)	277,385
Construction payable - operating capital projects	(36,275)	(4,000)	(32,275)		12,724	0	12,724
<b>Financing capital, long-term debt, sources:</b>							
Proceeds from issuance of long-term debt (SETS)	0	0	0		158,628	1,512,685	(1,354,057)
Proceeds from issuance of long-term debt (Bonds)	0	0	0		0	0	0
<b>Financing capital, long-term debt, uses:</b>							
Interest paid (Bonds)	0	0	0		(298,169)	(298,169)	0
Purchase of pipe inventory for future customer services	(36,133)	0	(36,133)		(489,001)	0	(489,001)
Consumed pipe and parts inventory for services	0	0	0		0	0	0
Construction work in progress (5.25 Storage)	0	0	0		6,692	(47,500)	54,192
Construction work in progress (Distribution and services)	(38,693)	(51,667)	12,974		(2,532,580)	(3,321,667)	789,086
Construction work in progress (NP Storage)	0	0	0		(80,000)	(20,000)	(60,000)
Construction work in progress (Liquifaction)	0	0	0		(40,535)	(426,000)	385,465
Construction payable - IEP capital projects	(10,625)	0	(10,625)		(596,228)	51,667	(647,894)
Net cash provided by (used in) capital and related financing activities	<u>377,742</u>	<u>(84,149)</u>	<u>461,890</u>		<u>(3,947,845)</u>	<u>(5,364,601)</u>	<u>1,416,756</u>
<b>Cash flows from investing activities</b>							
Purchase of marketable securities	0	0	0		0	0	0
Payment on deferred compensation	0	0	0		(0)	0	(0)
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>1,122,245</u>	<u>587,688</u>	<u>534,557</u>		<u>(4,127,625)</u>	<u>(5,021,479)</u>	<u>893,854</u>
Cash at beginning of period	<u>11,749,485</u>	<u>9,763,825</u>	<u>1,985,660</u>		<u>16,999,356</u>	<u>15,372,992</u>	<u>1,626,364</u>
Cash at end of period	<u><u>12,871,731</u></u>	<u><u>10,351,513</u></u>	<u><u>2,520,218</u></u>		<u><u>12,871,731</u></u>	<u><u>10,351,513</u></u>	<u><u>2,520,218</u></u>
<b>Reconciliation of Net Income (Loss) to Net Cash Provided By (Used in) Operating Activities</b>							
Operating income/(loss)	(8,981)	82,365	(91,346)		(2,532,107)	(2,968,164)	436,057
Adjustments to reconcile net income to net cash provided by (used in) operating activities:							
Depreciation	413,934	407,701	6,233		2,895,644	2,853,908	41,736
Amortazation	38,529	38,529	(0)		269,705	269,705	(1)
Gain (loss) from disposition of property, plant and equipment	0	0	0		0	0	0
Interest and dividend income	264	673	(409)		2,182	5,473	(3,291)
Other income (expense)	413	0	413		13,426	0	13,426
Interest paid	7,176	6,992	184		439,679	438,765	914
(Increase) decrease in assets					0		
Accounts receivable, net	65,314	(130,502)	195,815		(2,600,485)	(2,213,029)	(387,457)
Materials and supplies inventory	0	0	0		0	0	0
Deposits and other current assets	67,672	75,785	(8,112)		636,794	545,677	91,117
Increase (decrease) in liabilities							
Accounts payable	117,346	87,547	29,799		798,566	1,266,635	(468,068)
Accrued wages and burden	42,880	41,960	920		(103,567)	52,001	(155,568)
Other current and accrued liabilities	(44)	60,786	(60,830)		381	92,151	(91,770)
Net cash provided by (used in) operating activities	<u>744,504</u>	<u>671,837</u>	<u>72,667</u>		<u>(179,780)</u>	<u>343,122</u>	<u>(522,903)</u>



**Variance to Budget Footnotes**  
**January 31, 2022**

- (a) - Gas revenues were \$101K higher than budget despite having only 27 billing days versus 31 billing days budgeted. The largest contributions to higher than budgeted sales were the Hospital and UAF. The Hospital and UAF were budgeted to not be consuming during the month.
- (b) - Cost of gas was \$44K higher than budget. The over budget amount is attributed to higher gas sales than budgeted.
- (c) - Trucking expense was \$22K higher than budget. The over budget amount is attributed to higher gas sales than budgeted.
- (d) - Electricity was \$8K higher than budget. The over budget amount is attributed to higher gas sales than budgeted.
- (e) - Gas liquefaction expenses were \$72K higher than budget due to timing differences between actual and budgeted expenses and unbudgeted repair expense related to the Turbo Expander. Please see Note 6 to the Detailed Expenses with Budget Comparison for further explanation of the variance.
- (f) - Fairbanks distribution operations expense was \$21K lower than budget largely due to wages being allocated to other departments and timing differences between actual and budgeted expenses..
- (g) - Storage & vaporization operations expense was \$36K higher than budget due to expenses related to Novembers event causing 24 hr manning of Site III and continued snow removal cost from winter storms.
- (h) - Engineering expenses were \$11K lower than budget largely due to a portion of wages being capitalized for mains and services construction and a vacant Senior Engineer position. During the month we have added a part-time control systems engineer.
- (i) - Customer Services expense was \$7K higher than budget largely due to increased billing expenses related to a higher volume of customer payments being paid by credit and debit cards than the budget accounted for.
- (j) - Administration and general expenses were \$24K higher than budget largely due to timing differences between actual expenses vs budgeted expenses.
- (k) - Depreciation expense was \$6K higher than budget due to the new building was not budgeted.

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

	Jan 2022 (Actual)	Jan 2022 (Budget)	Jan 2022 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2022 (Actual)	YTD 2022 (Budget)	YTD 2022 (Variance)	Fav (F)/ Unfav (U)
<b><u>COST OF SALES</u></b>									
<b><u>Cost of Gas</u></b>									
Natural Gas Expense	1,124,809	1,080,343	(44,466)	U		5,083,218	4,419,150	(664,069)	U
Trucking Expenses	325,928	304,000	(21,928)	U		1,469,919	1,246,065	(223,854)	U
Electricity Expense	164,787	156,804	(7,983)	U		761,296	664,425	(96,872)	U
Total cost of gas	1,615,524	1,541,147	(74,377)	U		7,314,434	6,329,639	(984,795)	U
<b><u>Gas liquefaction expenses</u></b>									
Communications	363	500	137	F		2,564	3,500	936	F
Utilities	5,284	5,036	(248)	U		32,617	32,776	159	F
Rent Expense - Houston Facility	572	0	(572)	U		4,002	0	(4,002)	U
Other Expenses	(722)	303	1,024	F		2,560	2,118	(443)	U
Training Material	0	1,917	1,917	F		0	13,417	13,417	F
Safety Material	1,142	1,308	167	F		6,433	9,158	2,726	F
Freight Expense	0	53	53	F		403	370	(33)	U
Yard Maintenance	0	525	525	F		1,539	3,674	2,135	F
Outside Services	9,173	2,500	(6,673)	U	(1)	18,554	17,500	(1,054)	U
Maint - Structure Materials	1,111	33	(1,079)	U		2,221	228	(1,993)	U
Maint - Equipment Materials	221	1,197	976	F		19,487	8,381	(11,106)	U
Maint - Turbo Expander	54,028	2,500	(51,528)	U	(2)	56,900	17,500	(39,400)	U
Maint - BTB 1	1,458	7,083	5,625	F	(3)	8,801	49,583	40,782	F
Maint - BTB 2	1,583	7,083	5,500	F	(3)	12,351	49,583	37,233	F
Maint - Amine & Glycol	0	2,154	2,154	F		9,275	15,079	5,804	F
Maint - Cascade	101	9,167	9,066	F	(4)	37,099	64,167	27,068	F
Maint - Boost Compressor	2,561	2,917	355	F		28,773	20,417	(8,356)	U
Maint - Feed Gas Compressor	4,211	5,417	1,206	F		14,203	37,917	23,714	F
Maint - Skid Process	0	950	950	F		1,753	6,651	4,897	F
Maint - Transp Truck Materials	160	215	55	F		391	1,507	1,116	F
Maint - Trans Trailer T-2	0	458	458	F		797	3,208	2,411	F
Maint - Trans Trailer T-4	2,408	458	(1,950)	U		2,907	3,208	302	F
Maint - Trans Trailer T-6	0	458	458	F		3,036	3,208	172	F
Maint - Trans Trailer T-7	0	458	458	F		545	3,208	2,664	F
Maint - Trans Trailer T-8	1,101	458	(643)	U		5,778	3,208	(2,569)	U
Maint - Trans Trailer T-9	0	458	458	F		5,258	3,208	(2,050)	U
Maint - Trans Trailer T-10	0	458	458	F		81	3,208	3,127	F
Maint - Trans Trailer T-13	371	458	88	F		2,494	3,208	714	F
Maint - Trans Trailer T-14	0	458	458	F		3,648	3,208	(440)	U
Maint - Trans Trailer T-15	742	458	(283)	U		1,587	3,208	1,622	F
Maint - Trans Trailer T-16	0	458	458	F		1,482	3,208	1,726	F
Maint - Trans Trailer T-17	0	458	458	F		0	3,208	3,208	F
Maint - Trans Trailer T-18	0	458	458	F		0	3,208	3,208	F
Maint - Trans Trailer T-19	1,112	458	(654)	U		3,616	3,208	(408)	U
Maint - Trans Trailer T-20	10,179	458	(9,721)	U	(5)	10,388	3,208	(7,179)	U
Maint - Trans Trailer T-21	0	458	458	F		1,486	3,208	1,722	F
Maint - Trans Trailer T-22	0	458	458	F		5,818	3,208	(2,610)	U
Maint - Trans Trailer Unallocated	750	542	(208)	U		7,662	3,792	(3,870)	U
Maint - Other Equip Materials	1,324	1,128	(196)	U		10,934	7,897	(3,037)	U
Maint - Light Truck	139	417	278	F		875	2,917	2,041	F
Maint - Heavy Equip	7	417	410	F		975	2,917	1,941	F
Maint - Small Tools	267	453	185	F		1,814	3,168	1,354	F
Maint - T800s	0	625	625	F		2,774	4,375	1,601	F
Maint - Shop Consumables	655	1,250	595	F		2,965	8,750	5,785	F
Liquefaction Gas Usage	123,314	86,189	(37,125)	U	(6)	608,987	365,267	(243,720)	U
Salaries & Wages	53,133	57,953	4,819	F		385,385	405,668	20,283	F
Salaries & Wages - Overtime	7,140	4,819	(2,320)	U		39,221	33,736	(5,485)	U
Employee Benefits	1,871	1,573	(298)	U		8,392	11,012	2,620	F
Total gas liquefaction expenses	285,760	214,014	(71,747)	U		1,378,829	1,257,565	(121,264)	U



# Interior Alaska Natural Gas Utility

## Detailed Expenses with Budget Comparison

<b><u>COST OF SALES</u></b>	Jan 2022 (Actual)	Jan 2022 (Budget)	Jan 2022 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2022 (Actual)	YTD 2022 (Budget)	YTD 2022 (Variance)	Fav (F)/ Unfav (U)
<b><u>Distribution operations</u></b>									
<b><u>Common</u></b>									
Dist Ops - Office & Computer	99	350	251	F		176	2,450	2,274	F
Dist Ops - Training Materials	202	2,292	2,090	F		3,079	16,042	12,963	F
Dist Ops - Safety Materials	1,052	800	(252)	U		9,682	5,600	(4,082)	U
Dist Ops - Freight Expense	0	43	43	F		0	301	301	F
Dist Ops - Transportation Fuel	3,416	1,460	(1,956)	U		26,411	10,220	(16,191)	U
Dist Ops - Supervisor Labor	313	6,997	6,684	F	(7)	(926)	49,326	50,252	F
Dist Ops - Office Labor	2,222	3,224	1,003	F		21,877	23,823	1,945	F
Dist Ops - Training Labor	330	1,672	1,342	F		4,660	11,707	7,047	F
Dist Ops - Safety Labor	0	1,573	1,573	F		1,233	11,011	9,778	F
Dist Ops - Snow Removal Labor	1,296	2,606	1,310	F		5,072	18,242	13,169	F
Dist Ops - PTO Labor	1,420	5,469	4,049	F		23,178	38,284	15,105	F
Dist Ops - Holiday Labor	1,497	1,597	100	F		11,151	9,583	(1,568)	U
Dist Ops - Temp Labor	0	0	0	F		0	0	0	F
Dist Ops - Employee Benefits	0	1,140	1,140	F		0	7,977	7,977	F
<b><u>Fairbanks</u></b>									
Dist Ops - Mains Materials	1,560	0	(1,560)	U		1,636	1,667	30	F
Dist Ops - Meter Material	0	0	0	F		0	2,000	2,000	F
Dist Ops - Customer Site	590	0	(590)	U		6,500	0	(6,500)	U
Dist Ops - Outside Services	(1,350)	42	1,392	F		0	292	292	F
Dist Ops - Lease ROW	173	399	227	F		1,409	2,796	1,387	F
Dist Ops - Mains Labor	0	33	33	F		738	233	(505)	U
Dist Ops - Patrolling Labor	17	89	72	F		2,621	620	(2,001)	U
Dist Ops - Locating Labor	342	1,719	1,377	F		19,809	12,032	(7,777)	U
Dist Ops - Sys Pressure Labor	0	323	323	F		1,664	2,258	594	F
Dist Ops - Odorant Route Labor	72	570	498	F		2,905	3,991	1,087	F
Dist Ops - Meter Labor	484	1,872	1,389	F		10,253	13,106	2,853	F
Dist Ops - OT Labor	1,306	3,760	2,454	F		13,254	26,318	13,064	F
Dist Ops - On Call Labor	4,154	2,320	(1,834)	U		28,717	16,240	(12,476)	U
<b><u>North Pole</u></b>									
Dist Ops - Mains Materials	0	0	0	F		0	1,333	1,333	F
Dist Ops - Meter Material	0	0	0	F		0	667	667	F
Dist Ops - Customer Site	0	42	42	F		0	292	292	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	0	0	F		0	0	0	F
Dist Ops - Supervisor Labor	0	0	0	F		0	0	0	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 - Office 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 - Snow Removal Labor	0	0	0	F		0	0	0	F
Dist Ops - OT Labor	0	0	0	F		0	0	0	F
Dist Ops - On Call Labor	0	0	0	F		0	0	0	F
Total distribution operations	19,195	40,392	21,197	F		195,100	288,410	93,310	F

