



## BOARD OF DIRECTORS MEETING

Tuesday, March 16, 2021 @ 4:00 P.M.

IGU Office: 3408 International Street, Fairbanks, AK

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

### DRAFT AGENDA

*To participate via teleconference, call 1-253-215-8782;  
when prompted, enter meeting ID 896 6715 2058, Password 543187*

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

#### Join Zoom Meeting

<https://us02web.zoom.us/j/89667152058?pwd=b2tUei9rbkhXV3YybUtzT3V5RmI5QT09>

1-253-215-8782

**Meeting ID:** 896 6715 2058

**Password:** 543187

#### I. CALL TO ORDER

- Roll call
- Approval of Agenda & Consent Agenda\*  
(Items marked with \* are approved under consent agenda)
- \* • \*Approval of Minutes – 2/2/2021 & 2/16/2021
- \* • \*Approval of Financials – 2/23/2021
- Public Comment – *limited to three minutes*

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

- GM Appraisal 2020
  - Group Rating from IGU Attorney.....Page 31
- RFP 03-2020 Lobbying Services Appeal, Northern Policy Solutions Update .....Page 157
- Future IGU Office Plans Update .....Page 158

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

- Cost of Service/Rates Review .....Page 159

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

- Marketing Report .....Page 161

#### IV. REPORTS

- General Manager .....Page 168
- IGU Attorney .....Page 171

#### V. DIRECTOR REQUESTS FOR IGU INFORMATION

#### VI. EXECUTIVE SESSION (If Required)

#### VII. CLOSING COMMENTS

- General Manager
- IGU Attorney
- Directors

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

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



**BOARD OF DIRECTORS MEETING**  
Tuesday, February 2, 2021 @ 4:00 P.M.  
ZOOM Telephonic Meeting

**DRAFT MINUTES**

A Telephonic Meeting of the Board of Directors of the Interior Gas Utility was held Tuesday February 2, 2021. IGU Board Chair, Steve Haagenon presiding.

Others in attendance were: Dan Britton (IGU General Manager), Elena Sudduth (Customer Service/Marketing Manager), Wes Smith (Controller), Heather Thomas (IGU Secretary), Zane Wilson (IGU Attorney).

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

- Roll call  
Steve Haagenon  
Mike Miller  
Bert Bell  
Mary Nordale  
Pamela Throop  
Luke Hopkins  
Gary Wilken
- Approval of Agenda & Consent Agenda\*  
(Items marked with \* are approved under consent agenda)

**00:00:51 Moved** by Director Wilken to pull the financials before approving the Agenda & Consent Agenda for a question, 2<sup>nd</sup> by Director Bell.

***Discussion on the Motion.***

Director Wilken asked, on page 34 could you walk me through the 12 month trailing average pie chart and associated charts on the page and how it relates to the \$2.081 price charged to the customer. Dan explained that what is shown is the last 12 months trailing average cost for the gas that we deliver to our customer without interest or depreciation. We will most likely include interest in the future once interest becomes a larger expense. We charge our residential customers \$2.081 per CCF.

**00:07:05 Moved** by Director Bell to approve the Agenda & Consent Agenda, 2<sup>nd</sup> by Director Wilken.

***Discussion and Questions on the Motion.***

- Approval of Minutes – 1/5/2021 & 1/19/2021\*
- Approval of Financials – 1/26/2021\*

- Public Comment 00:11:20

*Patrice Lee, Hillcrest Drive-*

With regards to the IGU contract for gas with Hilcorp, Mary Nordale made a wise motion for the IGU Board to have a Work Session on the contract language, long term implications for IGU before the final vote to have General Manager Dan Britton execute the contract with Hilcorp. Director Throop supported that motion, it was quickly voted down 5-2. I was immediately filled with concern. Over the course of more than a year the IGU Board saw many viable options and combination of options. It wasn't until late afternoon on January 14, 2021 that IGU public saw for the first time the actual contract. It was essentially approved on January 19, 2021. What, I ask myself did the dissenting board members have to lose by having a Work Session on the contract. After all, IGU is a public corporation. The Board and public had only 5 days to see the contract and 3 of those were the weekend and one was a holiday. The fact that IGU is agreeing to buy spores of millions of dollars of gas from Hilcorp should have been enough to warrant such an analysis and discussion by IGU Board. The Board may have declined to have that Work Session, however the concerns that should have been addressed in a publicly transparent session are not going away. Five days for the public to know if the contract had any chance for the public to review it is another example of the many times Board members Throop, Nordale and Lee have questioned and asked Board Management and Leadership not to spring extremely important votes on the Board and the public. After months of viewing viable gas and LNG options, time for due diligence could have easily been factored in when deciding such a vital contract. IGU now has a 5 year contract for Natural Gas. Customers depend on LNG arriving in Fairbanks that is then regasified and piped to homes and businesses. A showcase of the many gas fields owned by Hilcorp was included in the reasons to agree with this contract. Indeed, several were listed in a table on this contract. In reality it does not matter how many secure fields Hilcorp has, the linchpin, the single point of failure in our present system is Titan I and its ability to function over the life of this contract. Importing LNG at better prices that can reduce the cost to IGU customers was and is on the table. Now the challenge is increasing demand to pay for it. Perhaps the Board could have asked for a side by side price comparison between importing LNG in larger amounts at much lower price while taking a smaller base amount from Hilcorp. My rough calculations show a savings of at least \$15MM. The maximum gas supply available in the new contract with Hilcorp is an amount required to be in a legal contract to allow IGU to go out for Bonding and Financing for Titan Expansion. Was the Titan Expansion Financing more critical than lower gas costs? I do not know, but maybe it should have been discussed. By approving this contract, Is IGU Board first tracking the quest to expand Titan? That's \$80MM-\$100MM more in debt if that goes forward. A price comparison between importing LNG and building out Titan would have been instructive and can be instructive going forward, especially to new Board members. Hilcorp does not have an LNG processing facility at this time. I am sure they would be glad to have one. Hilcorp bought Titan I in 2014, the sale was rescinded by the attorney general. That shows that Hilcorp is interested in expanding its business with an LNG facility with their vast quantities of gas. Their

nearby customers can use natural gas but markets further away require LNG. The contract maybe renewed for up to 11 years and our General Manager has stated that the proposed capital project are a 100 year infrastructure. This is a 5 year contract and IGU should continue to look for LNG at lower prices and act on those opportunities every time it can. I am almost finished. With energy sources and costs changing so quickly and with climate change in mind should IGU be about 100 year plans. We are already indebted 50 years. Many utilities use multiple sources of interruptible gas or LNG, they achieve security of supply and a better price. In the world of investments who promotes a single or sole source CD or other single investment as more secure than a diversified portfolio. The contract maybe renewed for up to 11 years, but we should be concentrating on getting a better gas price just within these 5 years. I took an oath to abide by the rules and laws of the borough and state, that includes the original ordinance founding IGU that includes the important concepts that the IGU is a borough entity, a public corporation, and IGU's business dealings to supply gas to the community. IGU is required to first facilitate to get the job done, failing to facilitate IGU is to partner with reputable capable entities to get the job done. Only as a last resort is IGU to own all that is needed to supply gas to the FNSB. I want IGU to succeed, our community needs IGU to succeed. We are on a roll with our huge storage tanks and the capacity that they offer. IGU should strive to get many new customers converted to gas along its established lines and help them convert and connect, as necessary. Where the public's money is concerned, I do not think one can over think this issue. What is needed is careful due diligence of every penny. The public's money should be wisely frugally spent as if it was personal money. Value for every dollar should be at the forefront of every decision. Where this contract is concerned it is possible it might have come out of a Work Session after serious substantive analysis and discussion the same way it went in, but sadly we will never know, because it did not happen.

## **II. OLD BUSINESS**

- RFP 03-2020 Lobbying Services Appeal, Northern Policy Solutions **00:17:58**

Chair Haagenon gave a brief overview of the additional letter received and GM Dan Britton adds that it were reviewed by counsel and responded to by the Chair. The matter that Northern Policy Solutions is appealing is that they felt that the dispute should have been heard by the Board itself versus a hearing officer. This issue will be addressed by the hearing officer as part of the overall appeal. We have executed the agreement with the Alaska Office of Administrative Appeals and the first meeting is scheduled for Friday February 5, 2021. We are hopeful the process will take a month or less. *Board Discussion and Questions.*

## **II. NEW BUSINESS**

- DRAFT IGU Static Calendar **00:24:08**

Chair Haagenon presents the first initial Draft of the IGU Static Calendar for the planning of topics to be discussed by the Board throughout the year. *Board Discussion, Questions and Suggestions.*

- IGU Goals for 2021 **00:47:37**
- GM Appraisal 2020

Chair Haagenon gives an overview of each section of the General Manager Appraisal 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.*

- IGU Natural Gas Distribution Tariff **01:37:50**

Chair Haagenon opens the Natural Gas Distribution Tariff discussion by mentioning last meetings Regulatory Commission of Alaska Order that was approved and needed due to the consolidation. One of the Orders is to submit an informational only Tariff to the RCA. This Tariff was modeled after the previously active FNG Tariff. GM Dan Britton mentions that the RCA requires the informational only Tariff to be submitted within 60 days of the consolidation which was on 1/1/2021. *Board Questions.*