# Interior Alaska Natural Gas Utility

## Detailed Expenses with Budget Comparison

	Jan 2022 (Actual)	Jan 2022 (Budget)	Jan 2022 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2022 (Actual)	YTD 2022 (Budget)	YTD 2022 (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	0	417	417	F		899	2,917	2,018	F
Dist Maint - Equip Materials	1,700	250	(1,450)	U		2,858	1,748	(1,110)	U
Dist Maint - Light Truck	9,654	1,250	(8,404)	U	(8)	29,403	8,750	(20,653)	U
Dist Maint - Heavy Equip	0	1,000	1,000	F		8,466	7,000	(1,466)	U
Dist Maint - Small Tools	224	105	(119)	U		4,280	737	(3,543)	U
Dist Maint - Shop Consumables	1,341	434	(907)	U		4,398	3,036	(1,362)	U
Dist Maint - CNG Comp	0	151	151	F		0	1,059	1,059	F
Dist Maint - Yard Labor	0	1,452	1,452	F		7,518	10,167	2,648	F
Dist Maint - Shop Labor	2,718	1,086	(1,632)	U		17,076	7,601	(9,476)	U
Dist Maint - Equipment Labor	443	1,008	565	F		1,594	7,057	5,463	F
<b><u>Fairbanks</u></b>									
Dist Maint - Main Materials	0	167	167	F		324	1,167	843	F
Dist Maint - Services Material	772	104	(668)	U		1,934	729	(1,205)	U
Dist Maint - Meter/Reg Material	304	83	(221)	U		1,546	583	(963)	U
Dist Maint - Mains Labor	0	2,730	2,730	F		1,668	19,109	17,441	F
Dist Maint - Dist Valves Labor	0	158	158	F		1,117	1,109	(8)	U
Dist Maint - Line Hit Labor	155	419	264	F		2,721	2,936	215	F
Dist Maint - Locate Labor	0	396	396	F		3,043	2,773	(269)	U
Dist Maint - Service Labor	273	1,081	808	F		3,306	7,564	4,258	F
Dist Maint - Meter Labor	84	590	506	F		4,853	4,127	(727)	U
Dist Maint - OT Labor	214	534	321	F		7,126	3,739	(3,386)	U
<b><u>North Pole</u></b>									
Dist Maint - Main Materials	0	0	0	F		0	667	667	F
Dist Maint - Services Material	0	0	0	F		0	667	667	F
Dist Maint - Meter/Reg Material	0	0	0	F		0	333	333	F
Dist Maint - Outside Services	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	17,882	13,415	(4,466)	U		104,131	95,575	(8,556)	U

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

	Jan 2022 (Actual)	Jan 2022 (Budget)	Jan 2022 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2022 (Actual)	YTD 2022 (Budget)	YTD 2022 (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	0	131	131	F		0	914	914	F
SS I - Outside Ser. - General	263	1,208	946	F		2,707	8,458	5,751	F
SS I - Utilities - Other	0	154	154	F		693	1,080	387	F
SS I - Supplies & Materials	0	17	17	F		0	117	117	F
SS I - Safety & Signage	0	100	100	F		3,881	700	(3,181)	U
SS I - Rents	0	50	50	F		0	350	350	F
SS I - Gas Usage	6,312	18,951	12,639	F	(9)	27,902	74,243	46,341	F
SS I - Electricity	1,857	1,478	(379)	U		11,830	13,692	1,862	F
SS I - Supervision Labor	0	18	18	F		0	125	125	F
SS I - Operations Labor	650	1,513	862	F		11,103	10,590	(513)	U
SS I - Snow Removal Labor	2,583	58	(2,525)	U		3,269	409	(2,859)	U
SS I - OT Labor	75	18	(57)	U		3,286	125	(3,161)	U
<b><u>Storage Site III</u></b>									
SS III - Communications	117	316	199	F		822	2,211	1,388	F
SS III - Outside Ser. - General	1,763	6,250	4,487	F		39,072	43,750	4,678	F
SS III - Utilities - Other	171	646	475	F		6,244	4,519	(1,725)	U
SS III - Supplies & Materials	0	238	238	F		652	1,663	1,011	F
SS III - Safety & Signage	0	142	142	F		840	992	152	F
SS III - Rents	0	83	83	F		0	583	583	F
SS III - Gas Usage	26,450	23,689	(2,761)	U	(9)	105,488	99,160	(6,328)	U
SS III - Electricity	27,409	18,639	(8,770)	U	(10)	178,208	172,682	(5,527)	U
SS III - Gas Losses	0	0	0	F		6,543	0	(6,543)	U
SS III - Supervision Labor	1,747	103	(1,645)	U		3,136	720	(2,416)	U
SS III - Operations Labor	20,746	1,526	(19,220)	U	(11)	78,235	10,683	(67,553)	U
SS III - Snow Removal Labor	2,756	58	(2,697)	U		2,756	409	(2,347)	U
SS III - OT Labor	10,861	160	(10,701)	U	(11)	33,581	1,118	(32,464)	U
<b><u>Storage Site IV</u></b>									
SS IV - Communications	0	42	42	F		330	292	(38)	U
SS IV - Outside Ser. - General	0	2,417	2,417	F		8,109	16,917	8,808	F
SS IV - Utilities - Other	327	333	6	F		2,321	2,333	12	F
SS IV - Supplies & Materials	0	208	208	F		6,521	1,458	(5,063)	U
SS IV - Safety & Signage	0	100	100	F		0	700	700	F
SS IV - Rents	0	50	50	F		0	350	350	F
SS IV - Gas Usage	2,512	431	(2,081)	U	(9)	24,865	3,999	(20,867)	U
SS IV - Electricity	3,630	1,308	(2,322)	U		18,702	12,118	(6,584)	U
SS IV - Supervision Labor	0	0	0	F		0	0	0	F
SS IV - Operations Labor	5,274	0	(5,274)	U	(12)	26,547	0	(26,547)	U
SS IV - Snow Removal Labor	625	0	(625)	U		777	0	(777)	U
SS IV - OT Labor	573	0	(573)	U		3,714	0	(3,714)	U
Total storage & vaporization operations	116,702	80,433	(36,269)	U		612,133	487,457	(124,676)	U

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

	Jan 2022 (Actual)	Jan 2022 (Budget)	Jan 2022 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2022 (Actual)	YTD 2022 (Budget)	YTD 2022 (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	150	500	350	F		5,532	3,500	(2,032)	U
SS I - Maint of Boiler Rm	0	167	167	F		0	1,167	1,167	F
SS I - Maint S&I - Yard	207	292	85	F		484	2,042	1,557	F
SS I - Mnte of LNG Tank 1	0	63	63	F		330	438	108	F
SS I - Mnte of LNG Tank 2	0	63	63	F		16	438	422	F
SS I - Mnte of LNG Tank 3	0	63	63	F		0	438	438	F
SS I - Mnte of LNG Tank 4	0	63	63	F		0	438	438	F
SS I - Mnte Vapor Equip	0	125	125	F		35	875	840	F
SS I - Mnte of Meter - Main	0	150	150	F		733	1,050	317	F
SS I - Mnte of Meter - Bypass	0	83	83	F		0	583	583	F
SS I - Mnte of Odorant	0	1,333	1,333	F		332	1,333	1,001	F
SS I - Maint Other Equip	0	92	92	F		2,179	646	(1,533)	U
SS I - Maint Testing Equip	0	133	133	F		1,895	933	(962)	U
SS I - Maint General Labor	165	710	544	F		7,079	4,967	(2,112)	U
SS I - Maint S&I Labor	0	438	438	F		1,599	3,063	1,464	F
SS I - Maint LNG Tank Labor	0	592	592	F		973	4,141	3,168	F
SS I - Maint Vapor Equip Labor	0	173	173	F		0	1,214	1,214	F
SS I - Maint Meas. & Reg. Labor	0	157	157	F		33	1,101	1,068	F
SS I - Maint Other Equip Labor	0	804	804	F		514	5,626	5,112	F
SS I - Maint OT Labor	0	43	43	F		539	303	(236)	U
<b><u>Storage Site III</u></b>									
SS III - Maint of Cont Rm	810	136	(674)	U		1,230	952	(278)	U
SS III - Maint of Boiler Rm	65	371	305	F		65	2,596	2,531	F
SS III - Maint S&I - Yard	264	345	81	F		517	2,416	1,898	F
SS III - Mnte of LNG Tank 1	0	125	125	F		4,465	125	(4,340)	U
SS III - Mnte Vapor Equip	0	66	66	F		0	462	462	F
SS III - Mnte of Meter - Main	3,436	42	(3,395)	U		3,436	292	(3,145)	U
SS III - Mnte of Odorant	0	667	667	F		0	4,671	4,671	F
SS III - Maint Other Equip	0	458	458	F		3,489	3,208	(281)	U
SS III - Maint Testing Equip	341	210	(131)	U		1,672	1,468	(203)	U
SS III - Maint General Labor	3,291	709	(2,582)	U		16,539	4,960	(11,579)	U
SS III - Maint S&I Labor	0	814	814	F		1,465	5,696	4,231	F
SS III - Maint Tank Labor	0	120	120	F		494	841	347	F
SS III - Maint Vapor Equip Labor	2,532	430	(2,102)	U		5,724	3,012	(2,712)	U
SS III - Maint Mea. & Reg. Labor	0	111	111	F		89	775	686	F
SS III - Maint Other Equip Labor	118	1,201	1,084	F		2,216	8,409	6,194	F
SS III - Maint OT Labor	0	199	199	F		66	1,390	1,324	F
<b><u>Storage Site IV</u></b>									
SS IV - Maint of Cont Rm	810	125	(685)	U		1,573	875	(698)	U
SS IV - Maint of Boiler Rm	0	292	292	F		0	2,042	2,042	F
SS IV - Maint S&I - Yard	92	125	33	F		218	875	657	F
SS IV - Mnte of LNG Tank 1	0	63	63	F		260	438	178	F
SS IV - Mnte of LNG Tank 2	0	63	63	F		0	438	438	F
SS IV - Mnte Vapor Equip	0	125	125	F		0	875	875	F
SS IV - Mnte of Meter - Main	1,190	83	(1,107)	U		1,385	583	(802)	U
SS IV - Mnte of Odorant	0	542	542	F		0	3,792	3,792	F
SS IV - Maint Other Equip	330	208	(122)	U		330	1,458	1,128	F
SS IV - Maint Testing Equip	0	21	21	F		0	146	146	F
SS IV - Maint General Labor	413	0	(413)	U		7,933	0	(7,933)	U
SS IV - Maint S&I Labor	0	0	0	F		1,592	0	(1,592)	U
SS IV - Maint LNG Tank Labor	0	0	0	F		0	0	0	F
SS IV - Maint Vapor Equip Labor	484	0	(484)	U		1,484	0	(1,484)	U
SS IV - Maint Meas. & Reg. Labor	0	0	0	F		66	0	(66)	U
SS IV - Maint Other Equip Labor	110	0	(110)	U		725	0	(725)	U
SS IV - Maint OT Labor	0	0	0	F		476	0	(476)	U
Total storage & vaporization maintenance	14,808	13,692	(1,117)	U		79,783	87,092	7,309	F
<b><u>Talkeetna maintenance</u></b>									
Maint - Salaries & Wages	12	0	(12)	U		1,800	0	(1,800)	U
Maint - Equip Materials	174	500	326	F		3,865	3,500	(365)	U
Maint - Small Tools	0	21	21	F		0	146	146	F
Total Talkeetna maintenance	186	521	335	F		5,665	3,646	(2,020)	U

# Interior Alaska Natural Gas Utility

## Detailed Expenses with Budget Comparison

	Jan 2022 (Actual)	Jan 2022 (Budget)	Jan 2022 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2022 (Actual)	YTD 2022 (Budget)	YTD 2022 (Variance)	Fav (F)/ Unfav (U)
<b><u>COST OF SALES</u></b>									
<b><u>Engineering</u></b>									
Eng Office & Computers	588	1,167	579	F		2,283	8,167	5,884	F
Eng - Outside Services - General	1,667	3,126	1,460	F		8,333	21,883	13,550	F
Eng - Travel	0	1,167	1,167	F		251	8,167	7,916	F
Eng - Training & Seminars	0	938	938	F		0	6,563	6,563	F
Eng - Dues & Subscriptions	863	1,104	241	F		6,318	7,729	1,411	F
Eng - General Labor	8,464	14,527	6,062	F	(13)	14,729	102,344	87,616	F
Eng - Training Labor	84	208	123	F		587	1,454	866	F
Eng - PTO Labor	289	657	368	F		2,944	4,602	1,658	F
Eng - Holiday Labor	269	658	389	F		1,597	3,948	2,351	F
Eng - OT Labor	1,076	584	(492)	U		5,018	4,086	(931)	U
Total engineering	13,301	24,135	10,834	F		42,059	168,942	126,884	F
<b><u>Customer Service</u></b>									
Cust Accts - Billing General Expense	13,561	7,659	(5,902)	U	(14)	47,674	53,611	5,937	F
Cust Accts - Doubtful Accounts	4,167	4,167	0	F		29,167	29,167	0	F
Cust Accts - Public Awareness Expense	1,661	1,042	(619)	U		6,826	7,292	466	F
Cust Accts - Sales Expense - Materials	813	417	(396)	U		4,855	2,917	(1,939)	U
Cust Accts - Sponsorships and Donations	0	417	417	F		1,500	2,917	1,417	F
Cust Accts - Office Supplies & Expense	0	625	625	F		452	4,375	3,923	F
Cust Accts - Employee Benefits - Appreciation	0	1,042	1,042	F		9,244	7,292	(1,952)	U
Cust Accts - Travel	0	417	417	F		28	2,917	2,889	F
Cust Accts - Dues and Memberships	0	429	429	F		407	3,004	2,597	F
Cust Accts - Meals & Entertainment	424	613	188	F		832	4,288	3,456	F
Cust Accts - Training & Seminars	0	208	208	F		2,265	1,458	(807)	U
Cust Accts - Conversion Manager	8,313	7,769	(544)	U		59,467	54,383	(5,084)	U
Cust Accts - Sales Labor	3,018	0	(3,018)	U		12,256	0	(12,256)	U
Cust Accts - General Labor	3,680	3,907	227	F		25,485	27,352	1,867	F
Cust Accts - Meter Reading Labor	1,679	932	(747)	U		7,626	6,522	(1,105)	U
Cust Accts - PTO Labor	0	481	481	F		0	3,364	3,364	F
Cust Accts - Holiday Labor	0	577	577	F		0	3,460	3,460	F
Total customer services	37,315	30,699	(6,616)	U		208,083	214,316	6,233	F
<b>Depreciation</b>	413,934	407,701	(6,233)	U		2,895,644	2,853,908	(41,736)	U
<b>Amortization</b>	38,529	38,529	0	F		269,705	269,705	1	F
Total cost of sales	2,573,137	2,404,678	(168,459)	U		13,105,566	12,056,256	(1,049,311)	U
<b><u>Administration &amp; General</u></b>									
Administrative Salaries	67,635	67,633	(2)	U		479,920	473,432	(6,488)	U
Administrative Wages	8,641	12,171	3,530	F		61,867	85,200	23,333	F
Administrative PTO Salaries and Wages	27,369	501	(26,869)	U	(15)	(2,701)	3,506	6,207	F
Administrative Holiday Salaries and Wages	794	601	(193)	U		5,218	3,606	(1,612)	U
Administrative Training Wages	0	0	0	F		895	0	(895)	U
Administrative OT Wages	812	1,720	909	F		6,436	12,042	5,607	F
Taxes Other than Income Taxes	18,703	17,157	(1,546)	U		115,016	120,101	5,085	F
Admin Employee Benefits	4,239	3,187	(1,052)	U		51,440	22,310	(29,130)	U
Admin & general expenses									
Office Supplies & Expense	1,865	1,589	(276)	U		22,379	11,124	(11,255)	U
Postage & Mailing Exp	427	674	247	F		5,904	4,716	(1,188)	U
Outside Services - General	12,925	8,333	(4,591)	U		51,956	58,333	6,377	F
Outside Services - Legal	935	8,333	7,398	F	(16)	12,829	58,333	45,504	F
Outside Services - Accounting	598	449	(149)	U		40,240	42,650	2,410	F
Property Insurance - Equipment	59,051	66,058	7,007	F	(17)	413,356	462,407	49,051	F
Property Insurance - Auto	3,317	3,140	(177)	U		22,853	21,979	(873)	U
General Liability Insurance	15,414	11,060	(4,354)	U	(17)	107,898	77,419	(30,478)	U
Workers Compensation Insurance	3,685	3,792	107	F		24,185	26,545	2,359	F
Employee Benefits - Health Insurance	15,101	13,913	(1,188)	U		100,864	97,391	(3,473)	U
Employee Benefits - Union	834	1,604	770	F		8,051	11,229	3,179	F
Telephone & Communication	318	2,281	1,963	F		20,967	15,966	(5,000)	U
Misc General Expenses	8,359	3,891	(4,469)	U		34,136	27,234	(6,902)	U
Travel	0	1,208	1,208	F		3,885	8,458	4,573	F
Advertising - Public Notices	444	902	458	F		2,000	6,317	4,317	F
Dues and Subscriptions	1,458	1,429	(29)	U		11,819	10,000	(1,819)	U
Property Tax	0	1,062	1,062	F		0	7,363	7,363	F
Meals & Entertainment	271	292	20	F		3,986	2,042	(1,944)	U
Utilities - Office	3,218	2,124	(1,093)	U		19,225	11,658	(7,567)	U
Training & Seminars - Admin	825	1,042	217	F		5,043	7,292	2,248	F
Rent (Building) Fairbanks	0	0	0	F		24,150	24,150	0	F
General Maintenance Building	2,921	625	(2,296)	U		13,078	4,375	(8,703)	U
Maintenance of Computers	3,229	2,687	(542)	U		22,461	18,810	(3,651)	U
Total administration & general	263,389	239,459	(23,930)	U		1,689,358	1,735,990	46,633	F
Total cost of sales and administration & general	2,836,526	2,644,137	(192,389)	U		14,794,924	13,792,246	(1,002,678)	U





**Variance to Budget Footnotes  
January 31, 2022**

- (1) - Gas liquefaction expenses Outside Services were \$7K higher than budget due to a timing differences between actual and budgeted expense.
- (2) - Gas liquefaction expenses Maint - Turbo Expander was \$52K higher than budget due to unexpected rebuild costs and replenishing spare parts for the Turbo Expander. We expect the Turbo Expander to be over budget for the remainder of the year.
- (3) - Gas liquefaction expenses Maint - BTB 1 & 2 were \$11K, collectively, lower than budget due to a timing differences between actual and budgeted maintenance expenses.
- (4) - Gas liquefaction expenses - Maint - Cascade was \$9K lower than budget due to a timing difference between actual and budgeted expenses.
- (5) - Gas liquefaction expenses - Maint - Trans Trailer T-20 expense was \$10K higher than budgeted. The cost is related to the trailer being transported to a repair facility. We expect additional costs related to the repair of this unit. The expense line to be over budget for the year.
- (6) - Gas liquefaction expenses - Liquefaction Gas Usage expense was \$37K higher than budget due to higher sales and higher cost per Mcf than budgeted. We budgeted the cost of gas for LNG production at \$.63 per Mcf of sales and internal usage. The budgeted sales and internal usage were 135,651 Mcf for a total cost of \$86K. The actual cost of gas for LNG production was \$.87 per Mcf of sales and internal usage. The actual sales and internal usage were 140,173 Mcf at a total cost of \$123K. The higher cost per Mcf is caused by additional unaccounted for gas added to the cost of gas used in the liquefaction process.
- (7) - Distribution operations - common - Supervisor labor and Office labor expense was \$7K lower than budget due to labor being allocated to other departments.
- (8) - Fairbanks distribution maintenance - Light Truck expenses were \$8K higher than budget largely due to unbudgeted expense related to vehicle logo installation. We expect this expense to remain over budget for the remainder of the year.
- (9) - Storage & vaporization operations - SS I, III, IV - gas usage expense was \$8K lower than budget collectively. The majority of the distribution system was serviced by SS III in December causing less gas usage at SS I.
- (10) - Storage & vaporization operations - SS III - electricity expense was \$8K higher than budget. We are continuing to learn how much electricity the SS III facility will need and when it is needed. The YTD actual is \$6K above budget.
- (11) - Storage & vaporization operations - SS III - operations labor and OT labor expense was \$30K higher than budget largely due to Novembers event causing continued 24 hr manning of Site III
- (12) - Storage & vaporization operations - SS IV - operations labor expense was \$5K higher than budget due to no wages being budgeted.
- (13) - Engineering - general labor expense was \$6K lower than budget due to a portion of wages being capitalized for mains and services construction and a vacant Senior Engineer position. During the month we have added a part-time control systems engineer.
- (14) - Customer Service Cust Accts - Billing General expense was \$6K higher than budget due to customers higher than budgeted usage of credit cards to pay their gas bills increasing the fees paid to process the payments.

- (15) - Administration & General - Administrative PTO Salaries and Wages expense was \$27K higher than budget due to accrued PTO wage expense and liability for the general manager is recognized annually in January. The budget is set up to recognize it monthly.
- (16) - Administration & General - Outside Services - Legal expense during the month was \$7K lower than budget due to a timing differences between actual and budgeted expenses.
- (17) - Administration & General - property insurance - equipment and general liability insurance expense was \$3K lower than budget, collectively. Additional insurance was budgeted in anticipation of increased premiums during the year.

Interior Alaska Natural Gas Utility  
Financial and Operating Report  
Year to Date as of  
January 31, 2022

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

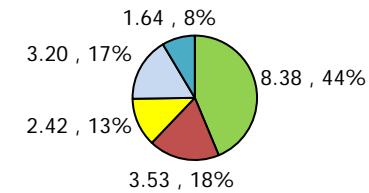
	YTD Actual	\$Mcf	YTD Budget	\$Mcf	Notes	% Difference Mcf
1 Mcf's Sales	606,440		540,375			12.2%
2 Revenues	12,702,497	20.95	11,262,847	20.84		0.50%
3						
4 Cost of sales:						
5 Natural gas purchases	5,083,218	8.38	4,419,150	8.18		2.5%
6 Gas liquefaction	1,378,829	2.27	1,257,565	2.33		-2.3%
7 Liquefaction electricity	761,296	1.26	664,425	1.23		2.1%
8 Transportation	1,469,919	2.42	1,246,065	2.31		5.1%
9 Cost of Sales	8,693,263	14.33	7,587,204	14.04		2.1%
10 <b>Gross Margin</b>	4,009,234	6.61	3,675,643	6.80		-2.8%
11						
12 Operating expenses:						
13 Distribution	299,231	0.49	383,985	0.71		-30.6%
14 Storage	697,582	1.15	578,196	1.07		7.5%
15 Engineering	42,059	0.07	168,942	0.31		-77.8%
16 Customer service	208,083	0.34	214,316	0.40		-13.5%
17 Administration and general	1,689,358	2.79	1,735,990	3.21		-13.3%
18 Interest expense	439,679	0.73	438,765	0.81		-10.7%
19 Depreciation and amortization	3,165,349	5.22	3,123,613	5.78		-9.7%
20 Total operating expenses	6,541,340	10.79	6,643,807	12.29		-12.3%
21 <b>Operating income (loss)</b>	(2,532,107)	(4.18)	(2,968,164)	(5.49)		24.0%
22						
23 Non operating income (expense)						
24 Interest and dividend income	2,182	0.00	5,473	0.01		-60.1%
25 Net proceeds of bond financing	0	0.00	0	0.00		NA
26 Other income (expense)	13,426	0.02	0	0.00		NA
27 Total non operating income (expense)	15,609	0.03	5,473	0.01		NA
						% Difference
28 <b>Change in net position</b>	(2,516,498)		(2,962,691)			15.1%
29 EBITDA	1,072,921	1.77	594,214	1.10	(1)	80.6%

Notes:

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

**YTD Actual**

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

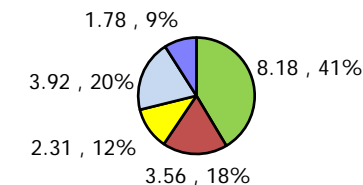


- Natural gas purchases
- Gas liquefaction
- Transportation
- Administration and general
- Distribution & Storage

Total Cost per Mcf less interest & depreciation: **\$19.18**

**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: **\$19.74**

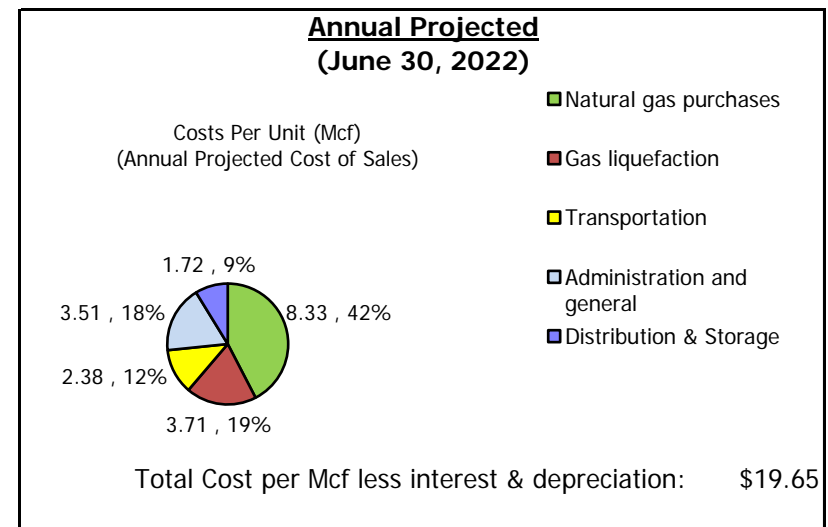
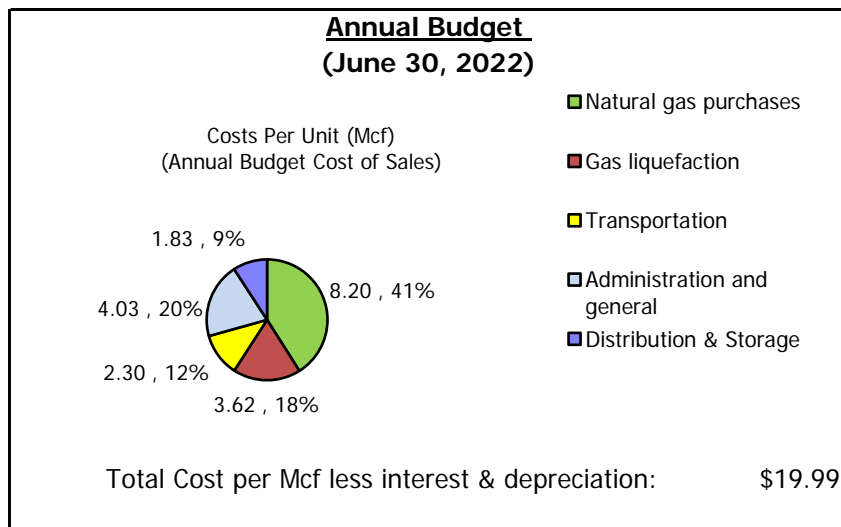
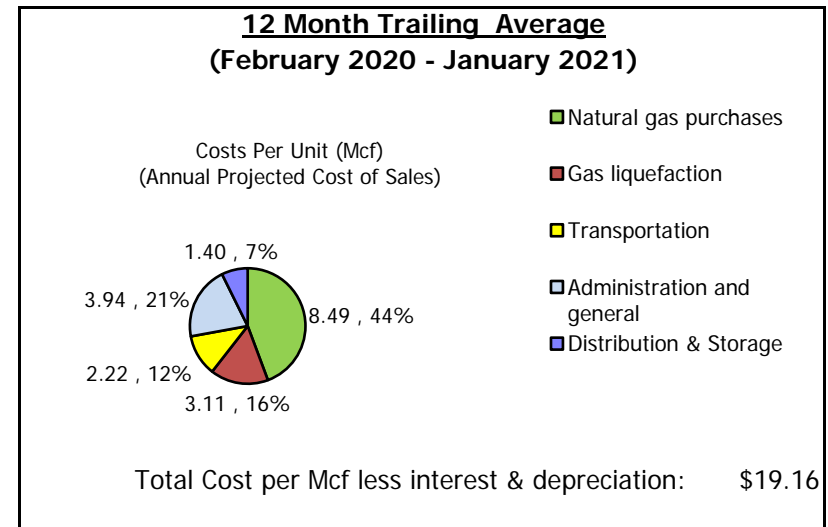
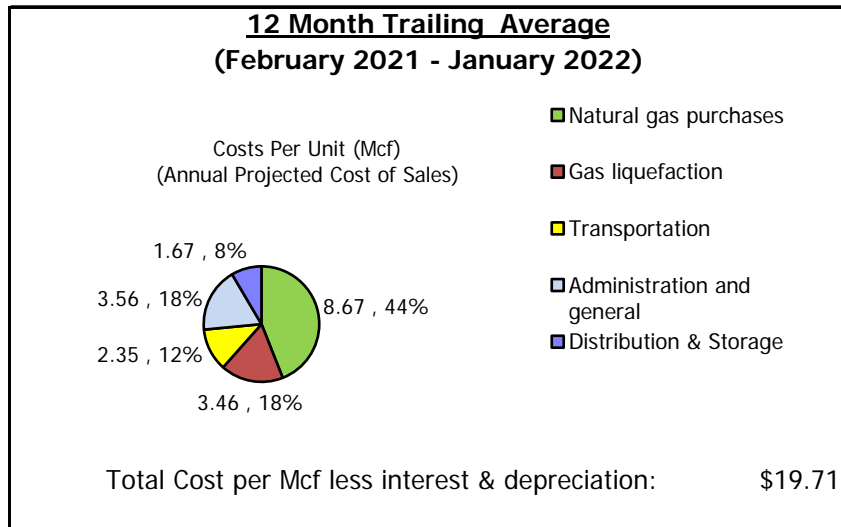
**LNG Inventory**

	12/31/2021	1/31/2022
Storage Site I	50,935	44,588
Storage Site III	2,163,219	1,609,022
Storage Site IV	37,644	55,443
Total Gals LNG	2,251,798	1,709,053

● (542,745)



Interior Alaska Natural Gas Utility  
Financial and Operating Report  
Year to Date as of  
January 31, 2022



Key Financial Metrics:

	Actual	Budgeted	% Difference
Working capital cash balance	\$ 3,564,337	\$ 2,273,442	56.8%
Current ratio (Working capital)	4.2	3.9	7.4% Current Assets/Current Liabilities
Quick ratio	3.6	3.4	4.8% (Cash+A/R)/Current Liabilities)
Debt coverage ratio (Annual)	2.2	1.2	81.1% (Loan Covenants 1.2)