**01:45:27 Moved** by Director Hopkins to adopt the IGU Natural Gas Distribution Tariff as presented, 2<sup>nd</sup> by Director Wilken.  
*Discussion on the motion.*

**01:47:57 Roll Call Vote:** Bell-Y, Nordale-Y, Throop-Y, Hopkins-Y, Wilken-Y, Miller-Y, Haagenon-Y  
*Motion passes unanimously.*

- IGU LNG Storage Tariff **01:48:47**

**01:48:58 Moved** by Director Wilken to adopt the IGU LNG Storage Tariff as presented, 2<sup>nd</sup> by Director Hopkins.  
*Discussion on the Motion.*

Correction to be made to packet page 173 before submission, edit formula for 13.1.6

**01:56:56 Roll Call Vote:** Nordale-Y, Throop-Y, Hopkins-Y, Wilken-Y, Miller-Y, Bell-Y, Haagenon-Y  
*Motion passes unanimously.*

### III. OTHER BUSINESS

- Marketing Report **01:57:38**

GM Dan Britton introduces Elena Sudduth as IGU's new Customer Service/Marketing Manager. Elena presents her Marketing Report which included an overview of her proposed Marketing Plan for 2021. Also discussed were the plans for the North Pole Storage Site Ribbon Cutting Ceremony.

The Board welcomes Elena and applauds her approach to the Marketing Report.  
*Board Discussion and Questions.*

- IGU Board of Directors Meeting Calendar **02:21:46**

Chair Haagenson presents the Board Calendar and gives an overview of the adjustments made. GM Dan Britton mentions that the March Board Meeting change was requested by him for a planned vacation. *Board Discussion and Questions.*

#### **IV. REPORTS**

- General Manager **02:26:34**

GM Dan Britton presents his report on activities and progress at IGU in the past month of January.  
*Board Discussion and Questions.*

- IGU Attorney **02:38:28**

IGU Attorney Zane Wilson presents his report on work done for IGU in the past month of January.  
*Board Discussion and Questions.*

#### **VI. DIRECTOR REQUESTS FOR IGU INFORMATION 01:29:01**

*There were no Director requests for IGU Information*

#### **VII. EXECUTIVE SESSION**

*There was no Executive Session*

#### **IX. CLOSING COMMENTS 02:42:16**

- GM Dan Britton

As we work through the final details of the consolidation, we discovered a snag in the employee 401 (k) Plan that requires a revision due to IGU being a public corporation. An adoption of a new plan by the Board will be needed hopefully by the next meeting. It will be substantially the same plan but will meet the needs of a publicly owned entity.

- IGU Attorney

I try to stay out of politics with the Board and hopefully I don't venture into it today, but I want to make one comment about some statements I have heard about the Hilcorp contract and other options out there. From my perspective and I was relatively involved in the gas discussion, and gas options as we moved forward towards making that decision, I was personally unaware of there being any other options that were viable. If they existed, I was unaware of them, I don't think they do exist or did exist and, there is an ongoing effort to develop those and hopefully come up with something that is viable and certainly hope that comes to fruition at some point in

time . I never heard or saw any viable alternative to going forward with the Hilcorp contract at the time we made that decision and as we sit here today.

- Directors

*Director Wilken- Thank you it was a good meeting.*

*Director Hopkins- Thank you, my comments pertain to the opinion pieces in the paper about the new gas line coming down to Fairbanks. I would like to hear an update on the project and have a discussion with the IGU Board and GM Dan Britton at a future meeting. Dan your FEDCO presentation was very, very good and had quite a popular audience.*

*Director Nordale- Is our contract with MAP Consulting an ongoing contract with IGU?*

*Director Bell- It was a good meeting, hopefully we will not have too many agendas with 222 pages.*

*Vice Chair Miller- Very encouraged by the new approach to the Marketing and where we are headed. I was on the IGU website looking at the commercial application for my business in North Pole and had some confusion. I am glad Elena recognizes that and is working to make them better. I think in North Pole over the next 6-12 months we will see a lot of conversions.*

*Chair Haagenson- I had a few questions myself when going over the application for my home, I encourage other Board members to use yourself as guinea pigs and see how it really works. Welcome Elena, I think we will do a great job with her on board. I think I'll have the record for the longest packet, but we had to get it done for the RCA orders. There was an IGU book for 2020 that was used for the Director Orientation, it included the minutes, packets, budget, policy, bylaws for the year and I think it would be good to make that available to the directors each year. I also saw the governor speak of the gas line and I want you to know everything we built thus far will still be used if the pipeline comes to Fairbanks and will lower costs. Looks like we will get a revenue boost with this colder weather, I look forward to more sales.*

**02:52:18** Chair Haagenson recommends a motion to Adjourn

**02:52:21 Moved** by Director Nordale to Adjourn, 2<sup>nd</sup> by Director Bell.  
*Motion approved without objection.*

**X. ADJOURNED @ approximately 6:52 pm**



## BOARD OF DIRECTORS SPECIAL MEETING

Tuesday, February 16, 2021 @ 4:00 P.M.

ZOOM Telephonic Meeting

### DRAFT MINUTES

A Telephonic Meeting of the Board of Directors of the Interior Gas Utility was held Tuesday February 16, 2021. IGU Board Chair, Steve Haagenson presiding.

Others in attendance were: Dan Britton (IGU General Manager), Heather Thomas (IGU Secretary), Zane Wilson (IGU Attorney), Mary Ann Pease (MAP Consulting), David Hale (Hale & Associates) JoAnna Lewis (Hale & Associates), Bill Sobers (UBS),

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

- Roll call  
Steve Haagenson  
Mike Miller  
Bert Bell  
Mary Nordale  
Pamela Throop  
Luke Hopkins  
Gary Wilken
- Approval of Agenda

*00:00:49 Chair Haagenson requests a motion to approve the agenda and move the Executive Session be moved to after closing comments to allow for full public participation.*

*00:01:06 Moved by Director Wilken to Approve the Agenda as amended by the chair, 2<sup>nd</sup> by Director Bell.*

*Motion approved as modified without objection.*

- Public Comment 00:01:29

*Patrice Lee, Hillcrest Drive- read a brief comment and then with Jack's permission read his limerick. Mrs. Lee's commented that the insurance coverage and the retirement plan IGU inherited from AIDEA, for Mr. Britton have history She shared her concern about the Insurance coverage levels and review process. Mrs Lee questioned who's retirement plan was being discussed and suggested Resolution 2021-05 does not make it clear. Mrs. Lee made comments regarding Mr. Brittons compensation plan and why the need to make changes to make things legal.*

Mrs. Lee read a limerick about former Director Jack Wilbur.

#### II. NEW BUSINESS



- IGU Insurance Renewal **00:05:00**

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. 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.

**00:55:29 Moved** by Director Bell, Move to Authorize the GM to Execute the Insurance Policies as presented effective March 1, 2021 to March 1, 2022, and further Authorizing the GM to execute a revision to the property policies in the event additional carriers provide more competitive pricing prior to the binding of the policies, 2<sup>nd</sup> by Vice Chair Miller.

**Discussion and Questions on the motion**

**00:57:00 Roll Call Vote:** Bell-Y, Nordale-Y, Throop-Y, Hopkins-Y, Wilken-Y, Miller-Y, Haagenson-Y  
**Motion passes 7-0.**

**00:58:12 Moved** by Director Wilken to Authorize the GM to Execute placing Directors & Officers coverage prior to expiration of policy extension 6/1/21, 2<sup>nd</sup> by Director Bell.

**Discussion and Questions on the motion**

**01:00:04 Roll Call Vote:** Nordale-Y, Throop-Y, Hopkins-Y, Wilken-Y, Miller-Y, Bell-Y, Haagenson-Y  
**Motion passes 7-0.**

- IGU Retirement Plan **01:01:08**

GM Dan Britton presents the IGU Employee Retirement plan for non-union employees along with IGU Attorney Zane Wilson. To a great extent it is a continuation of what we have done historically, although it is now a policy that meets the requirements of a non-profit public corporation versus a private corporation, which is the reason for the change from a 401(k) to a 457(b) plan. IGU Attorney Zane Wilson touches on the plan details and background for the change. Attorney George Sigh has been retained to assist in the change as well as Bill Sobers from UBS financial. IGU contribution will remain a 4% match as long as the employee makes a 5% contribution. GM Dan Britton also mentions that we will most likely have a 401(a) plan available. Board Discussion and Questions.

- Resolution 2021-05

**01:33:59 Moved** by Director Wilken to approve the revised Resolution 2021-05 A RESOLUTION APPROVING 457(B) RETIREMENT PLAN AND AUTHORIZING OFFICERS OF THE INTERIOR GAS UTILITY TO EXECUTE DOCUMENTS AS NEEDED TO MEET LEGAL REQUIREMENTS, 2<sup>nd</sup> by Director Bell.