Interior Alaska Natural Gas Utility  
IGU Financial Summary:  
Income Statement and Funds Available for  
Debt Service  
**Scenario 3 - Base Case**

Line No.	ITEM	FY 2022 (Proforma)	FY 2022 (Projected) (Unaudited)	Difference
	<b>Total Customers</b>	<b>1671</b>	<b>1765</b>	<b>94</b>
1	<b>Gas Sales (MCF)</b>	1,135,293	970,663	(164,630)
2				
3	<b>Average Rate Revenue per MCF (\$/MCF)</b>	\$19.54	\$20.87	\$1.33
4				
5	<b>Operating Revenues</b>			
6	Sales/Charges for Service	\$ 22,183,535	\$ 20,262,184	\$ (1,921,351)
7	Other Income	-	-	-
8	<b>Total Operating Revenues</b>	<b>\$ 22,183,535</b>	<b>\$ 20,262,184</b>	<b>\$ (1,921,351)</b>
9				
10	<b>Operating Expenses</b>			
11	Cost of Gas (delivered to Fairbanks)*	17,180,129	13,992,156	(3,187,973)
12	ST - Revenues less Cost of Gas [1]	\$ 5,003,406	\$ 6,270,028	\$ 1,266,622
13				
14	Distribution			
15	Storage & Vaporizing	590,580	1,099,223	508,643
16	Distribution Operations	788,438	571,934	(216,504)
17	Customer Accounts	290,773	363,100	72,327
18	Administrative & General/Engineering*	2,338,590	3,045,016	706,426
19	ST - Distribution	\$ 4,008,381	\$ 5,079,274	\$ 1,070,893
20				
21	<b>Operating Margin</b> [2]	<b>\$ 995,025</b>	<b>\$ 1,190,754</b>	<b>\$ 195,729</b>
22				
23	<b>Non Operating (Revenues) Expenses</b>			
24	Depreciation and Amortization	6,342,719	5,396,501	(946,218)
25	Interest Expenses (Excludes Capitalized Interest)	112,147	175,033	62,886
26	Interest/Investment Earnings/Other Income	(283,324)	(153,933)	129,391
27	ST - Non-Operating Items	\$ 6,171,542	\$ 5,417,601	\$ (753,941)
28				
29	<b>Net Income</b> [3]	<b>\$ (5,176,517)</b>	<b>\$ (4,226,847)</b>	<b>\$ 949,670</b>
30				
31	<b>Funds Available for Debt Service</b> [4]	<b>\$ 1,278,349</b>	<b>\$ 1,344,687</b>	<b>\$ 66,338</b>
32				
33	<b>Debt Service</b>			
34	SETS			
35	Bonds			
36	Commercial Debt	454,201	595,840	141,639
37	<b>Total Debt Service</b>	<b>\$ 454,201</b>	<b>\$ 595,840</b>	<b>\$ 141,639</b>
38				
39	<b>Debt Service Coverage - SETS</b> [5]	-	-	
40	<b>Debt Service Coverage - Bonds</b> [6]	-	-	
41	<b>Debt Service Coverage - Commercial</b> [7]	2.81	2.26	
42	<b>Total Debt Service Coverage - Combined</b> [8]	2.81	2.26	
43				
44	Depreciable Assets	\$ 191,507,026	\$ 173,999,829	\$ (17,507,197)

**Footnotes:**

[1] Line 12 = Line 8 minus Line 11  
[2] Line 21 = Line 12 minus Line 19  
[3] Line 29 = Line 21 minus Line 27  
[4] Line 31 = Line 29 plus Line 24 plus Line 25

[5] Line 40 = SETS debt service set at 1.0  
[6] Line 41 = Funds remaining after SETS and Commercial debt service divided by Line 36  
[7] Line 42 = Commercial debt service set at 1.2  
[8] Line 43 = Line 31 divided by Line 38

\*

The Proforma includes the LNG Plant Administrative & General expenses of approximately \$507K in the Cost of Gas while the Projection includes Administrative & General expenses inclusive in Administrative & General/Engineering expense line.

# Public Comment

*Limited to 3 minutes*

# Cost of Service / Rates Review



### OVERVIEW:

The Cost of Service Study (COSS) is intended to allocate costs on a cost causation basis. Various components of the Revenue Requirement need to be broken down by cost driver in order to assign those components on a customer class basis. The COSS is not intended to be a definitive basis to determine exact customer rates on a go forward basis. It is intended to give an indication of the relative Revenue to Cost Ratios that exist for the various customer classes.

### COST DRIVERS:

There are three main categories of cost drivers that divide the types of costs that make up the IGU Revenue Requirement: (1) Commodity costs, (2) Capacity costs and (3) Customer costs.

Commodity related costs are those tied to the throughput of natural gas to the customer. These are the variable costs that are directly related to the annual or seasonal purchases of natural gas. These, in turn, are used internally for such purposes as fuel gas (such as fuel to vaporize LNG), company use (such as heating IGU facilities), and sales to IGU's customers.

Capacity related costs are those that are related to the demand on the delivery system. The vast majority of IGU's customers are using natural gas for the purpose of space heating, and the peak demand is strongly correlated to the ambient temperature in the Fairbanks North Star Borough. Ultimately, the size of the natural gas delivery system must be sufficient to meet the aggregate of customers' natural gas peak demands in extreme cold weather. Capacity related costs are related to functions that are scaled to meet peak demand across IGU's delivery system, including storage tanks, vaporization system, and distribution mains.

Customer related costs are those that are independent of the delivery of natural gas. Essentially, these are costs of customers merely to be connected to the natural gas delivery system in order to receive natural gas regardless of gas volume received. Included functions are customer service and billing as well as customer specific assets such as service lines and gas meters.

### DESCRIPTION OF COSS MODEL:

The COSS is designed to mirror the Revenue Requirement in terms of the total revenue requirement. If the Revenue Requirement is the "bill" for all customers, the COSS represents the "share" or portion that is attributable to each class of customer.

To start, the Tables A-1 to A-5 are the input tables that capture the key data pieces from the Revenue Requirement as well as other relevant sources. These tables are:

- A-1 Volumes and customer numbers by class.
- A-2 Revenues by customer class.
- A-3 Revenue Requirement Summary (RRS).
- A-4 Rate Base Summary.
- A-5 Meter Expenses by Class.
- A-6 Customer Weighted Inputs.

CAPACITY (DEMAND) ALLOCATIONS DETERMINED FOR IGU (TABLE B-1 Peak Day Analysis):

In order to assess the capacity-based costs, a relevant “Peak Day” or “Design Day” must be created. IGU does not have readily available and reliable daily metered consumption for each of its customer classes. IGU has accurate monthly consumption data from which regressions (weather temperature versus consumption) can be reasonably determined. Table B-1 is a Peak Day Analysis using regression data obtained from IGU data for its customer classes. Because most customers are generally using natural gas for the primary purpose of space heating, these regressions are able to reasonably project consumption on cold weather days and indicate the relative capacity requirements for all customer classes, with the notable exception of UAF.

DESCRIPTION OF THE DESIGN DAY METHOD (TABLE B-2 Synthetic Peak Days):

Table B-2 contains the “Synthetic Peak Days”. Again, these are synthetic in that daily meter data is not available to confirm each customer’s consumption. However, they are estimates that produce reasonable peak day results.

Two days were considered for the test year, FY 2022. The first peak day is the “coldest” day available in the test year, where it is assumed that all interruptible customers were deemed to be curtailed to zero consumption. The second peak day is “coincidental” peak that shows a high aggregate consumption for all customers on a day that no interruptible customers were subject to volume curtailment.

The Coldest Day is therefore an example of a day where only firm customers are causing demand on the system. While it is based on an actual temperature event (-37 degree F on January 2, 2022), the day in question did have sales to interruptible customers. Nonetheless, it stands as a theoretical cold day that assumes all interruptible customers were off the system in accordance with IGU’s contractual right to curtail their consumption.

The Coincidental Peak Day is a day where all customers were free to consume their desired natural gas volumes (-36-degree F on December 13, 2021). In this scenario, the interruptible customers are deemed to be using system capacity as they are on the system on a day with a send out volume that exceeds that of the Coldest Day with interruptible volumes removed.

In the COSS, these two “design days” are given equal weighting. This assumption is made in order to balance two unique characteristics about the IGU system. First, a true design day would normally only include the firm demand on the system as interruptible customers, by definition, place no demand on the capacity of the supply chain. The second

characteristic is that IGU's interruptible customers enjoy a very high quality of service (ie. low interruption frequency) such that higher send out days are likely those that include interruptible sales. IGU believes that to assume that the capacity of the IGU system should be based entirely on the firm only day (coldest day) or entirely on the highest send out day (coincidental day) one would have to ignore one of these unique characteristics, and that would result in an incorrect allocation of the capacity related costs to IGU's customers.

#### HOW THE VARIOUS "ALLOCATION FACTORS" ARE CREATED:

Tables C-1 to C-3 develop the allocation factors for the various cost components. These tables are:

C-1 Capacity, Commodity and Customer Allocators.

C-2 Plant Related Allocators.

C-3 Rate Base and Debt Service Allocators.

Table C-1 takes the primary allocators (Capacity, Commodity and Customer) to establish weightings for each customer class. These primary allocators are used directly to separate certain Revenue Requirement costs by customer class, where applicable, as well as to develop allocation factors for Utility Plant (Table C-2) and for Rate Base and Debt Service (Table C-3). Each factor evolves from its primary factor weightings and each line item shows the genesis of how its weighting is derived.

#### HOW ARE THE ALLOCATIONS FACTORS THEN APPLIED:

In order to achieve the objective of allocating the full revenue requirement among the customer classes, the revenue requirement must be parsed on a line by line basis. This is done in Table D. The key line items are entered from Table A-3 which are then multiplied with the appropriate allocator, as indicated. This divides the required cost of service by customer class. The total allocated cost of service is summed at the bottom of Table D (Line 25).

Table E takes the revenue by customer class (Table A-2) and compares it to the calculated cost of service (Table D). The result is a "Revenue to Cost Ratio" (R/C) for each of the customer classes.

# **COST OF SERVICE STUDY ("COSS")**

Developed for:

**Interior Alaska Natural Gas Utility**

by:

**Wesley G.W. Smith, C.P.A**

**Controller**

**Interior Alaska Natural Gas Utility**

**FY 2022**



## INTERIOR ALASKA NATURAL GAS UTILITY (COSS)

<u>TABLE</u>	<u>DESCRIPTION</u>	<u>Page</u>
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IGU - Cost of Service Study  
INPUT - Volume/Customer (January 31, 2022 IGU Financial Model)  
(Test Year FY 22)

TABLE A-1

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
<u>GAS VOLUMES (Mcf)</u>		<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Total</u>	<u>Winter</u>	<u>Non-Winter</u>
		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Projected	Projected	Projected	Projected	Projected	(Nov-Mar)	(Apr-Oct)
<u>IGU Sales Volumes</u>																
1	Residential	1,502.1	2,471.4	4,722.2	6,729.6	13,137.6	15,026.9	13,333.4	13,562.6	12,885.8	7,273.0	3,906.4	1,906.0	96,457	67,946	28,511
2	Small Commercial	7,740.9	12,787.7	22,885.3	32,499.4	63,762.5	71,483.9	62,723.2	59,349.1	56,478.7	32,715.2	17,231.3	8,515.5	448,173	313,797	134,375
3	Large Commercial	4,496.6	7,223.1	11,410.6	17,003.2	32,032.8	36,377.4	31,021.8	27,108.0	23,784.0	14,741.0	7,800.0	5,462.0	218,460	150,324	68,136
4	Small Interruptible	2,103.2	2,976.4	4,304.6	5,401.7	8,705.4	9,024.4	8,918.9	7,566.0	7,010.0	4,963.0	4,576.0	4,191.0	69,741	41,225	28,516
5	Large Interruptible	578.0	1,384.9	2,842.1	4,743.9	7,803.4	8,268.4	7,759.3	6,267.0	4,738.0	2,872.0	1,228.0	560.0	49,045	34,836	14,209
6	Hospital	6,183.5	6,830.9	8,379.9	9,285.6	6,559.5	5,743.9	6,013.4	6,518.4	6,290.8	4,589.3	3,462.5	2,739.1	72,597	31,126	41,471
7	University	0.0	0.0	503.0	0.0	0.0	276.0	5,855.0	0.0	0.0	0.0	0.0	0.0	6,634	6,131	503
8																
9	Total Sales Volume	22,604	33,674	55,048	75,663	132,001	146,201	135,625	120,371	111,187	67,154	38,204	23,374	961,107	645,386	315,721

		a	b	c	d	e	f	g	h	i	j	k	l	m
<u>CUSTOMER COUNT</u>		<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Average</u>
		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Projected	Projected	Projected	Projected	Projected
10	Residential	639	656	701	733	768	768	779	779	779	779	779	779	745
11	Small Commercial	728	721	739	724	784	784	790	790	790	790	790	790	768
12	Large Commercial	32	32	33	32	32	32	32	32	32	32	32	32	32
13	Small Interruptible	30	30	30	30	30	30	30	30	30	30	30	30	30
14	Large Interruptible	15	15	15	15	15	15	15	15	15	15	15	15	15
15	Hospital	1	1	1	1	1	1	1	1	1	1	1	1	1
16	University	1	1	1	1	1	1	1	1	1	1	1	1	1
17														
18	Total Customer Count	1446	1456	1520	1536	1631	1631	1648	1648	1648	1648	1648	1648	1592

Source: IGU

IGU - Cost of Service Study

INPUT - Revenue (January 31, 2022 IGU Financial Model)

**TABLE A-2**

		a	b	c	d
	<u>CUSTOMER REVENUES</u>	<u>Sales</u>	<u>Fixed Charges</u>	<u>Other Charges</u>	<u>Total</u>
1	Residential	\$ 2,007,272	\$ 106,236	\$ -	\$ 2,113,508
2	Small Commercial	\$ 9,312,020	\$ 202,790	\$ -	\$ 9,514,810
3	Large Commercial	\$ 4,522,132	\$ 27,648	\$ -	\$ 4,549,780
4	Total Firm	\$ 15,841,425	\$ 336,674	\$ -	\$ 16,178,099
5					
6	Small Interruptible	\$ 1,396,904	\$ 25,920	\$ -	\$ 1,422,824
7	Large Interruptible	\$ 948,894	\$ 12,960	\$ -	\$ 961,854
8	Hospital	\$ 1,384,091	\$ 6,000	\$ -	\$ 1,390,091
9	University	\$ 128,579	\$ 6,000	\$ -	\$ 134,579
10	Total Interruptible	\$ 3,858,468	\$ 50,880	\$ -	\$ 3,909,348
11					
12	Total Customer Revenues	\$ 19,699,893	\$ 387,554	\$ -	\$ 20,087,447

	<u>Fixed Charge Calculation</u>	<u>Fixed Charge</u>	<u>Rounded</u>	<u># Customers</u>	<u>Annual Fixed</u>
				Avg Customer FY 22	
21	Residential	12.00000	\$ 12.00	738	\$ 106,236
22	Small Commercial	22.00000	\$ 22.00	768	\$ 202,790
23	Large Commercial	72.00000	\$ 72.00	32	\$ 27,648
24	Small Interruptible	72.00000	\$ 72.00	30	\$ 25,920
25	Large Interruptible	72.00000	\$ 72.00	15	\$ 12,960
26	Hospital	500.00000	\$ 500.00	1	\$ 6,000
27	University	500.00000	\$ 500.00	1	\$ 6,000

IGU - Cost of Service Study  
INPUT - January 31, 2022 IGU Financial Model

**TABLE A-3**

<u>COST OF SERVICE</u>		<u>IGU F.M. FY 22</u>	<u>Service Area Adj</u>	<u>IGU F.M. FY 22</u>	<u>Allocation Comments</u>
1	LNG Purchases - Firm	11,606,059	(113,746) *	11,492,313	Commodity - All Months
2					
3	Other Storage Expenses	1,090,953		1,090,953	Capacity
4					
5	LNG Terminaling and Processing	2,386,097		2,386,097	Capacity
6	Distribution Expenses	571,934		571,934	Capacity
7	Engineering Expenses	162,732		162,732	Capacity
8	Customer Accounts Expenses	363,100		363,100	Customer
9	Administrative & General	2,882,284		2,882,284	Allocation
11					
13		19,063,159	(113,746)	18,949,413	
14					
15	Debt Service	595,655		595,655	Rate Base (Debt Service)
16					
17	Total Cost of Service	19,658,814	(113,746)	19,545,068	
18					

19 \* Adjustment is for Talkeetna Lodge cost of gas that is outside of our service area.

IGU - Cost of Service Study  
INPUT - January 31, 2022 IGU Financial Model

**TABLE A-4**

	<u>Plant in Service</u>	<u>Accounts</u>	<u>Plant in Service</u>	<u>Accumulated Depreciation</u>	<u>Net Plant</u>	<u>Allocation</u>
1	Storage & Vaporization	(361-363)	83,558,263	4,029,897	79,528,367	Capacity
2						
3	Land & Buildings	(374)	5,570,871	30,751	5,540,120	Capacity
4						
5	Distribution Plant					
6	Mains	(376)	57,324,440	1,373,404	55,951,037	Capacity
7	Service Lines & Meters	(380)	3,985,279	561,236	3,424,044	Customer
8			<u>61,309,720</u>	<u>1,934,640</u>	<u>59,375,080</u>	
9						
10	Sub-Total Plant (excluding General)		<u>150,438,854</u>	<u>5,995,287</u>	<u>144,443,567</u>	
11						
12	General Plant	(364, 390-396)	11,161,100	2,491,416	8,669,684	Plant (excluding General)
13					-	
14			<u>161,599,954</u>	<u>8,486,703</u>	<u>153,113,251</u>	
15						
16						
17						
18						
19	<u>Other Rate Base</u>					
20						
21	Working Capital Requirements				-	Revenue
22						
23	Materials Inventory				-	Distribution Plant
24						
25	LNG Inventory				-	Commodity
26						
27	Customer Deposits				-	Revenue
28						
29	TOTAL RATE BASE				<u><u>153,113,251</u></u>	

IGU - Cost of Service Study  
INPUT - Meter Expense by Class

**TABLE A-5**

*Source: IGU*

Average					Average																												
	Meter Size	Installation Cost	No. Installed			Meter Size	Installation Cost	No. Installed																									
Residential	250	\$ 252	670	\$ 168,840	Small Interruptible	250	\$ 252	0	\$ -																								
	425	\$ 632	96	\$ 60,672		425	\$ 632	2	\$ 1,264																								
	630	\$ 1,406	15	\$ 21,090		630	\$ 1,406	4	\$ 5,624																								
	800/1000	\$ 2,740	0	-		800/1000	\$ 2,740	1	\$ 2,740																								
	+1400	\$ 3,663	0	-		+1400	\$ 3,663	2	\$ 7,326																								
	2300	\$ 7,992	0	-		2300	\$ 7,992	7	\$ 55,944																								
	5000	\$ 9,848	0	-		5000	\$ 9,848	14	\$ 137,872																								
			781	\$ 250,602				30	\$ 210,770																								
Small Commercial	250	\$ 252	299	\$ 75,348	Large Interruptible	250	\$ 252	0	\$ -																								
	425	\$ 632	196	\$ 123,872		425	\$ 632	0	\$ -																								
	630	\$ 1,406	94	\$ 132,164		630	\$ 1,406	0	\$ -																								
	800/1000	\$ 2,740	52	\$ 142,480		800/1000	\$ 2,740	0	\$ -																								
	+1400	\$ 3,663	102	\$ 373,626		+1400	\$ 3,663	0	\$ -																								
	2300	\$ 7,992	15	\$ 119,880		2300	\$ 7,992	2	\$ 15,984																								
	5000	\$ 9,848	35	\$ 344,680		5000	\$ 9,848	14	\$ 137,872																								
			793	\$ 1,312,050				16	\$ 153,856																								
Large Commercial	250	\$ 252	0	\$ -	Hospital	5000	\$ 9,848	1	\$ 9,848																								
	425	\$ 632	0	\$ -		Custom	\$ 30,000	1	\$ 30,000																								
	630	\$ 1,406	0	\$ -				2	\$ 39,848																								
	800/1000	\$ 2,740	1	\$ 2,740	University	5000	\$ 9,848	0	\$ -																								
	+1400	\$ 3,663	1	\$ 3,663		Custom	\$ 30,000	1	\$ 30,000																								
	2300	\$ 7,992	1	\$ 7,992				1	\$ 30,000																								
	5000	\$ 9,848	30	\$ 295,440																													
			33	\$ 309,835																													
				Total	1,656 \$ 2,153,105																												
<table><tr><td></td><td>Residential</td><td>Small Commercial</td><td>Large Commercial</td><td>Small Interruptible</td><td>Large Interruptible</td><td>Hospital</td><td>University</td></tr><tr><td>Installation Cost</td><td>\$ 320.87</td><td>\$ 1,654.54</td><td>\$ 9,388.94</td><td>\$ 7,025.67</td><td>\$ 9,616.00</td><td>\$ 39,848.00</td><td>\$ 30,000.00</td></tr><tr><td>Customer Weighting Factor</td><td>1</td><td>5</td><td>29</td><td>22</td><td>30</td><td>124</td><td>93</td></tr></table>											Residential	Small Commercial	Large Commercial	Small Interruptible	Large Interruptible	Hospital	University	Installation Cost	\$ 320.87	\$ 1,654.54	\$ 9,388.94	\$ 7,025.67	\$ 9,616.00	\$ 39,848.00	\$ 30,000.00	Customer Weighting Factor	1	5	29	22	30	124	93
	Residential	Small Commercial	Large Commercial	Small Interruptible	Large Interruptible	Hospital	University																										
Installation Cost	\$ 320.87	\$ 1,654.54	\$ 9,388.94	\$ 7,025.67	\$ 9,616.00	\$ 39,848.00	\$ 30,000.00																										
Customer Weighting Factor	1	5	29	22	30	124	93																										

Note:

*Customer numbers for meter systems are from the billing software which may not match the revenue forecast customer count.*

IGU - Cost of Service Study  
INPUT - Customer

**TABLE A-6**

	a	b	c
<u>WEIGHTED COUNT (Meter Cost)</u>	<u>Average Number</u> Table A-1	<u>Weight per Customer</u> Table A-6	<u>Weighted Number</u>
1 Residential	745	1	745
2 Small Commercial	768	5	3840
3 Large Commercial	32	29	928
4 Small Interruptible	30	22	660
5 Large Interruptible	15	30	450
6 Hospital	1	124	124
7 University	1	93	93
8			
9 Total Customer Count	<u>1592</u>		<u>6840</u>

**Notes**

- Weight per customer per IGU Meter Ratio Data (Table A-6)

	a	b	c	d	e
<u>WEIGHTED COUNT (Use Per Account)</u>	<u>Average Number</u> Table A-1	<u>Annual Volume</u> Table A-1	<u>Use Per Account</u>	<u>Weight per Customer</u>	<u>Weighted Number</u>
20 Residential	745	96,457	129	1.00	745
21 Small Commercial	768	448,173	584	4.51	3,462
22 Large Commercial	32	218,460	6,827	52.73	1,687
23 Small Interruptible	30	69,741	2,325	17.96	539
24 Large Interruptible	15	49,045	3,270	25.25	379
25 Hospital	1	72,597	72,597	560.71	561
26 University	1	6,634	6,634	51.24	51
27					
28 Total Customer Count	<u>1592</u>				<u>7,423</u>

**Notes**

- Use per Account from Inputs (Annual Volume / Average Customers (Table A-1))

IGU - Cost of Service Study

Peak Day Analysis

**TABLE B-1**

<b><u>PEAK DAY DEMAND ESTIMATES - Calculations</u></b>				<b>a</b>	<b>b</b>	<b>c</b>	<b>e</b>	<b>e</b>	<b>f</b>
				<b><u>Base Load</u></b> [mcf/d]	<b><u>Heating Load</u></b> [mcf/HDD]	<b><u># Cust</u></b> [Table A-1]	<b><u>Peak @ -50</u></b>	<b><u>Annual Volume</u></b> [Table A-1]	<b><u>Estimated Load Factor</u></b>
1	Residential			0.0572	0.00773	745	704.8	96,457	37.5%
2	Small Commercial			0.3442	0.03820	768	3638.0	448,173	33.8%
3	Large Commercial			2.7502	0.41837	32	1627.6	218,460	36.8%
4	Small Interruptible			2.4715	0.10382	30	432.3	69,741	44.2%
5	Large Interruptible			0.2046	0.22231	15	386.6	49,045	34.8%
6	Hospital			97.9667	3.36000	1	484.4	72,597	41.1%
7									
8	University								
9		January 2022	(1)	-	-	1	1951.7	6,634	0.9%
10		December 2021	(2)	-	-	1	0.0	6,634	0.0%



IGU - Cost of Service Study  
Peak Day Calculation

**TABLE B-2**

**Synthetic Peak Days**

Line	Column		a	b	c	d
<u>DESIGN DAY SENDOUT (mcf/day)</u>			Coldest Day			Coincidental Peak Day
1	Date			2-Jan-22		13-Dec-21
2	Temperature			-37		-36
3	Degree Days			102		101
4						
5			<u>Firm</u>	<u>Int</u>	<u>Total</u>	<u>Total</u>
6	Residential	Firm	630.0		629.98	624.2
7	Small Commercial	Firm	3256.7		3,256.66	3227.3
8	Large Commercial	Firm	1453.6		1,453.57	1440.2
9	Small Interruptible	Inter	-	391.8	391.83	388.7
10	Large Interruptible	Inter	-	343.2	343.20	339.9
11	Hospital	Inter	-	440.7	440.69	437.3
12	University	Inter	-	1951.7	1,951.67	0.0
13						
14	Total Peak Day Sales		5,340.2	3,127.4	8,467.6	6,457.6
<u>DESIGN DAY SENDOUT (gallons LNG/day)</u>			<u>Firm</u>	<u>Int</u>	<u>Total</u>	<u>Total</u>
15	Residential	Firm	7,625.8		7,625.78	7,556.1
16	Small Commercial	Firm	39,420.8		39,420.84	39,065.7
17	Large Commercial	Firm	17,595.0		17,594.97	17,432.9
18	Small Interruptible	Inter	-	4,743.0	4,743.03	4,705.3
19	Large Interruptible	Inter	-	4,154.4	4,154.39	4,114.0
20	Hospital	Inter	-	5,334.4	5,334.38	5,293.7
21	University	Inter	-	23,624.3	23,624.34	-
22						
23	Total Peak Day Sales		64,641.6	37,856.1	102,497.7	78,167.8
1 MCF = 12.1047 Gallons LNG						

TABLE C-1

FACTOR		Total	Table	Line/ Formula	Residential	Small Commercial	Large Commercial	Small Interruptible Commercial	Large Interruptible Commercial	Interruptible FMH	Interruptible UAF	Check
CAPACITY												
1	Cap - 1	Peak Day - Coldest	5,340.2	B-2	Col(a)	630.0	3,256.7	1,453.6	-	-	-	5,340.2
2						0.1180	0.6098	0.2722	0.0000	0.0000	0.0000	1.0000
3												
4	Cap - 2	Cold Day - Coincidental	6,457.6	B-2	Col(d)	624.2	3,227.3	1,440.2	388.7	339.9	437.3	6,457.6
5						0.0967	0.4998	0.2230	0.0602	0.0526	0.0677	1.0000
6												
7	Cap - 3	Blended Capacity	50% Coldest (L1)			0.1073	0.5548	0.2476	0.0301	0.0263	0.0339	1.0000
8			50% Coincidental (L4)								0.0000	
9												
COMMODITY												
11												
12	Com - 1	Total Annual Sales (Mcf)	961,106.6	A-1	Col(m)	96,457.1	448,172.7	218,460.5	69,740.6	49,044.9	72,596.8	961,106.6
13						0.1004	0.4663	0.2273	0.0726	0.0510	0.0755	1.0000
14												
15	Com - 2	Winter Months (Mcf)	645,385.5	A-1	Col(n)	67,946.3	313,797.4	150,324.0	41,224.7	34,836.0	31,126.1	645,385.5
16						0.1053	0.4862	0.2329	0.0639	0.0540	0.0482	1.0000
17												
18	Com - 3	Interruptible (Winter)	72,093.1	C-1	(L16*L18)	7,590.0	35,052.9	16,792.0	4,605.0	3,891.4	3,477.0	72,093.1
19												
20												
21	Com-4	Firm Sales (Total - Int.)	889,013.5	C-1	(L12-L18)	88,867.1	413,119.8	201,668.5	65,135.6	45,153.5	69,119.9	889,013.5
22						0.1000	0.4647	0.2268	0.0733	0.0508	0.0777	1.0000
23												
CUSTOMER												
24												
25												
26	Cus - 1	Customer Numbers	1,592	A-1	Col(m)	745	768	32	30	15	1	1,592
27						0.4680	0.4824	0.0201	0.0188	0.0094	0.0006	1.0000
28												
29	Cus - 2	Weighted - Service/Meter	6,840	A-6	Col(c)	745	3,840	928	660	450	124	6,840
30						0.1089	0.5614	0.1357	0.0965	0.0658	0.0181	1.0000
31												
32	Cus - 3	Weighted - Use per Account	7,423	A-6	Col(e)	745	3,462	1,687	539	379	561	7,423
33						0.1004	0.4663	0.2273	0.0726	0.0510	0.0755	1.0000
34												
35	Rev - 1	Annual Revenue	\$ 20,087,447	A-2	Col(d)	\$ 2,113,508	\$ 9,514,810	\$ 4,549,780	\$ 1,422,824	\$ 961,854	\$ 1,390,091	\$ 20,087,447
36						0.1052	0.4737	0.2265	0.0708	0.0479	0.0692	1.0000