**01:34:46 Roll Call Vote:** Throop-Y, Hopkins-Y, Wilken-Y, Miller-Y, Bell-Y, Nordale-Y, Haagenson-Y

*Motion passes 7-0.*

- AGDC Natural Gas Pipeline Discussion **01:35:35**

Chair Haagenson opens up the AGDC Natural Gas Pipeline Discussion by mentioning the presentation by FEDCO this morning. GM Dan Britton presents the slides prepared by Mary Ann Pease that gives a detailed overview of the LNG pipeline project from Point Thomson to Fairbanks. Board Discussion, Questions, and Next Steps.

- Future IGU Office Plans **02:03:44**

GM Dan Britton presents the public section of the IGU future office plans discussion. There have been general discussions on this topic over the past year or so. IGU's current leased office and warehouse facilities are at max capacity and are running out of space for our current employees. A few years ago, we approached the building owner to do an expansion of our current leased building, the owner was more interested in selling the property and had unrealistic expectations on the value. IGU agreed on a short term lease extension which expires August 31, 2021. I have been searching for some time for future options. We have identified an option that we would like to discuss with the Board more specifically in Executive Session, and discuss a plan to potentially move forward with that option.

### **III. DIRECTOR REQUESTS FOR IGU INFORMATION 02:10:40**

*Director Throop- I emailed Chair Haagenson a request for information. Chair Haagenson did not receive it, Director Throop will email her specific questions again. We will bring up the questions at the next Board Meeting.*

*Director Wilken- When did the FT Wainwright EIS extended comment period end and what was submitted after the extension? GM Dan Britton mentions that IGU did not submit any additional comments but did verify that the comments would not be made public, the extended comment period ends February 22, 2021.*

### **V. CLOSING COMMENTS 02:14:52**

- GM Dan Britton  
I have a fantastic closing comment for tonight. We have for the first time, put gas in the pipes in North Pole and purged the first phase of our piping network late this afternoon. They have stopped for the day, but they did a purge of the first phase. The system is broken out into about 16 phases and the first phase went smoothly. We have substantially commissioned the North Pole site. After tonight Elena will be locking in the ribbon cutting date. She will be heading out to North Pole tomorrow to begin work on the video and we will hopefully get some footage of the Mayor and his home being one of the first to turn on. I have been on pins and needles all day wondering if I could make this announcement, as you know when you are developing

big projects things come up while commissioning. Purging will be continuing through this week.

- Directors

*Director Wilken- Over the last few weeks I have been in discussion with some people in North Pole. The question always comes up, when am I going to get gas? I just want to pass on my thanks to Elena. She has responded and she is in the process of making it user friendly so that if someone approaches a Board member and says I live here when am I going to get gas? We will be able to send them to a place that they get a sense of when gas will be available. I want to thank Elena for that it has been a long time coming. I follow IGU on Facebook, a thank you note popped up and highlight to Great Northwest as they signed up to be IGU customers. I want to thank Elena again for little simple things like that, that are almost free, that reach thousands of people. I smiled. The more we do that for a minimum cost and maximum exposure.*

*Director Hopkins- When you said that the mayor's house is soon going to get gas, I am guessing it is the current mayor and not a past mayor so I will still have to wait. I will watch on Facebook. I will have to submit a request for IGU Information, I did not have my question ready. I hope that with this AGDC project that Mary Ann Pease can keep an eye on the project for us. Thanks to all that have raised a yellow and green flag for this gas line project.*

*Director Bell- I am personally pleased that they are exploring a pipeline, things like that do not happen unless people express interest and hope. I am a realist, I have been hearing about this for 40 years, but I am happy to see where it is going and hope it results in a pipeline.*

*Chair Haagenson- I hope you have all your GM Appraisal forms done; they are due to Mr. Wilson on February 18, 2021. I am super happy about the North Pole plant getting done. it has been a long time coming to get gas in those pipes, they have been sitting there under nitrogen pressure for a while. It is nice to get gas in there so we can get sales up. Good job you guys, well done.*

**02:23:30** Chair Haagenson recommends a motion to enter into Executive Session.

Director Throop requests a 7 minute break before the start of the Executive Session.

**02:24:25 Moved** by Director Bell to enter into Executive Session, after a 7 minute break to discuss the location and price of a potential IGU Office, if the public were aware it would have an immediate negative effect on the finances of IGU, included parties are the IGU Board of Directors, General Manager Dan Britton and IGU Attorney Zane Wilson, 2<sup>nd</sup> by Director Wilken.

***Motion approved unanimously without objection.***

**02:26:41** Chair Haagenson recommends a motion to Adjourn effective at the end of the Executive Session.

**02:26:56 Moved** by Director Hopkins to Adjourn effective at the end of the Executive Session, 2<sup>nd</sup> by Director Bell. (6:28pm)

*7 minute break*

IV. EXECUTIVE SESSION

**Approximately @ 7:04 Moved** by Director Bell to exit Executive Session and Adjourn, 2<sup>nd</sup> by Director Hopkins.

VI. ADJOURED @ *approximately 7:05 pm*



Finance Committee Meeting  
Tuesday, February 23, 2021 @ 12:00 PM  
3408 International Street, Fairbanks, AK

**Draft AGENDA**

*To participate via teleconference & ZOOM call:  
1-253-215-8782; when prompted, enter Meeting ID:  
839 1460 2769, Password: 477280*

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

**I. CALL TO ORDER**

- Roll call
- Approval of Agenda
- Approval of Minutes – *January 26<sup>th</sup>, 2021*

**II. MONTHLY FINANCIALS**

- Statement of Revenues, Expenses and Changes in Net Position with Budget Comparison January 2021.....Page 05
- Board of Directors Dashboard Report – January 2021 .....Page 15

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

**V. CLOSING COMMENTS**

**VI. ADJOURNMENT**

**Join Zoom Meeting:**

<https://us02web.zoom.us/j/83914602769?pwd=ZzF1Sk1VWk05Wm w0NnVycmlQNG5HZz09>

1-253-215-8782

**Meeting ID:** 839 1460 2769

**Password:** 477280



## Interior Gas Utility FINANCE COMMITTEE MEETING

January 26<sup>th</sup>, 2021 @ 12:00 PM  
3408 International Street, Fairbanks, Alaska

### DRAFT MINUTES

#### I. Call to Order @ 12:03 PM – Chair Hopkins

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

**12:04pm Motion to approve the Agenda:** Moved by Bert and 2<sup>nd</sup> by Jack.  
**Motion approved by unanimous consent.**

**12:05pm Motion to approve the 12/22/2020 Minutes:** Moved by Jack and 2<sup>nd</sup> by Dave.  
**Roll Call Vote:** Luke-Y, Bert-Y, Jack-Y, Dave-Y  
**Motion approved by unanimous consent.**

#### II. Monthly Financials 12:03pm:

- **Statement of Net Position-** Wes Presents. Utility Plant was \$4.8M under budget due to a timing difference of actual and budgeted costs related to the North Pole Facility. Unrestricted and restricted cash was \$2.3M higher than budgeted largely due to cash not being consumed for construction projects that are lagging behind. Accounts receivable was \$285K lower than budget largely due to sales being lower than budgeted for the month of December. LNG inventory was \$560K under budget. The LNG plant production during November and December was reduced as a result of maintenance activities. We expect excess production to be available to increase storage levels during the month of March preceding the high peak winter consumption. Materials and supply inventory was \$96K over budget due to timing difference related to construction activities, we may transfer this past summer's construction assets into a fixed asset. Deposits and other current assets were \$10K higher than budget due to difference between actual additions to prepaid and budgeted additions to prepaids. Accrued wages & burden were \$7K under budget due to a timing difference between budgeted and actual accrued PTO. Our current policy to account for PTO pay is based on hours worked during current year adjusted for total hours of PTO used in the current year. Accounts payable was \$719K lower than budget largely due to timing differences. Construction payables were \$1.1MM over budget due to the construction activities still going on past December 31, 2020. Other current and accrued liabilities were \$34K lower than budgeted due to timing differences. We bonded at \$11.79MM and we budgeted \$12.465MM, as a result Revenue bonds were \$675K lower than budget. The Utility did not require to sell the budgeted amount of bonds to achieve the required project funds. AIDEA - Term loan was \$2.5MM under budget due timing a difference between actual and budgeted proceeds needed for construction activities and loan requests that have not yet been received. *Committee Discussion & Questions.* Quarterly Financials as seen in this report are

the full set of financials. On non-quarter ending months you will only see revenues and expenditures along with the details of those expenditures.