TABLE C-2

	<u>FACTOR</u>	<u>Total</u>	<u>Table</u>	<u>Line/ Formula</u>	<u>Residential</u>	<u>Small Commercial</u>	<u>Large Commercial</u>	<u>Interruptible Commercial</u>	<u>Interruptible Commercial</u>	<u>FMH</u>	<u>UAF</u>	<u>Check</u>
	<u>PLANT</u>											
	Plant (excluding General)											
1	Capacity		C-1	L7	0.1073	0.5548	0.2476	0.0301	0.0263	0.0339	-	1.0000
2		141,019,524			15,133,856	78,237,965	34,917,280	4,244,354	3,710,980	4,775,089	-	141,019,524
3												
4	Customer		C-1	L30	0.1089	0.5614	0.1357	0.0965	0.0658	0.0181	0.0136	1.0000
5		3,424,044			372,940	1,922,270	464,549	330,390	225,266	62,073	46,555	3,424,044
6												
7		144,443,567		L2+L5	15,506,796	80,160,235	35,381,829	4,574,744	3,936,246	4,837,162	46,555	144,443,567
8												
9					0.1074	0.5550	0.2450	0.0317	0.0273	0.0335	0.0003	1.0000
10												
11												
12												
13	Plant in Service		C-2	L9	0.1074	0.5550	0.2450	0.0317	0.0273	0.0335	0.0003	1.0000
14		153,113,251			16,437,534	84,971,552	37,505,490	4,849,326	4,172,505	5,127,495	49,349	153,113,251
15												
16												
17	Distribution Plant											
18	Capacity		C-1	L7	0.1073	0.5548	0.2476	0.0301	0.0263	0.0339	-	1.0000
19		55,951,037			6,004,523	31,041,767	13,853,812	1,683,994	1,472,372	1,894,569	-	55,951,037
20												
21	Customer		C-1	L30	0.1089	0.5614	0.1357	0.0965	0.0658	0.0181	0.0136	1.0000
22		3,424,044			372,940	1,922,270	464,549	330,390	225,266	62,073	46,555	3,424,044
23												
24		59,375,080		L18+L21	6,377,463	32,964,037	14,318,361	2,014,384	1,697,638	1,956,642	46,555	59,375,080
25												
26					0.1074	0.5552	0.2412	0.0339	0.0286	0.0330	0.0008	1.0000

TABLE C-3

	<u>FACTOR</u>		<u>Total</u>	<u>Table</u>	<u>Line/ Formula</u>	<u>Residential</u>	<u>Small Commercial</u>	<u>Large Commercial</u>	<u>Interruptible Commercial</u>	<u>Interruptible Commercial</u>	<u>FMH</u>	<u>UAF</u>	<u>Check</u>
	<u>Total Rate Base</u>												
1	Plant in Service	Plant		C-2	L13	0.1074	0.5550	0.2450	0.0317	0.0273	0.0335	0.0003	1.0000
2			\$ 153,113,251			16,437,534	84,971,552	37,505,490	4,849,326	4,172,505	5,127,495	49,349	153,113,251
3													
4	Working Capital	Revenue		C-1	L36	0.1052	0.4737	0.2265	0.0708	0.0479	0.0692	0.0067	1.0000
5			\$ -			-	-	-	-	-	-	-	-
6													
7	Materials Inv.	Dist. Plant		C-2	L26	0.1074	0.5552	0.2412	0.0339	0.0286	0.0330	0.0008	1.0000
8			\$ -			-	-	-	-	-	-	-	-
9													
10	LNG Inventory	Commodity		C-1	L13	0.1004	0.4663	0.2273	0.0726	0.0510	0.0755	0.0069	1.0000
11			\$ -			-	-	-	-	-	-	-	-
12													
13			153,113,251			16,437,534	84,971,552	37,505,490	4,849,326	4,172,505	5,127,495	49,349	153,113,251
14													
15						0.1074	0.5550	0.2450	0.0317	0.0273	0.0335	0.0003	1.0000

TABLE D

COST OF SERVICE - ALLOCATED		IGU F.S. FY 21	Allocator	Table	Line/ Formula	Residential	Small Commercial	Large Commercial	Small Interruptible Commercial	Large Interruptible Commercial	FMH	UAF	Check
		Table A-3											
1	LNG Purchases - Firm	11,492,313	Com - 4	C-1	L21	0.1000	0.4647	0.2268	0.0733	0.0508	0.0777	0.0067	1.0000
2						1,148,789	5,340,416	2,606,976	842,010	583,701	893,515	76,905	11,492,313
3													
4	Other Storage Expenses	473,068	Cap - 3	C-1	L7	0.1073	0.5548	0.2476	0.0301	0.0263	0.0339	0.0000	1.0000
5						50,768	262,459	117,134	14,238	12,449	16,019	-	473,068
6													
7	Storage Expenses - Gas & Elec	617,885	Com - 1	C-1	L13	0.1004	0.4663	0.2273	0.0726	0.0510	0.0755	0.0069	1.0000
8						62,011	288,125	140,446	44,835	31,530	46,672	4,265	617,885
9													
10	LNG Terminating and Processing	2,386,097	Cap - 3	C-1	L7	0.1073	0.5548	0.2476	0.0301	0.0263	0.0339	0.0000	1.0000
11						256,070	1,323,812	590,812	71,816	62,791	80,796	-	2,386,097
12													
13	Distribution Expenses	571,934	Cap - 3	C-1	L7	0.1073	0.5548	0.2476	0.0301	0.0263	0.0339	0.0000	1.0000
14						61,378	317,310	141,614	17,214	15,051	19,366	-	571,934
15													
16	Engineering Expenses	162,732	Cap - 3	C-1	L7	0.1073	0.5548	0.2476	0.0301	0.0263	0.0339	0.0000	1.0000
17						17,464	90,284	40,293	4,898	4,282	5,510	-	162,732
18													
19	Customer Accounts Expenses	363,100	Cus - 1	C-1	L27	0.4680	0.4824	0.0201	0.0188	0.0094	0.0006	0.0006	1.0000
20						169,918	175,164	7,298	6,842	3,421	228	228	363,100
21													
22	Administrative & General	2,882,284	Plant	C-2	L13	0.1074	0.5550	0.2450	0.0317	0.0273	0.0335	0.0003	1.0000
23						309,429	1,599,549	706,023	91,286	78,545	96,523	929	2,882,284
24													
25	Debt Service	595,655	Rate Base	C-3	L15	0.1074	0.5550	0.2450	0.0317	0.0273	0.0335	0.0003	1.0000
26						63,947	330,564	145,907	18,865	16,232	19,947	192	595,655
27													
28	Total Cost of Service	19,545,068				2,139,775	9,727,684	4,496,505	1,112,005	808,003	1,178,577	82,519	19,545,068

**TABLE E**

<u>COSS Customer Class</u>	<u>Revenues</u>			<u>Allocated Cost of Service</u>		<u>Revenue to Cost Ratio</u>	
	<i>Table A-2</i>			<i>Table D</i>			
Residential	\$	2,113,508	10.5%	\$	2,139,775	10.9%	0.99
Small Commercial	\$	9,514,810	47.4%	\$	9,727,684	49.8%	0.98
Large Commercial	\$	4,549,780	22.6%	\$	4,496,505	23.0%	1.01
Small Interruptible	\$	1,422,824	7.1%	\$	1,112,005	5.7%	1.28
Large Interruptible <sup>1</sup>	\$	961,854	4.8%	\$	808,003	4.1%	1.19
Hospital <sup>1</sup>	\$	1,390,091	6.9%	\$	1,178,577	6.0%	1.18
University <sup>1</sup>	\$	134,579	0.7%	\$	82,519	0.4%	1.63
	<u>\$</u>	<u>20,087,447</u>	100.0%	<u>\$</u>	<u>19,545,068</u>	100.0%	1.03

Hospital, University and Large Interruptible combined:

<i>Large Interruptible<sup>1</sup></i>	<i>\$</i>	<i>2,486,524</i>	<i>12.4%</i>	<i>\$</i>	<i>2,069,099</i>	<i>10.6%</i>	<i>1.20</i>
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# GM Appraisal 2021

- Group Rating from IGU Attorney

*Group Rating from IGU Attorney*



*General Manager  
Appraisal*

*2021*



# **Part One**

## *Accomplishments on Previous Goals*

**General Manager  
Accomplishments of Previous Year  
Part 1**

**Goal # 1 BOARD**

➤ **Develop Board Policy, prioritized by importance and need**

No additional policies were needed or created in 2021. All policies were reformatted and the IGU Procurement Policy 4.1(formerly Policy 6) was revised June 1, 2021.

➤ **Develop a Strategic Plan with action items for the FY22 budgets.**

IGU continued to execute on its long term proforma and capital plan. The 2022 budget included additional mainlines and services and increased focus on marketing and customer outreach activities. These activities were completed.

➤ **Provide a Cost of Service, Rates and Tariff Review**

The cost-of-service rate review was completed and presented to the IGU Board of Directors during the March 2021 Board meeting. Tariffs for natural gas distribution and LNG storage were reviewed and approved by the Board in February 2021.

➤ **Prepare and distribute the 2021 IGU Book (minutes, packet, budget)**

New Board members were provided the IGU Book. An updated Book will be distributed to all Board members once updated for 2022.

**Board Member Response:**

**Do you agree with the GM's Report? Yes** ☒ **No**  
**If "No," why:**

**Other Comments:**

GM Britton and his team keep the Board updated and continue to build a healthy relationship with the Board.

## Goal # 2 PROCESSES

- **Complete the following List of Capital Projects that provides optimum secure, utility grade service within the constraints of the approved scope of work, schedule, and budget:**

- **Plan for Titan Liquefaction Facility Expansion**

The Titan Liquefaction facility remained on hold pending strengthening oil prices and economic stability during the continued COVID pandemic. IGU did submit an application for funding in cooperation with the FNSB, Matsu Borough and AK Railroad for the Titan Expansion, however, was not selected.

- **Plan for gas service to Ft. Wainwright**

IGU provided Ft. Wainwright with a budget and plan for an 8" gas main to serve a portion of the base facilities and has submitted public comments for the Ft. Wainwright heat and power EIS. FWW decided to utilize oil to heat the temporary shelters given timeline constraints and political considerations.

- **New Service Connections (First Priority)**

Approximately 310 new service lines were installed in the 2021 construction season, slightly below the forecasted addition of 347 included in the Proforma.

- **Identify and achieve financial and business targets**

The Fiscal Year 2021 and 2022 Budgets included completion of capital projects such as North Pole Storage, new mains and services and a new building acquisition. All projects have been completed and the financial targets set by the budgets have been met or exceeded.

### Board Member Response:

Do you agree with the GM's Report? Yes ☒ No  
If "No," why:

**Other Comments:**

GM Britton is appropriately focused on what is needed for the short and long term success of IGU.

The Board is unaware of the “timeline constraints and political considerations” that drove decision making at Fort Wainwright.

Conversion rates are also an important consideration relative to Titan.

**Goal # 3 CUSTOMER**

➤ **Improve a web-based Customer Service Interface program**

Several web-based customer service activity improvements, such as request for gas service, new service application process, and map indicating availability of gas service. Additionally, a new gas to oil cost calculator is in final stages of implementation.

➤ **Develop Service Connection Standards**

Standards of construction were completed and utilized in 2021. Revisions and improvements are ongoing.

➤ **Implement PACE conversion program for Commercial accounts**

The status of the PACE program was researched, however this program must be implemented by the FNSB which has not made this a priority at this time.

➤ **Develop Residential New Customer Program**

New processes to improve the Residential Customer Program have been implemented, including a two-stage application process and improvements to online information availability. A new Business Development Representative has been hired and IGU has increased its coordinating activities with Builders and Developers.

➤ **Expand Residential Conversion Program**

IGU continues to partner with the FNSB on Conversion Grants resulting in additional funding being made available to the Oil to Gas conversion program, and a request by the State and FNSB to broaden the Clean Air funding to include oil to gas.

➤ **Develop a Customer Communication Engagement Program**

IGU broadened its customer engagement to include video, Facebook posts, radio ads and direct mailers to customers with gas available in their neighborhood.

➤ **Develop and deploy the oil vs. gas “kitchen table” decision guide**

A new oil to gas comparative calculator and benefits of natural gas section on its website.

➤ **Develop Financial assistance with On-bill financing.**

Significant research regarding potential on-bill financing programs was completed, however to-date a cost-effective program has not yet been established.

➤ **Develop means to expedite gas to new consumers.**

Improvements in application processing, including streamlining permitting, and availability of contractors and internal IGU crews to install gas lines when requested were completed. All requests for service in 2021 were installed.

➤ **Develop GVEA term sheet.**

No advancements have been made with GVEA. GVEA continues to consider their options, however, has not selected a direction. IGU continues to communicate the benefits of natural gas.

➤ **Develop gas options to support EIS for Fort Wainwright Fuel Supply.**

IGU provided written comments to FWW as part of the EIS process evaluating options for heat and power. IGU provided options for gas to support FWW identified solutions.

➤ **Develop “Top 10” List of significant probable New Customers**

A Business Development Representative focused on identifying potential new customers and working with them to coordinate conversion to natural

gas was hired. This is an ongoing process with additional customers continuously identified.

➤ **Implement Commercial New Customer Residential and Conversion Program**

The FNSB gas to oil conversion program applies also to commercial customers. In addition, the primary focus of IGU's Business Development Representative is commercial customers.

➤ **Aggressively seek new customers**

Several activities aimed at aggressively adding new customers were completed, including:

- New Business Development Representative position
- Increased marketing activities, utilizing, radio, social media and direct communications
- Increased participation in events such as the Winter Expo, Outdoor Show, Golden Days and the Fair

➤ **Build Customer Confidence to Sell gas.**

IGU continues to target messaging towards customer confidence, such as price stability, availability of supply and IGU community focus.

➤ **Conduct a Customer Satisfaction Survey**

A customer satisfaction survey has been drafted, however not yet completed. Our primary focus has been on new customer acquisition.

**Board Member Response:**

Do you agree with the GM's Report? Yes ☒ No  
If "No," why:

**Other Comments:**

Elena was a terrific hire. Customer service has improved. More finite targets for conversions and sales should be established.

## Goal # 4 FINANCIAL

### ➤ Obtain the Storage Facility tax credit for Tria Road

IGU has qualified for the Storage tax credit for Tria Road. Payment of the credit is pending funding by the Legislature. IGU continues to lobby for payment of these credits.

### ➤ Pursue the inclusion of North Pole in Storage facility Tax Credit

IGU pursued inclusion of the North Pole Storage Tax credit, however the Bill which included the funding mechanism stalled in the legislature given their focus on PFD, State deficit and other matters.

### ➤ Develop a Conversion Assistance Plan to drive sales and revenue

IGU continues to Lobby for funding of the FNSB oil to gas conversion program which has resulted in an additional \$1MM of funding. Also pending is a requested Targeted Air Shed Grant that may provide further funding of oil to gas conversions.

## Board Member Response:

Do you agree with the GM's Report? Yes ☒ No

If "No," why:

*Yes, with some dissent*

### Other Comments:

Excellent efforts to secure funds for prospective gas customers. Most outcomes are beyond GM Britton's control but he continues to influence the outcomes to the degree possible.

## Goal # 5 INTERRELATIONS

➤ **Seek input and participation from the public**

IGU provides an opportunity for public comment in each Board meeting. Additionally, IGU regularly presents to groups such as FEDC, Chamber, Rotary and others so as to keep the community engaged and updated.

➤ **Advance utility project needs and goals with the public and local, state and federal officials.**

IGU's partnership with the FNSB, AK Railroad and Matsu Borough resulted in Letters of Support from local, state, and federal officials. IGU provides regular updates to these groups.

➤ **Activate a "Tiger Team" for information truthing and engagement.**

No "Tiger Teams" were activated in 2021.

➤ **Establish and maintain relations with:**

1. **Local and state media**
2. **Local clubs and organizations**
3. **Local Governments and Interior Delegation**

Relationships have been established and continued to be maintained with these groups. IGU received generally positive media coverage and has access to Local Governments and the Interior Delegation as needed.

**Board Member Response:**

**Do you agree with the GM's Report? Yes** ☒ **No**  
**If "No," why:**

**Other Comments:**

The ARR and Matsu partnership was creative and above expectations.  
Board approved lobbying services are regularly and appropriately utilized.



➤ **Integrate utility into a Community-wide integrated municipal gas utility.**

As of January 1, 2021, IGU, is operating as a Community-wide integrated utility. Necessary approvals for the consolidation were received by the RCA, employees have been transitioned into IGU and all subsidiaries have been dissolved.

**Board Member Response:**

**Do you agree with the GM's Report? Yes** ☒ **No**  
**If “No,” why:**

**Other Comments:**

The consolidation was a major milestone and was well coordinated with all involved entities.

**Goal # 7 SAFETY**

➤ **Perpetuate a Safety Culture.**

IGU received a safety award from the American Public Gas Association for its safety record in 2020. One (1) minor injury, one (1) Lost Time Accident and Zero Preventable vehicle Accidents were recorded in 2021. IGU continues to make Safety a top priority for all operations including Contractor Activities on Capital Projects.

**Board Member Response:**

**Do you agree with the GM's Report? Yes** ☒ **No**  
**If “No,” why:**

**Other Comments:**

GM Britton promotes a safety culture at IGU. The management of the short construction season, relocation and supply chain shortages is a credit to the relationships GM Britton has established.

Statistics over time and in relation to an industry metric would be helpful to evaluating achievement of this goal.

## **Goal # 8 HUMAN RESOURCES**

- **Create a positive work environment for employees and encourages teamwork.**
- **Delegates effectively to key staff.**
- **Maintain a Retention Rate of 90% or better.**
- **Establish an Employment Development Program.**
- **Develop a Staffing Plan based on natural growth.**
- **Establish an Employee Development Plan**
- **Establish a Succession Plan**
- **Develop a robust internal team**
- **Promote innovation and creativity to maintain competitive position.**
- **Conduct an Employee Satisfaction Survey**

IGU has created a positive and inclusive work environment and encourages teamwork through collaboration on issues such as the new service process improvements. IGU recognized employees for a strong safety record and has created Monthly company wide meetings to provide employees an update and opportunity to ask Management questions.

The GM regularly delegates tasks to key staff and names an interim GM during his absence.

IGU's turn over rate in 2021 was 22% primarily in the Operations department. The high rate of turnover is primarily related to pay, benefits and lifestyle choices. The COVID pandemic has been a contributing factor to employee turnover.

IGU has added key employees as necessary, including Business Development Representative, Mechanical Engineer, Controls Engineer and additional Operators to keep pace with asset additions. Additional employees will be added as needed.

### **Board Member Response:**

**Do you agree with the GM's Report? Yes** ☒ **No**  
**If "No," why:**

**Other Comments:**

GM Britton continues to build a functional team. Although it is difficult to obtain employee feedback in a small organization it needs to be done, to include exit interviews. The attributed causes of the turnover are not well understood by the entire Board.

# **Part Two**

## *Performance Appraisal Standards*

**General Manager  
Performance Appraisal Standards  
Part 2**

**Organizational Vision**

Standards:

- ❑ Demonstrates ability to effectively guide the organization through the use of a clear vision.
- ❑ Plans strategically and articulates the organization's corporate mission, goals, and strategies.
- ❑ Adjusts to changing environmental factors in a timely manner.

☒ Meets Standards ☐ Exceeds Standards ☐ Needs Improvement

Explanation/Comments:

The GM has guided IGU through the highs and lows and is a top notch leader.

**Business Leadership**

Standards:

- ❑ Follows sound business principles in managing the organization's business.
- ❑ Demonstrates willingness to collaborate with others in the gas utility network.
- ❑ Accepts leadership roles and carries out responsibilities in a professional manner.

☐ Meets Standards ☒ Exceeds Standards ☐ Needs Improvement

Explanation/Comments:

## Board Relations

Standards:

- ❑ Keeps Board informed of important industry issues and the performance of the utility.
- ❑ Brings well-thought-out recommendations for the board's consideration.
- ❑ Actively builds the trust and support of the board. Encourages the board to work together effectively.
- ❑ Encourages innovative thinking on the part of the board.

\_\_\_\_\_ Meets Standards ☒ Exceeds Standards \_\_\_\_\_ Needs Improvement

Explanation/Comments:

The GM worked admirably with the 2021 Board.

## Gas System Operations

Standards:

- ❑ The gas system is designed and maintained on a planned, systematic basis.
- ❑ New service requests are handled promptly.
- ❑ Outages are kept to acceptable minimums and service is restored promptly.
- ❑ Gas delivery benchmark measures are within normal levels.

☒ Meets Standards \_\_\_\_\_ Exceeds Standards \_\_\_\_\_ Needs Improvement

Explanation/Comments:

The November gas outage is a point of concern.

The efforts by the GM and IGU Employees to manage the outage was exceptional.

## Organizational Effectiveness

### Standards:

- ❑ Takes initiative to ensure that the organization is designed and staffed to meet a changing competitive environment.
- ❑ Effectively employs the use of technology.
- ❑ The organization is evaluated and benchmarked against peers.
- ❑ The General Manager has developed a structure and workforce where individuals can reach their potential.

  ⊙   Meets Standards           Exceeds Standards           Needs Improvement

### Explanation/Comments:

Team development will be ongoing.

The GM, through Board input along with customer input has improved after hours service levels. This work needs to continue in 2022.

## Customer/Community Relations

### Standards:

- ❑ Sets the tone for the utility as being responsive to its customers.
- ❑ Stays in touch with customer concerns and ensures that useful informational and educational programs are developed and carried out.
- ❑ Uses objective methods to measure customer expectations and satisfaction.
- ❑ Works with local leaders and civic organizations to increase awareness of the utility's value to the communities it serves.

  ⊙   Meets Standards           Exceeds Standards           Needs Improvement

### Explanation/Comments:

Customer service is a point of concern for the Board.

It appears the GM is working closely with senior staff to improve customer satisfaction and improve responsiveness to customer expectations.

It is important to provide customer feedback and resulting changes in procedure following unsatisfactory customer interactions.

## Competitiveness

Standards:

- ❑ Demonstrates knowledge of current and emerging competitive issues.
- ❑ Identifies and implements specific strategies to ensure that the system is rate competitive.
- ❑ Creativity and innovation are used to find new solutions, services and products that enable the utility to compete effectively.

\_\_\_\_\_ Meets Standards ☒ Exceeds Standards \_\_\_\_\_ Needs

Improvement Explanation/Comments:

The GM is watching for growth opportunities outside of our captive market to innovate the utilities growth.

## Financial

Standards:

- ❑ A long-range financial plan has been adopted.
- ❑ Meaningful budgets are developed in a timely manner.
- ❑ Expenses are accurately tracked and reported.
- ❑ Cash reserves are prudently invested.
- ❑ Financial targets are met.
- ❑ Cost-benefit analyses are conducted and sound financial principles are followed.

\_\_\_\_\_ Meets Standards ☒ Exceeds Standards \_\_\_\_\_ Needs Improvement

Explanation/Comments:

The financial management team appears to be well coordinated.



## Employee Relations

Standards:

- ❑ Creates a positive work environment for employees and encourages teamwork.
- ❑ Delegates effectively to key staff.
- ❑ Keeps employees informed about industry issues and trends and influences them to adapt to change.
- ❑ Assures that competent individuals are hired, trained and promoted.
- ❑ Empowers employees to make decisions that will improve the performance of the company.

☒ Meets Standards \_\_\_\_\_ Exceeds Standards \_\_\_\_\_ Needs Improvement

Explanation/Comments:

The GM managed changes in organization and location smoothly.

## Subsidiaries/Other Businesses (if applicable)

Standards:

- ❑ Ensures that board members and consumers understand and support any diversification activities.
- ❑ Ensures that clearly written business plans are prepared to justify and support any diversified business.
- ❑ Manages such businesses effectively.
- ❑ Ensures that board members receive timely financial reports and results.

☒ Meets Standards \_\_\_\_\_ Exceeds Standards \_\_\_\_\_ Needs Improvement

Explanation/Comments:\_\_\_\_\_

**OtherComments:**

## Overall Evaluation



**Meets Performance Standards**



**Exceeds Performance Standards**



**Needs Improvement**

# **Part Three**

## *Next Year Goals 2022*

The Board and GM should agree to a set of goals that include the 2021 GM Goals. Record additional ideas below for consideration:

### **Goal # 1 BOARD**

- Develop Board Policy, prioritized by importance and need
- Develop a Strategic Plan with action items for the FY23 budgets.
- Prepare and distribute the 2022 IGU Book (minutes, packet, budget)

### **Goal # 2 PROCESSES**

- Complete the following List of Capital Projects that provides optimum secure, utility grade service within the constraints of the approved scope of work, schedule, and budget:
  - New Service Connections (First Priority)
  - Plan for Titan Liquefaction Facility Expansion
  - Plan for gas service to Ft. Wainwright
  - Plan for AGDC Gas Line Interconnection
- Identify and achieve financial and business targets

### **Goal # 3 CUSTOMER**

- Existing customers
  - Increase the percentage of customers who pay their bills online or by using autopay
  - Implement emergency communication procedures that allow for fast, timely communication to the entire customer base
  - Keep the website and social media channels relevant, concentrating on ways IGU can differentiate from competitors
  - Conduct a customer satisfaction survey

- New customers
  - Develop effective marketing campaigns within the allotted budget
  - Continue working on conversion financing options to increase the availability of grants and loans
  - Install 600 new service lines
  - Continue engaging with the Ft. Wainwright EIS process in attempts to have natural gas selected as the power generating fuel
  - Continue conversations with GVEA in attempts to secure a partnership

#### **Goal # 4 FINANCIAL**

- Provide an in house Cost of Service, Rates and Tariff Review
- Continue to pursue funding for the Storage Facility tax credit for Tria Road
- Develop a Conversion Assistance Plan to drive sales and revenue
- Explore SETS or alternative financing for Capital projects
- Update long term Capital Plan and Proforma

#### **Goal # 5 INTERRELATIONS**

- Seek input and participation from the public
- Advance utility project needs and goals with the public and local, state and federal officials.
- Activate a “Tiger Team” for information truthing and engagement.
- Establish and maintain relations with:
  1. Local and state media
  2. Local clubs and organizations

### 3. Local Governments and Interior Delegation

#### **Goal # 6 SAFETY**

- Perpetuate a Safety Culture.

#### **Goal # 7 HUMAN RESOURCES**

- Create a positive work environment for employees and encourages teamwork.
- Delegates effectively to key staff.
- Maintain a Retention Rate of 90% or better.
- Establish an Employee Development Program.
- Establish a Succession Plan
- Develop a robust internal team
- Promote innovation and creativity to maintain competitive position.

# Reports

-Finance Committee Report

-Marketing Report

**Suggested motion in the event an Executive session is needed:** move to enter into executive session to discuss the Marketing Report, the immediate public knowledge of which would clearly have an adverse effect on the finances of IGU.

-General Manager Report

-Attorney Report

# Marketing Report

Prepared by: Elena Sudduth  
Customer Service/Marketing Manager

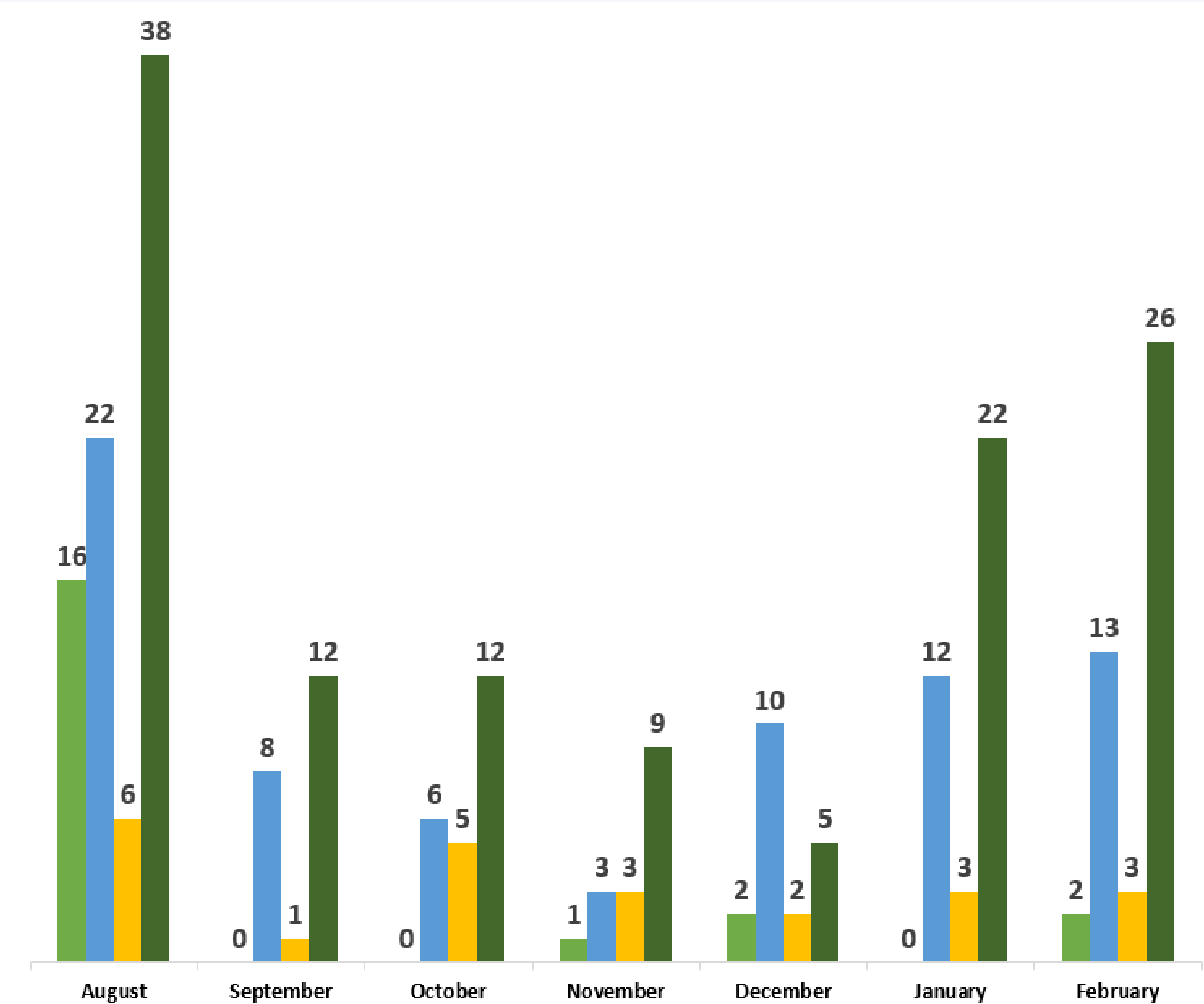




# Gas service requests received past 2021 deadline

**Total: 242**

- North Pole Commercial: 21
- North Pole Residential: 74
- Fairbanks Commercial: 23
- Fairbanks Residential: 124