- **Consolidated IGU Revenues-** Wes presents. Note M-Q can be viewed volumetrically or monetary. Small Commercial revenue was \$142K under budget. A large contribution to the lower sales was the budget projected 698 service location consuming gas during the month while actual service locations consuming was 645. A large population of new service locations added during the summer are still in the process of conversion, though their meters have been installed. Total meters for Small Commercial in service was 705. Heating Degree Days (HDD) were lower for the month. Actual HDD was 1,936 versus 2,145 in the budget. Dan gives the new committee members an explanation on the use of Heating Degree Days. Large Commercial revenue was \$9K under budget largely due to a warmer December than budgeted. Snowfall has an effect as well, some of the larger businesses use gas to heat their sidewalks. Interruptible - Small revenue was \$39K higher than budget. There were 8 locations that used significantly more than budgeted, while 2 locations were significantly lower than budget and the remaining locations were on target or slightly above target. Interruptible - Large revenue was \$6K higher than budgeted. Hospital revenue was \$101K lower than budgeted. The hospital did not use gas for the month for supplemental heat. Cost of gas was \$86K lower than budget for December due to lower gas sales. Trucking expense was \$49K lower than budget largely due to lower gas sales. Customer Services expense was \$15K under budget largely due to timing differences between actual and budgeted expenses and the customer service manager position being vacant. G&A - FNG expenses were \$14K under budget largely due to timing differences.  
*Committee Discussion & Questions.*
- **Consolidated Detailed IGU Expenses-** Wes presents. Gas liquefaction expenses Maint - BTB 1 & 2, and Cascade were \$19K under budget due to timing differences between actual and budgeted expenses. Dan explains what the equipment being maintained is and what it does at the liquefaction facility. Gas liquefaction expenses - Liquefaction Gas Usage expense was \$10K under budget due to lower gas sales. Distribution operations - common - office labor expense was \$8K under budget due to an adjustment to wages to capitalize wages for construction. Distribution operations - meter labor expense was \$7K over budget due to resurveying meters to verify they are working properly as result of the past summer installs. Storage & vaporization operations - SSIII - gas usage expense was \$18K under budget. We are continuing to learn how much gas the SS III facility will consume for vaporization needs. I expect this expense line to be lower or higher throughout the year. Engineering - general labor expense was \$10K lower than budget due to wages being capitalized for mains and service construction. Customer Service Sales Expense - Materials expense was \$6K lower than budget due to a timing difference between actual and related to web design. Customer Service - Conversion Manager expense was \$7K under budget due to the position being vacant. The position has been filled since the date of this report. Administration & General - Administrative PTO Salaries and Wages expense was \$21K higher than budget due to an annual adjustment to record the General Manager PTO accrual. Administration & general - outside services - general expense was \$6K lower than budget due to timing difference between actual and budgeted expenses. Administration & General - Outside Services - Legal expense was \$4K lower than budget due to timing difference between actual and budgeted expenses. During the month \$4K was paid to CSG, Inc for general and gas supply matters. Administration & General - property insurance - equipment expense was \$7K

under budget due to timing difference between actual and budgeted expenses relating to the North Pole storage facility. The facility was expected to be in operation during the month of October and under the general property insurance policy. I expect this difference to continue. Administration & general - Worker Compensation Insurance was \$11K under budget due to allocation to construction projects. Committee discussion & questions on company PTO practices and how it is budgeted.

**1:17pm Motion to recommend that the Board of Directors accept the December financials as corrected.** Moved by Bert and 2<sup>nd</sup> by Jack.

**Roll Call Vote:** Bert-Y, Jack-Y, Dave-Y, Luke-Y

**Motion accepted by unanimous consent.**

- **1:19pm BOD Dashboard Report-** Wes presents the highlights of the Dashboard report and answers questions from the new incoming committee members.

### III. PROJECT FINANCING 1:31pm

- No updates, Dan mentioned this is on the agenda as a placeholder.

### IV. CLOSING COMMENTS

- *Dave Durham*-Thanks Dan & Wes for good financial statements.
- *Jack Wilbur*-Great job chairing the meeting Luke.
- *Bert Bell*- I enjoyed the meeting its well-presented. I like the format that has been developed. Thanks to Wes & Dan, good job explaining and making things clear. I look forward to more meetings.
- *Luke Hopkins*-As the new chair I want to thank everyone for being gently to me. Thanks to Wes, Zach & Dan for the incredible detail. Being a utility brings more pages, I appreciate Jack accepting the public seat with your wealth of knowledge in this field. Thanks to Dave for serving as well. Our next meeting is scheduled for 2/23/2021. I look forward to passing this on to the board.

V. **Adjourned @ 1:35pm – Motion to Adjourn:** Moved by Jack and 2<sup>nd</sup> by Bert.

**Motion approved by unanimous consent.**



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

	Jan 2020 (Actual)	Jan 2020 (Budget)	Jan 2020 (Variance) fav/(unfav)	Footnote	YTD 2020 (Actual)	YTD 2020 (Budget)	YTD 2020 (Variance) fav/(unfav)
<b>STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION</b>							
Mcf:							
Residential	11,277	11,042	235		43,720	41,634	2,086
Small Commercial	58,658	64,866	(6,208)	(a)	238,496	254,972	(16,476)
Large Commercial	30,077	31,302	(1,225)	(b)	127,568	125,552	2,016
Interruptible - Small	8,497	8,516	(19)		41,330	42,648	(1,318)
Interruptible - Large	8,215	7,522	693	(c)	29,296	26,228	3,068
Hospital	690	7,474	(6,784)	(d)	36,413	35,724	689
UAF	0	0	0		1,014	0	1,014
Talkeetna	547	718	(171)		4,148	5,675	(1,527)
Total Mcf	117,961	131,440	(13,479)		521,985	532,433	(10,448)
HDD	2,038	2,242	(204)		7,863	8,331	(468)
<b>Operating revenues</b>							
Residential Gas Revenues	234,670	229,779	4,891		908,070	866,394	41,676
Small Commercial Gas Revenues	1,217,746	1,346,617	(128,871)	(a)	4,951,069	5,293,219	(342,150)
Large Commercial Gas Revenues	622,592	647,951	(25,360)	(b)	2,640,666	2,598,926	41,739
Interruptible - small commercial gas revenues	170,187	170,575	(389)		827,849	854,239	(26,391)
Interruptible - large commercial gas revenues	135,554	124,113	11,441	(c)	483,382	432,762	50,620
Hospital Gas Revenues	11,383	123,321	(111,938)	(d)	600,811	589,451	11,361
UAF Revenues	0	0	0		16,731	0	16,731
Talkeetna commercial gas revenues	12,684	12,565	119		72,454	99,311	(26,857)
Service Charge Revenues	30,154	28,956	1,198		202,492	195,906	6,586
Other Revenue	475	2,500	(2,025)		76,615	17,500	59,115
Total operating revenue	2,435,445	2,686,378	(250,932)		10,780,139	10,947,708	(167,569)
<b>Operating expenses</b>							
Natural gas purchases	980,010	1,097,022	117,012	(e)	4,307,618	4,428,424	120,806
Trucking Expenses	253,882	312,564	58,682	(f)	1,116,935	1,265,771	148,836
Electricity	130,659	145,674	15,016	(g)	654,814	612,698	(42,116)
Gas liquefaction expenses	179,377	198,581	19,204	(h)	1,029,540	1,204,814	175,273
Fairbanks distribution operations	25,301	40,761	15,461	(h)	234,591	290,329	55,738
Fairbanks distribution maintenance	8,234	12,226	3,992		55,868	85,584	29,716
Fairbanks storage & vaporization operations	87,564	77,637	(9,927)	(h)	379,120	448,023	68,903
Fairbanks storage & vaporization maintenance	5,006	12,397	7,391	(h)	20,503	82,464	61,961
Engineering	5,571	20,992	15,421	(h)	74,666	146,942	72,276
Talkeetna operations	0	0	0		0	0	0
Talkeetna maintenance	91	696	605		1,429	4,871	3,441
Customer Services	23,356	31,411	8,055	(h)	167,465	219,343	51,878
Administration and general expenses	232,321	233,450	1,129		1,544,728	1,649,570	104,842
Property taxes	1,042	1,062	20		7,292	7,363	71
Interest expense	2,287	2,287	0		225,918	114,781	(111,137)
Depreciation	276,774	298,420	21,646		1,937,421	2,088,942	151,521
Amortization	38,529	38,529	0		269,705	269,705	1
Total operating expense	2,250,003	2,523,710	273,707		12,027,613	12,919,624	892,011
Operating income (loss)	185,442	162,667	22,775		(1,247,474)	(1,971,917)	724,443
<b>Non operating income (expense)</b>							
Gain (loss) from disposition of property, plant and equipment	0	0	0		0	0	0
Interest income	5	5,772	(5,768)		2,488	45,381	(42,893)
Proceeds from bond premium (Series 2020A)	0	0	0		1,384,570	1,186,751	197,819
Cost of issuance of bonds (Series 2020A)	0	0	0		(734,009)	(813,311)	79,302
Other income (expense)	75	0	75		3,473	0	3,473
Net increase in fair value of investments	0	0	0		0	0	0
Total non operating income (expense)	80	5,772	(5,693)		656,522	418,822	237,701
Change in net position	185,521	168,440	17,082		(590,952)	(1,553,095)	962,143
Net position - beginning of period	36,378,498	36,806,468	(427,971)		37,154,971	38,528,003	(1,373,032)
Net position - end of period	36,564,019	36,974,908	(410,889)		36,564,019	36,974,908	(410,889)
EBITDA	503,032	501,904	1,129		1,185,569	501,511	684,058

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

	Jan 2020 (Actual)	Jan 2020 (Budget)	Jan 2020 (Variance) fav/(unfav)	Footnote	YTD 2020 (Actual)	YTD 2020 (Budget)	YTD 2020 (Variance) fav/(unfav)
<b>STATEMENT OF CASH FLOWS</b>							
<b>Increase (Decrease) in Cash</b>							
<b>Cash flows from operating activities</b>							
Cash received from customers	2,317,113	2,564,380	(247,267)		8,686,893	8,790,758	(103,865)
Cash received from bond premium	0	0	0		1,384,570	1,186,751	197,819
Cash paid to suppliers, employees	(1,520,906)	(1,946,269)	425,363		(8,668,585)	(8,814,150)	145,565
Cash paid to underwriters and bond professionals	0	0	0		(734,009)	(813,311)	79,302
Interest and dividends received	5	5,772	(5,768)		2,488	45,381	(42,893)
Net cash provided by (used in) operating activities	<u>796,212</u>	<u>623,883</u>	<u>172,329</u>		<u>671,358</u>	<u>395,429</u>	<u>275,928</u>
<b>Cash flows from capital and related financing activities</b>							
Proceeds from issuance of long-term debt (SETS)	1,062,529	16,610	1,045,919		11,362,919	8,366,178	2,996,741
Proceeds from issuance of long-term debt (Bonds)	0	0	0		11,790,000	12,465,000	(675,000)
Principal payments on long-term debt	(14,482)	(14,482)	(0)		(255,431)	(255,629)	198
Interest paid	(2,287)	(2,287)	0		(225,918)	(114,781)	(111,137)
Liquified natural gas inventory	147,910	0	147,910		(666,514)	(1,187,427)	520,913
Proceeds from disposal of assets	0	0	0		0	0	0
Purchase of property, plant and equipment	(11,000)	(73,000)	62,000		(108,760)	(379,570)	270,810
Construction payable - operating capital projects	0	71,000	(71,000)		(12,200)	60,800	(73,000)
Construction payable - IEP capital projects	83,679	0	83,679		(2,044,592)	(1,087,060)	(957,532)
<b>Financing capital, long-term debt, uses:</b>							
Purchase of pipe inventory for future customer services	0	0	0		0	0	0
Consumed pipe and parts inventory for services	0	0	0		(70,710)	484,700	(555,409)
Construction work in progress (5.25 Storage)	(48,002)	0	(48,002)		(279,131)	(413,903)	134,772
Construction work in progress (Distribution and services)	(253,092)	0	(253,092)		(1,104,185)	(859,534)	(244,651)
Construction work in progress (NP Storage)	(1,068,435)	0	(1,068,435)		(7,250,837)	(10,096,857)	2,846,019
Construction work in progress (Liquefaction)	0	(16,610)	16,610		(23,078)	(116,270)	93,192
Net cash provided by (used in) capital and related financing activities	<u>(103,180)</u>	<u>(18,768)</u>	<u>(84,411)</u>		<u>11,111,562</u>	<u>6,865,646</u>	<u>4,245,916</u>
<b>Cash flows from investing activities</b>							
Purchase of marketable securities	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>	<u>0</u>
Net cash provided by (used in) investing activities	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>	<u>0</u>
Net increase (decrease) in cash	<u>693,033</u>	<u>605,115</u>	<u>87,918</u>		<u>11,782,920</u>	<u>7,261,075</u>	<u>4,521,844</u>
Cash at beginning of period	<u>18,739,251</u>	<u>16,430,083</u>	<u>2,309,168</u>		<u>7,649,364</u>	<u>9,774,123</u>	<u>(2,124,759)</u>
Cash at end of period	<u><u>19,432,284</u></u>	<u><u>17,035,198</u></u>	<u><u>2,397,086</u></u>		<u><u>19,432,284</u></u>	<u><u>17,035,198</u></u>	<u><u>2,397,086</u></u>
Reconciliation of Net Income (Loss) to Net Cash							
Provided By (Used in) Operating Activities							
Operating income/(loss)	185,442	162,667	22,775		(1,247,474)	(1,971,917)	724,443
Adjustments to reconcile net income to net cash provided by (used in) operating activities:							
Depreciation	276,774	298,420	(21,646)		1,937,421	2,088,942	(151,521)
Amortization	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
Bond premium	0	0	0		1,384,570	1,186,751	197,819
Bond issuance cost	0	0	0		(734,009)	(813,311)	79,302
Interest and dividend income	5	5,772	(5,768)		2,488	45,381	(42,893)
Other income (expense)	75	0	75		3,473	0	3,473
Increase in fair value of investments	0	0	0		0	0	0
Interest paid	2,287	2,287	(0)		225,918	114,781	111,137
(Increase) decrease in assets							
Accounts receivable, net	(118,407)	(121,998)	3,591		(2,096,719)	(2,156,950)	60,231
Materials and supplies inventory	0	0	0		0	0	0
Deposits and other current assets	47,949	58,775	(10,826)		404,796	427,690	(22,893)
Increase (decrease) in liabilities							
Accumulated deferred compensation	0	0	0		0	0	0
Accounts payable	354,937	76,684	278,252		607,367	1,059,394	(452,027)
Accrued wages and burden	8,622	41,960	(33,338)		(11,025)	52,001	(63,026)
Other current and accrued liabilities	(0)	60,786	(60,786)		(75,153)	92,962	(168,115)
Net cash provided by (used in) operating activities	<u>796,212</u>	<u>623,883</u>	<u>172,329</u>		<u>671,358</u>	<u>395,429</u>	<u>275,928</u>



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

(a) - Small Commercial revenue was \$129K<sup>1</sup> lower than budget. A large contribution to the lower sales was the budget projected 698 service location consuming gas during the month while actual service locations consuming was 643. A large population of new service locations added during the summer are still in the process of conversion, though their meters have been installed. Total meters for Small Commercial in service was 705. Heating Degree Days (HDD) were 9% below budget for the month. Actual HDD was 2,038 versus 2,242 in the budget. There were 31 days in the billing cycle for January.

	Actual	Budget	F (U) Variance
Total Mcf per mo, adjusted for Weather Factor	58,658	64,866	(6,208)
Rate per Mcf	\$ 20.76	\$ 20.76	\$ -
Small commercial revenue	\$ 1,217,746	\$ 1,346,617	\$ (128,871)
Billing allowances	-	-	-
Small Commercial gas sales for January, 2021	<u>\$ 1,217,746</u>	<u>\$ 1,346,617</u>	<u>\$ (128,871)<sup>1</sup></u>

(b) - Large Commercial revenue was \$25K<sup>1</sup> lower than budget. The lower than budget usage is attributed to a warmer January than budgeted. Large Commercial revenue budget is not based on HDD and is calculated based on historical usage data that has been accumulated for each customer.

	Actual	Budget	F (U) Variance
Total Mcf gas sales	30,077	31,302	(1,225)
Rate per Mcf	\$ 20.70	\$ 20.70	\$ -
Large commercial revenue for January, 2021	<u>\$ 622,592</u>	<u>\$ 647,951</u>	<u>\$ (25,360)</u>

(c) - Interruptible - Large revenue was \$11K<sup>1</sup> higher than budgeted largely due to the Fairbanks North Star School District using more than budgeted.

	Actual	Budget	F (U) Variance
Total Mcf gas sales	8,215	7,522	693
Rate per Mcf	\$ 16.50	\$ 16.50	\$ -
Interruptible - Large gas sales for January, 2021	<u>\$ 135,554</u>	<u>\$ 124,113</u>	<u>\$ 11,441<sup>1</sup></u>

(d) - Hospital revenue was \$112K<sup>1</sup> lower than budgeted. The hospital did not use gas for supplemental heat during the month. This is more than likely due to economic reasons. Though, the hospital is on target for year-to-date usage.

	Actual	Budget	F (U) Variance
Total Mcf gas sales	690	7,474	(6,784)
Rate per Mcf	\$ 16.50	\$ 16.50	\$ -
Hospital gas sales for January, 2021	<u>\$ 11,383</u>	<u>\$ 123,321</u>	<u>\$ (111,938)<sup>1</sup></u>

(e) - Cost of gas was \$117K lower than budget for January largely due to lower than budgeted gas sales.

(f) - Trucking expense was \$59K lower than budget for January largely due to lower than budgeted gas sales.

(g) - Electricity was \$15K lower than budget for January largely due to lower than budgeted gas sales.

(h) - Gas liquefaction, Fairbanks distribution operations, Fairbanks storage & vaporization operations and maintenance, Engineering, and Customer Services expense were \$55K lower than budget, collectively, largely due to timing differences between actual and budgeted expenses and reclassification of wages to construction projects.