# Approved for 2022 construction by application date

**Total: 100**

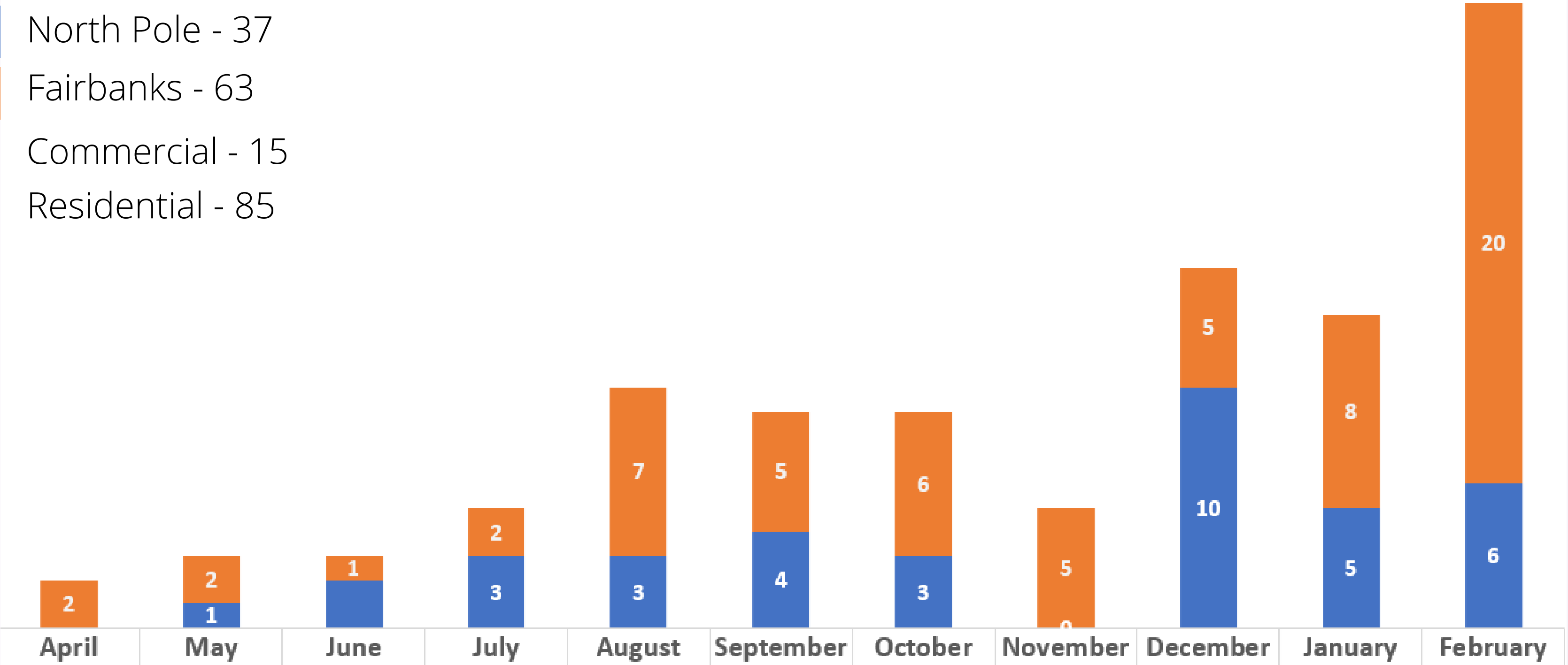


North Pole - 37

Fairbanks - 63

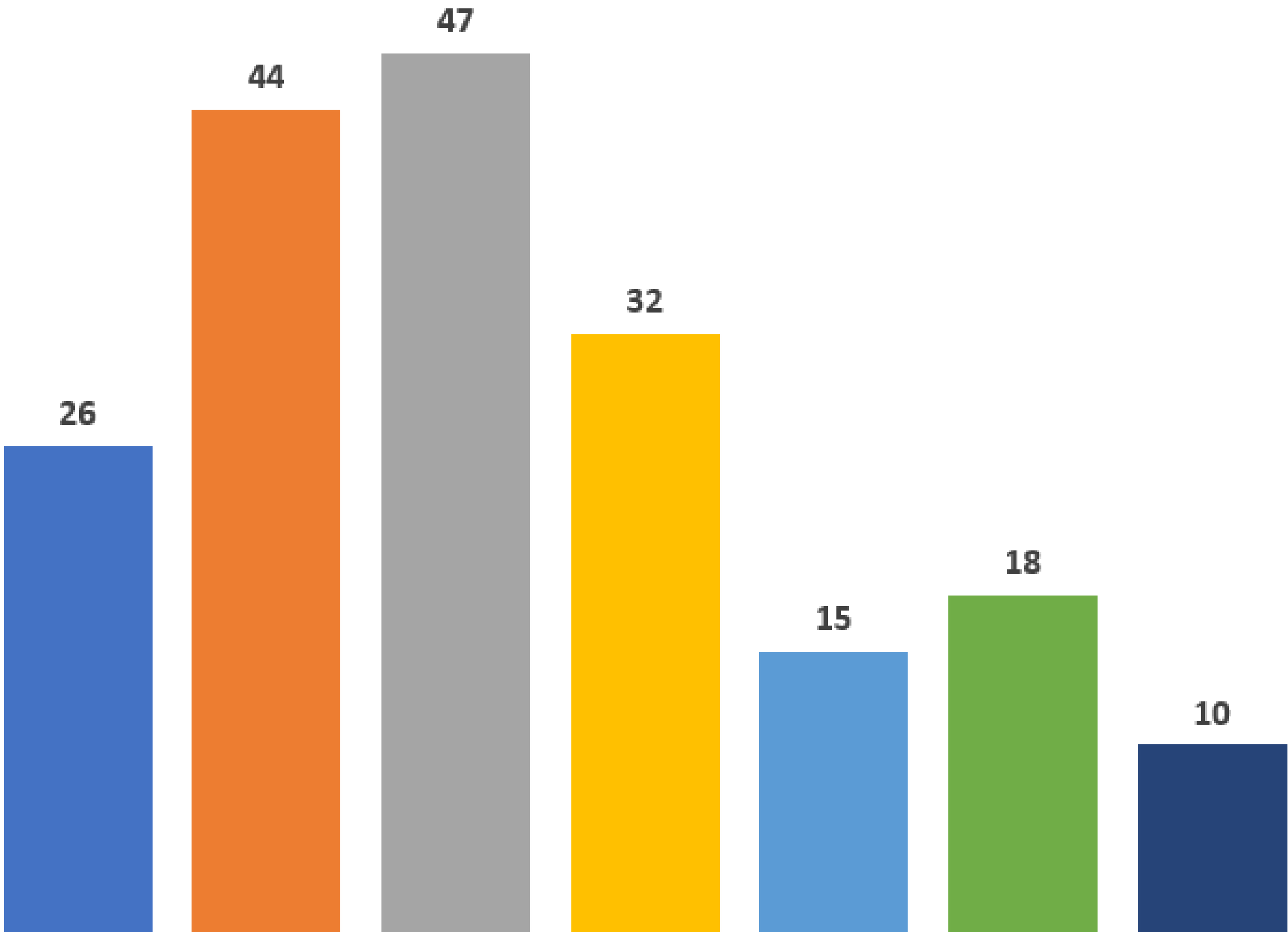
Commercial - 15

Residential - 85



# Turn Ons since August 2021

Total: 192



# Phone service - status

- IGU staff conducted an in-depth analysis of our existing service provider services, with a sample period of September 1 to January 19.
  - The service handles about 240 calls per month, or an average of 200 minutes
  - 80% of calls are answered in under 1 minute
  - 95% of calls are answered in under 3 minutes
  - The longest wait time in the analyzed period was 7.8 minutes, on January 31.
- Staff looked at the way the service handled the emergency on November 21 and 22:
  - Total of 122 calls (significantly more than usual)
  - 65% answered in under 1 minute
  - 20% answered between 1 and 2 minutes
  - 5% answered between 2 and 3 minutes
  - 5% answered between 3 and 4 minutes
  - 5% answered in longer than 4 minutes, with the longest wait time being 5.2 minutes.
- Abandoned calls
  - Approximately 45 per month
  - Longest wait time before abandoning a call - 1.4 minutes

# Phone service

## Improvements made

- Changed the automated messages callers hear:
  - During business hours, in the rare instances callers get to the answering service, it was made clear that calls are answered in the order they are received. The message is asking for the caller to wait until the first representative is available.
  - After business hours, the message informs caller that they have reached the after hour emergency line.

Both of these changes combined resulted in a significant decrease in the number of calls that reach the call center, thus increasing the number of callers who talk to IGU personnel directly.

## Other options

IGU contacted 5 other companies to evaluate their level of service and promise to potential new clients. Some are comparative in price and some are more expensive, but nobody guarantees any specific response time.

## Management recommendation:

Continue with our current provider and continue to make improvements as they become identified. Our answering service provides a comparative service to the national providers, while being a local entity. The changes we implemented have produced good results.

# Postcard

JOIN INTERIOR GAS UTILITY FOR A

## TOWNHALL MEETING

**MARCH 8 - SUMMIT CHURCH ALASKA**

**MARCH 15 - NORTH POLE LIBRARY**



**Bring all of your questions about natural gas and come meet Interior Gas Utility representatives. You can apply for natural gas service at the same time.**

**March 8: Summit Church - 3340 Badger Road #280**

**March 15: North Pole Library - 656 NPHS Boulevard**

**5:30 PM - 7:30 PM**

**Presentation at 6:00 PM**

# Upcoming public presence

- Trade show participation:
  - IABA Home Show - March 25-27
  - Outdoor Show - April 8-10
  - A Woman's Affair - April 22-24
- Town Hall meetings - 5:30 PM - 7:30 PM, presentation at 6 PM
  - March 8: Summit Church Alaska
  - March 15: North Pole Library
  - March 21: Noel Wien Library
  - March 28: Anne Wien Elementary
  - April 13: Ladd Elementary
  - April 20: Hunter Elementary
  - April 26: Woodriver Elementary
- Natural gas open house
  - April 1, IGU office



# General updates

- Phase expansion map is live on IGU website
- IGU sign is up
- Conversion financing
  - FNSB grants - applications expected to be live on March 25
  - Private lender options - staff continues conversations







## General Manager Report – For the month of February 2022

### General

- 2/2/22 Meeting with FNSB CEDS: Energy Discussion, regarding Natural Gas Expansion Prioritization.
- HB 307 introduced, extending sunset date on AIDEA Conduit Revenue Bond for IEP authorized as part of the Interior Energy Project. GM provided public testimony during House Labor & Commerce Committee hearing on 2/23/2022.
- GM on PTO February 7-18, 2022.

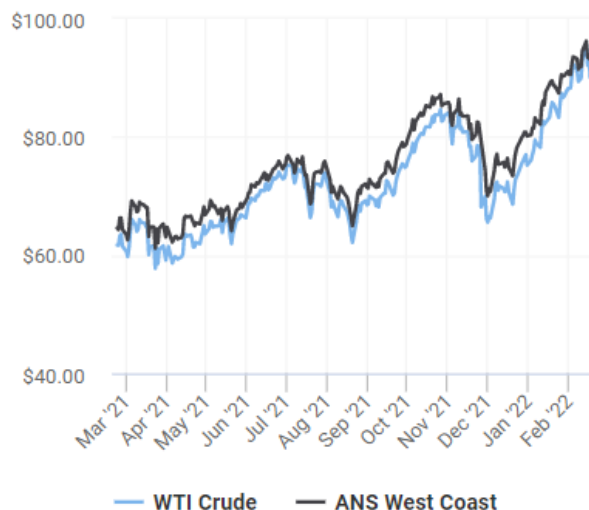
### Financial / Accounting

- Finance Committee met on February 22, 2022 and recommended IGU Board acceptance of the December 2021 and January 2022 Financials as presented.

### **Oil Markets**

Date	West Texas Intermediate	ANS West Coast
2/21/2022	\$93.93	\$93.06

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



Residential Heating Oil Average Price as of 2/16/2022 - \$3.74 / gallon

Natural Gas Oil Equivalent\* - \$2.80, Residential oil price is 33.5% greater than natural gas.

\*Based on 135,000 BTU/gallon for #1, #2 Blend.

## Operations

### **Titan LNG Plant**

- The expander has been repaired and put back into service as of 2/23/2022. Piping modifications were made to correct a suspected cause of premature failure and difficulties encountered during start-up. The piping modifications appear to have substantially corrected the problems encountered.
- Zero Lost Time Injuries, Zero Vehicle Accidents.
- Zero Third Party Damage.

### **IGU Storage Sites and Distribution Systems**

- 100% delivery reliability with no firm supply interruptions. LNG Inventory has decreased from 1,850,000 gallons as of January 25, 2022, to 1,150,000 gallons as of February 24, 2022. Inventory levels dropped below 30 days (Inclusive of Interruptible Customer Usage) however remained approximately 30 days if Interruptible Customers usage is excluded. Forecasted inventory between 25 to 30 days for the remainder of February and March inclusive of Interruptible expected usage and 30 to 45 days with Interruptible usage excluded.
- North Pole Storage Site and distribution in continuous uninterrupted operation.
- Fairbanks Storage Site 1 and Site 3 in continuous uninterrupted operation.
- Zero Lost Time Injuries, Zero Vehicle Accidents.
- Zero Third-Party Damage.


## Capital Projects

- Preparation for 2022 Construction season ongoing.

### **Titan Expansion**

- Preliminary meeting completed with Air Liquide regarding project reengagement.
- Preliminary meeting completed with IGU Financial Team including Advisor, Bond Counsel and Independent Engineer completed regarding preparation for future Bond issuance.

**MEMORANDUM**

TO: IGU Board  
FROM: Zane Wilson   
SUBJECT: Summary of Activity  
DATE: February 22, 2022

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

1. Attended IGU Board meeting.
2. Worked on revisions to Procurement Manual.
3. Worked on GM Evaluation.
4. Communications with Chair Haagenson re: misc. issues.

# Director Requests for IGU Information

# Closing Comments

- General Manager
- IGU Attorney
- Directors

# ADJOURNMENT