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

	Jan 2021 (Actual)	Jan 2021 (Budget)	Jan 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	980,010	1,097,022	117,012	F		4,307,618	4,428,424	120,806	F
Trucking Expenses	253,882	312,564	58,682	F		1,116,935	1,265,771	148,836	F
Electricity Expense	130,659	145,674	15,016	F		654,814	612,698	(42,116)	U
Total cost of gas	1,364,551	1,555,260	190,709	F		6,079,367	6,306,893	227,526	F
<b><u>Gas liquefaction expenses</u></b>									
Communications	547	400	(147)	U		3,717	2,802	(915)	U
Utilities	5,401	4,476	(924)	U		33,934	29,135	(4,799)	U
Other Expenses	0	318	318	F		2,256	2,225	(31)	U
Training Material	0	1,250	1,250	F		0	8,750	8,750	F
Safety Material	549	794	245	F		5,811	5,556	(255)	U
Freight Expense	0	0	0	F		626	2	(624)	U
Yard Maintenance	1,199	225	(975)	U		4,730	1,572	(3,157)	U
Maint - Structure Materials	0	33	33	F		257	229	(27)	U
Maint - Equipment Materials	2,604	900	(1,704)	U		10,432	6,301	(4,131)	U
Maint - Turbo Expander	25,288	2,500	(22,788)	U	(1)	53,000	17,500	(35,500)	U
Maint - BTB 1	1,714	7,083	5,369	F	(2)	13,722	49,583	35,862	F
Maint - BTB 2	1,259	7,083	5,824	F	(2)	12,322	49,583	37,262	F
Maint - Amine & Glycol	0	1,428	1,428	F		8,116	9,996	1,879	F
Maint - Cascade	465	7,167	6,702	F	(2)	11,240	50,167	38,927	F
Maint - Boost Compressor	76	625	549	F		2,267	4,375	2,108	F
Maint - Feed Gas Compressor	1,259	5,417	4,157	F		11,899	37,917	26,018	F
Maint - Skid Process	0	544	544	F		9,113	3,807	(5,306)	U
Maint - Transp Truck Materials	0	341	341	F		1,195	2,385	1,190	F
Maint - Trans Trailer T-2	61	458	397	F		778	3,208	2,430	F
Maint - Trans Trailer T-4	0	458	458	F		3,477	3,208	(269)	U
Maint - Trans Trailer T-6	684	458	(225)	U		4,196	3,208	(988)	U
Maint - Trans Trailer T-7	211	458	247	F		1,964	3,208	1,244	F
Maint - Trans Trailer T-8	511	458	(53)	U		2,649	3,208	560	F
Maint - Trans Trailer T-9	334	458	124	F		2,936	3,208	272	F
Maint - Trans Trailer T-10	334	458	124	F		1,847	3,208	1,361	F
Maint - Trans Trailer T-13	634	458	(175)	U		3,671	3,208	(463)	U
Maint - Trans Trailer T-14	713	458	(254)	U		3,704	3,208	(496)	U
Maint - Trans Trailer T-15	933	458	(475)	U		2,033	3,208	1,176	F
Maint - Trans Trailer T-16	1,623	458	(1,165)	U		2,786	3,208	422	F
Maint - Trans Trailer T-17	0	458	458	F		0	3,208	3,208	F
Maint - Trans Trailer T-18	611	458	(153)	U		1,003	3,208	2,206	F
Maint - Trans Trailer T-19	1,177	458	(719)	U		3,812	3,208	(603)	U
Maint - Trans Trailer T-20	376	208	(168)	U		2,003	1,458	(545)	U
Maint - Trans Trailer T-21	1,987	208	(1,778)	U		3,396	1,458	(1,938)	U
Maint - Trans Trailer T-22	76	208	132	F		1,395	1,458	63	F
Maint - Trans Trailer Unallocated	344	542	198	F		3,788	3,792	4	F
Maint - Other Equip Materials	0	1,277	1,277	F		7,864	8,941	1,077	F
Maint - Light Truck	0	417	417	F		1,207	2,917	1,710	F
Maint - Heavy Equip	0	550	550	F		1,000	3,850	2,851	F
Maint - Small Tools	0	571	571	F		2,782	3,994	1,212	F
Maint - T800s	92	625	533	F		3,575	4,375	800	F
Maint - Shop Consumables	236	1,667	1,430	F		3,875	11,667	7,791	F
Liquefaction Gas Usage	62,220	82,110	19,890	F	(3)	376,682	391,712	15,031	F
Salaries & Wages	53,574	56,925	3,351	F		352,592	398,478	45,886	F
Salaries & Wages - Overtime	10,368	4,731	(5,638)	U	(4)	39,291	33,114	(6,176)	U
Salaries & Wages - PTO	1,916	0	(1,916)	U		1,916	0	(1,916)	U
Employee Benefits	0	1,542	1,542	F		8,684	10,796	2,113	F
Total gas liquefaction expenses	179,377	198,581	19,204	F		1,029,540	1,204,814	175,273	F

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

<b><u>COST OF SALES</u></b>	Jan 2021 (Actual)	Jan 2021 (Budget)	Jan 2021 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2021 (Actual)	YTD 2021 (Budget)	YTD 2021 (Variance)	Fav (F)/ Unfav (U)
<b><u>Distribution operations</u></b>									
<b><u>Common</u></b>									
Dist Ops - Office & Computer	260	441	181	F		3,626	3,087	(539)	U
Dist Ops - Training Materials	72	4,125	4,053	F		7,920	28,875	20,955	F
Dist Ops - Safety Materials	1,466	945	(520)	U		7,136	6,617	(519)	U
Dist Ops - Freight Expense	0	0	0	F		511	0	(511)	U
Dist Ops - Transportation Fuel	0	2,075	2,075	F		6,084	14,528	8,444	F
Dist Ops - Utility Gas Use (Office)	928	0	(928)	U		6,010	0	(6,010)	U
Dist Ops - Supervisor Labor	360	6,894	6,534	F	(5)	54,766	48,597	(6,169)	U
Dist Ops - Office Labor	6,563	2,886	(3,677)	U		4,726	21,417	16,692	F
Dist Ops - Training Labor	2,375	1,531	(844)	U		6,940	10,717	3,778	F
Dist Ops - Safety Labor	491	1,440	949	F		2,261	10,080	7,819	F
Dist Ops - Snow Removal Labor	0	2,386	2,386	F		3,041	16,700	13,659	F
Dist Ops - PTO Labor	1,602	5,007	3,405	F		14,039	35,047	21,009	F
Dist Ops - Holiday Labor	0	1,551	1,551	F		11,047	9,309	(1,738)	U
Dist Ops - Temp Labor	0	0	0	F		7,660	0	(7,660)	U
Dist Ops - Employee Benefits	0	1,123	1,123	F		2,387	7,862	5,475	F
<b><u>Fairbanks</u></b>									
Dist Ops - Mains Materials	0	0	0	F		338	2,333	1,995	F
Dist Ops - Meter Material	19	0	(19)	U		158	2,667	2,509	F
Dist Ops - Customer Site	0	0	0	F		0	0	0	F
Dist Ops - Outside Services	458	42	(417)	U		5,332	292	(5,040)	U
Dist Ops - Lease ROW	345	241	(105)	U		3,609	1,686	(1,923)	U
Dist Ops - Mains Labor	0	31	31	F		2,574	214	(2,360)	U
Dist Ops - Patrolling Labor	0	81	81	F		3,446	567	(2,878)	U
Dist Ops - Locating Labor	153	1,574	1,421	F		15,703	11,015	(4,688)	U
Dist Ops - Sys Pressure Labor	0	295	295	F		0	2,067	2,067	F
Dist Ops - Odorant Route Labor	95	522	427	F		1,237	3,654	2,417	F
Dist Ops - Meter Labor	6,130	1,714	(4,416)	U		30,793	11,998	(18,795)	U
Dist Ops - OT Labor	1,089	3,483	2,395	F		4,614	24,384	19,770	F
Dist Ops - On Call Labor	2,896	1,757	(1,139)	U		28,634	12,299	(16,335)	U
<b><u>North Pole</u></b>								0	F
Dist Ops - Mains Materials	0	0	0	F		0	0	0	F
Dist Ops - Meter Material	0	0	0	F		0	0	0	F
Dist Ops - Customer Site	0	0	0	F		0	0	0	F
Dist Ops - Outside Services	0	0	0	F		0	0	0	F
Dist Ops - Rents	0	0	0	F		0	0	0	F
Dist Ops - Lease ROW	0	0	0	F		0	0	0	F
Dist Ops - Lease Private	0	617	617	F		0	4,317	4,317	F
Dist Ops - Mains Labor	0	0	0	F		0	0	0	F
Dist Ops - Patrolling Labor	0	0	0	F		0	0	0	F
Dist Ops - Locating Labor	0	0	0	F		0	0	0	F
Dist Ops - Sys Pressure Labor	0	0	0	F		0	0	0	F
Dist Ops - Odorant Route Labor	0	0	0	F		0	0	0	F
Dist Ops - Meter Labor	0	0	0	F		0	0	0	F
Dist Ops - OT Labor	0	0	0	F		0	0	0	F
Total distribution operations	25,301	40,761	15,461	F		234,591	290,329	55,738	F

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

<b><u>COST OF SALES</u></b>	Jan 2021 (Actual)	Jan 2021 (Budget)	Jan 2021 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2021 (Actual)	YTD 2021 (Budget)	YTD 2021 (Variance)	Fav (F)/ Unfav (U)
<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	63	63	F		778	438	(341)	U
Dist Maint - Equip Materials	0	133	133	F		2,029	933	(1,096)	U
Dist Maint - Light Truck	725	1,286	561	F		5,536	8,999	3,463	F
Dist Maint - Heavy Equip	2,306	833	(1,472)	U		7,362	5,833	(1,529)	U
Dist Maint - Small Tools	114	109	(4)	U		647	764	117	F
Dist Maint - Shop Consumables	1,165	700	(465)	U		1,918	4,899	2,981	F
Dist Maint - CNG Comp	0	4	4	F		1,782	27	(1,755)	U
Dist Maint - Yard Labor	0	1,330	1,330	F		3,131	9,307	6,177	F
Dist Maint - Shop Labor	187	994	807	F		1,576	6,958	5,382	F
Dist Maint - Supervision	0	0	0	F		1,316	0	(1,316)	U
Dist Maint - Equipment Labor	79	923	844	F		3,253	6,461	3,208	F
<b><u>Fairbanks</u></b>									
Dist Maint - Main Materials	0	250	250	F		466	1,750	1,284	F
Dist Maint - Services Material	0	104	104	F		2,973	729	(2,244)	U
Dist Maint - Meter/Reg Material	528	83	(445)	U		2,992	583	(2,408)	U
Dist Maint - Mains Labor	187	2,499	2,312	F		2,188	17,494	15,306	F
Dist Maint - Dist Valves Labor	527	145	(382)	U		1,061	1,015	(46)	U
Dist Maint - Line Hit Labor	0	384	384	F		3,272	2,688	(584)	U
Dist Maint - Locate Labor	114	363	249	F		1,553	2,539	986	F
Dist Maint - Service Labor	0	989	989	F		2,481	6,925	4,444	F
Dist Maint - Meter Labor	2,073	540	(1,533)	U		6,445	3,778	(2,667)	U
Dist Maint - OT Labor	229	495	265	F		3,109	3,465	356	F
<b><u>North Pole</u></b>									
Dist Maint - Main Materials	0	0	0	F		0	0	0	F
Dist Maint - Services Material	0	0	0	F		0	0	0	F
Dist Maint - Meter/Reg Material	0	0	0	F		0	0	0	F
Dist Maint - Mains Labor	0	0	0	F		0	0	0	F
Dist Maint - Dist Valves Labor	0	0	0	F		0	0	0	F
Dist Maint - Line Hit Labor	0	0	0	F		0	0	0	F
Dist Maint - Locate Labor	0	0	0	F		0	0	0	F
Dist Maint - Service Labor	0	0	0	F		0	0	0	F
Dist Maint - Meter Labor	0	0	0	F		0	0	0	F
Dist Maint - OT Labor	0	0	0	F		0	0	0	F
Total distribution maintenance	8,234	12,226	3,992	F		55,868	85,584	29,716	F

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

	Jan 2021 (Actual)	Jan 2021 (Budget)	Jan 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	171	133	(38)	U		1,020	930	(90)	U
SS I - Outside Ser. - General	7,699	708	(6,990)	U	(6)	9,436	4,958	(4,478)	U
SS I - Utilities - Other	113	122	10	F		1,113	855	(258)	U
SS I - Supplies & Materials	0	11	11	F		0	79	79	F
SS I - Safety & Signage	0	64	64	F		0	449	449	F
SS I - Gas Usage	11,743	9,629	(2,114)	U		50,176	39,162	(11,013)	U
SS I - Electricity	2,279	1,640	(640)	U		12,256	15,189	2,934	F
SS I - Supervision Labor	3,394	18	(3,376)	U		6,818	123	(6,695)	U
SS I - Operations Labor	0	1,385	1,385	F		9,347	9,695	348	F
SS I - Snow Removal Labor	665	54	(611)	U		1,364	375	(990)	U
SS I - OT Labor	1,570	17	(1,553)	U		4,403	116	(4,287)	U
<b><u>Storage Site III</u></b>									
SS III - Communications	282	316	34	F		2,339	2,211	(128)	U
SS III - Outside Ser. - General	10,523	917	(9,607)	U	(6)	11,695	6,417	(5,278)	U
SS III - Utilities - Other	1,269	77	(1,192)	U		4,662	536	(4,126)	U
SS III - Supplies & Materials	0	243	243	F		86	1,703	1,618	F
SS III - Safety & Signage	50	339	289	F		300	2,373	2,073	F
SS III - Gas Usage	18,295	36,110	17,815	F	(7)	67,000	148,555	81,555	F
SS III - Electricity	23,461	20,274	(3,187)	U		152,879	187,829	34,950	F
SS III - Supervision Labor	0	101	101	F		1,115	709	(405)	U
SS III - Operations Labor	3,375	1,397	(1,978)	U		28,051	9,780	(18,271)	U
SS III - Snow Removal Labor	2,329	54	(2,276)	U		3,029	375	(2,654)	U
SS III - OT Labor	53	148	95	F		9,388	1,035	(8,352)	U
<b><u>Storage Site IV</u></b>									
SS IV - Communications	0	56	56	F		254	222	(32)	U
SS IV - Outside Ser. - General	0	0	0	F		420	0	(420)	U
SS IV - Utilities - Other	0	56	56	F		0	222	222	F
SS IV - Supplies & Materials	14	56	42	F		14	222	208	F
SS IV - Safety & Signage	0	0	0	F		0	0	0	F
SS IV - Gas Usage	0	2,407	2,407	F		0	8,095	8,095	F
SS IV - Electricity	0	1,308	1,308	F		0	5,808	5,808	F
SS IV - Supervision Labor	0	0	0	F		0	0	0	F
SS IV - Operations Labor	0	0	0	F		0	0	0	F
SS IV - Snow Removal Labor	280	0	(280)	U		1,959	0	(1,959)	U
SS IV - OT Labor	0	0	0	F		0	0	0	F
Total storage & vaporization operations	87,564	77,637	(9,927)	U		379,120	448,023	68,903	F



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

	Jan 2021 (Actual)	Jan 2021 (Budget)	Jan 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	491	667	175	F		491	4,667	4,176	F
SS I - Maint of Boiler Rm	420	1,333	913	F		420	9,333	8,913	F
SS I - Maint S&I - Yard	0	213	213	F		235	1,489	1,254	F
SS I - Mnte of LNG Tank 1	0	31	31	F		44	217	173	F
SS I - Mnte of LNG Tank 2	0	104	104	F		44	728	684	F
SS I - Mnte of LNG Tank 3	0	10	10	F		44	70	26	F
SS I - Mnte of LNG Tank 4	0	19	19	F		44	132	88	F
SS I - Mnte Vapor Equip	0	126	126	F		0	879	879	F
SS I - Mnte of Meter - Main	0	84	84	F		0	590	590	F
SS I - Mnte of Meter - Bypass	0	0	0	F		0	0	0	F
SS I - Mnte of Odorant	0	30	30	F		0	30	30	F
SS I - Maint Other Equip	0	211	211	F		44	1,474	1,429	F
SS I - Maint Testing Equip	0	21	21	F		0	146	146	F
SS I - Maint General Labor	0	650	650	F		873	4,548	3,675	F
SS I - Maint S&I Labor	0	401	401	F		1,987	2,804	817	F
SS I - Maint LNG Tank Labor	0	542	542	F		379	3,791	3,413	F
SS I - Maint Vapor Equip Labor	0	159	159	F		254	1,112	858	F
SS I - Maint Meas. & Reg. Labor	0	144	144	F		0	1,008	1,008	F
SS I - Maint Other Equip Labor	0	736	736	F		1,299	5,151	3,851	F
SS I - Maint OT Labor	0	40	40	F		2,431	281	(2,150)	U
<b><u>Storage Site II &amp; III</u></b>									
SS II & III - Maint of Cont Rm	330	136	(194)	U		330	952	622	F
SS II & III - Maint of Boiler Rm	28	371	343	F		28	2,596	2,568	F
SS II & III - Maint S&I - Yard	0	345	345	F		675	2,416	1,741	F
SS II & III - Mnte of LNG Tank 1	351	223	(128)	U		413	223	(191)	U
SS II & III - Mnte Vapor Equip	0	196	196	F		0	1,371	1,371	F
SS II & III - Mnte of Meter - Main	0	7	7	F		2,905	47	(2,858)	U
SS II & III - Mnte of Odorant	0	626	626	F		0	4,380	4,380	F
SS II & III - Maint Other Equip	0	550	550	F		1,182	3,850	2,668	F
SS II & III - Maint Testing Equip	0	210	210	F		0	1,468	1,468	F
SS II & III - Maint General Labor	1,362	649	(713)	U		1,362	4,541	3,179	F
SS II & III - Maint S&I Labor	1,863	745	(1,118)	U		1,863	5,214	3,351	F
SS II & III - Maint Tank Labor	38	110	72	F		38	770	732	F
SS II & III - Maint Vapor Equip Labor	0	394	394	F		578	2,758	2,180	F
SS II & III - Maint Mea. & Reg. Labor	124	101	(22)	U		124	710	586	F
SS II & III - Maint Other Equip Labor	0	1,100	1,100	F		897	7,699	6,802	F
SS II & III - Maint OT Labor	0	184	184	F		1,486	1,288	(199)	U
<b><u>Storage Site IV</u></b>									
SS IV - Maint of Cont Rm	0	56	56	F		0	222	222	F
SS IV - Maint of Boiler Rm	0	56	56	F		0	222	222	F
SS IV - Maint S&I - Yard	0	278	278	F		0	1,111	1,111	F
SS IV - Mnte of LNG Tank 1	0	28	28	F		16	111	95	F
SS IV - Mnte of LNG Tank 2	0	28	28	F		16	111	95	F
SS IV - Mnte Vapor Equip	0	167	167	F		0	667	667	F
SS IV - Mnte of Meter - Main	0	0	0	F		0	0	0	F
SS IV - Mnte of Odorant	0	17	17	F		0	67	67	F
SS IV - Maint Other Equip	0	278	278	F		0	1,111	1,111	F
SS IV - Maint Testing Equip	0	28	28	F		0	111	111	F
SS IV - Maint General Labor	0	0	0	F		0	0	0	F
SS IV - Maint S&I Labor	0	0	0	F		0	0	0	F
SS IV - Maint LNG Tank Labor	0	0	0	F		0	0	0	F
SS IV - Maint Vapor Equip Labor	0	0	0	F		0	0	0	F
SS IV - Maint Meas. & Reg. Labor	0	0	0	F		0	0	0	F
SS IV - Maint Other Equip Labor	0	0	0	F		0	0	0	F
SS IV - Maint OT Labor	0	0	0	F		0	0	0	F
Total storage & vaporization maintenance	5,006	12,397	7,391	F		20,503	82,464	61,961	F
<b><u>Talkeetna maintenance</u></b>									
Maint - Equip Materials	91	675	584	F		1,429	4,725	3,296	F
Maint - Small Tools	0	21	21	F		0	146	146	F
Total Talkeetna maintenance	91	696	605	F		1,429	4,871	3,441	F



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

	Jan 2021 (Actual)	Jan 2021 (Budget)	Jan 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	513	346	(168)	U		7,655	2,420	(5,234)	U
Eng - Outside Services - General	0	2,342	2,342	F		1,073	16,392	15,319	F
Eng - Travel	81	0	(81)	U		1,226	0	(1,226)	U
Eng - Training & Seminars	0	1,083	1,083	F		395	7,583	7,188	F
Eng - Dues & Subscriptions	0	833	833	F		1,441	5,833	4,392	F
Eng - General Labor	3,603	14,302	10,699	F	(8)	44,377	100,773	56,396	F
Eng - Training Labor	0	205	205	F		0	1,432	1,432	F
Eng - PTO Labor	49	648	599	F		10,094	4,534	(5,560)	U
Eng - Holiday Labor	0	658	658	F		1,569	3,948	2,379	F
Eng - OT Labor	1,324	575	(749)	U		6,835	4,026	(2,810)	U
Total engineering	5,571	20,992	15,421	F		74,666	146,942	72,276	F
<b><u>Customer Service</u></b>									
Cust Accts - Billing General Expense	8,956	7,279	(1,677)	U		41,564	50,951	9,387	F
Cust Accts - Doubtful Accounts	4,167	4,167	0	F		29,167	29,167	0	F
Cust Accts - Public Awareness Expense	172	1,042	870	F		3,240	7,292	4,052	F
Sales Expense - Materials	2,549	6,250	3,701	F		32,772	43,750	10,978	F
Cust Accts - Conversion Manager	4,263	6,990	2,727	F		25,349	48,932	23,583	F
Cust Accts - General Labor	3,250	3,850	600	F		31,616	26,947	(4,668)	U
Cust Accts - Meter Reading Labor	0	853	853	F		3,758	5,970	2,212	F
Cust Accts - PTO Labor	0	446	446	F		0	3,123	3,123	F
Cust Accts - Holiday Labor	0	535	535	F		0	3,212	3,212	F
Total customer services	23,356	31,411	8,055	F		167,465	219,343	51,878	F
<b>Depreciation</b>	276,774	298,420	21,646	F		1,937,421	2,088,942	151,521	F
<b>Amortization</b>	38,529	38,529	0	F		269,705	269,705	1	F
Total cost of sales	2,014,354	2,286,912	272,558	F		10,249,675	11,147,910	898,235	F
<b><u>Administration &amp; General</u></b>									
Administrative Salaries	53,436	62,886	9,450	F	(9)	406,364	440,202	33,838	F
Administrative Wages	8,393	7,887	(506)	U		53,497	55,211	1,714	F
Administrative PTO Salaries and Wages	651	325	(326)	U		22,965	2,272	(20,693)	U
Administrative Holiday Salaries and Wages	408	389	(19)	U		2,380	2,337	(43)	U
Administrative OT Wages	1,360	1,256	(104)	U		5,937	8,791	2,853	F
Taxes Other than Income Taxes	16,310	15,958	(352)	U		108,266	111,707	3,441	F
Admin Employee Benefits	140	2,440	2,299	F		19,770	17,077	(2,693)	U
Admin & general expenses									
Office Supplies & Expense	2,042	1,937	(105)	U		11,615	13,560	1,945	F
Postage & Mailing Exp	508	637	128	F		4,572	4,457	(116)	U
Outside Services - General	9,222	10,833	1,611	F		80,433	75,833	(4,599)	U
Outside Services - Legal	10,581	8,333	(2,247)	U	(10)	46,682	58,333	11,652	F
Outside Services - Accounting	3,155	439	(2,716)	U		41,210	41,692	482	F
Outside Services - Office	86	0	(86)	U		3,954	0	(3,954)	U
Outside Services - Engineering	0	1,250	1,250	F		9,700	8,750	(950)	U
Property Insurance - Equipment	47,966	54,532	6,565	F	(11)	336,169	362,041	25,871	F
Property Insurance - Auto	3,130	3,140	10	F		21,909	21,979	70	F
General Liability Insurance	8,381	7,560	(821)	U		44,994	52,919	7,925	F
Workers Compensation Insurance	6,821	6,284	(536)	U		24,208	43,990	19,782	F
Employee Benefits - Other	2,624	0	(2,624)	U		6,604	0	(6,604)	U
Insurance - Health	16,300	12,913	(3,387)	U		93,236	90,391	(2,845)	U
Advertising - Public Notices	1,139	800	(339)	U		6,115	5,602	(512)	U
Union expenses	1,221	1,375	154	F		8,773	9,625	852	F
Misc General Expenses	10,958	3,997	(6,960)	U	(12)	28,937	27,981	(956)	U
Dues and Subscriptions	1,193	2,350	1,157	F		9,218	16,448	7,230	F
Donations	0	83	83	F		0	583	583	F
Telephone & Communication	3,222	2,216	(1,006)	U		15,292	15,513	222	F
Meals & Entertainment	82	292	210	F		795	2,042	1,247	F
Property Tax	1,042	1,062	20	F		7,292	7,363	71	F
Utilities - Office	2,122	2,071	(51)	U		11,759	11,367	(392)	U
Travel	0	1,542	1,542	F		2,013	10,792	8,779	F
Training & Seminars - Admin	0	1,875	1,875	F		(171)	13,125	13,296	F
Rent (Building) Fairbanks	16,103	14,173	(1,930)	U		91,983	99,209	7,226	F
General Maintenance Building	3,005	625	(2,380)	U		8,802	4,375	(4,427)	U
Maintenance of Computers	1,762	3,052	1,290	F		16,748	21,366	4,618	F
Total G&A - FNG	233,363	234,512	1,149	F		1,552,020	1,656,933	104,913	F
Total administration & general	233,363	234,512	1,149	F		1,552,020	1,656,933	104,913	F
Total cost of sales and administration & general	2,247,717	2,521,424	273,707	F		11,801,695	12,804,844	1,003,148	F



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

- (1) - Gas liquefaction expenses - Maint - Turbo Expander were \$23K higher than budget due to unscheduled and unbudgeted maintenance required for operation of the equipment. We expect this expense line to be over budget for the year.
- (2) - Gas liquefaction expenses Maint - BTB 1 & 2, and Cascade were \$18K, collectively, lower than budget due to timing differences between actual and budgeted expenses.
- (3) - Gas liquefaction expenses - Liquefaction Gas Usage expense was \$20K lower due to lower gas sales.
- (4) - Gas liquefaction - Salaries & Wages - Overtime expense was \$6K higher than budget largely due to operators requiring to work additional hours while other operators are on PTO and additional hours dedicated to equipment maintenance.
- (5) - Distribution operations - common - Supervisor labor expense was \$7K lower than budget due to an adjustment to wages to capitalize wages for construction.
- (6) - Storage & vaporization operations - SSI & III - Outside Ser. - General expense was \$17K higher than budget due to a timing difference between actual and budgeted expenses related to annual boiler inspections and odorant equipment inspections. The expense lines are expected to be \$1K higher than budgeted at the end of the year.
- (7) - Storage & vaporization operations - SS III - gas usage expense was \$18K lower than budget. We are continuing to learn how much gas the SS III facility will consume for vaporization needs. I expect this expense line to be lower or higher throughout the year.
- (8) - Engineering - general labor expense was \$11K lower than budget due to wages being capitalized for mains and services construction.
- (9) - Administration & General - Administrative Salaries expense was \$9K lower than budget due to salaries being capitalized for capital projects.
- (10) - Administration & General - Outside Services - Legal expense was \$2K higher than budget due to a timing difference between actual and budgeted expenses. During the month \$8K was paid to CSG, Inc for general, tariff and gas supply matters and \$3K was paid to Keene & Currall relating to procurement matters.
- (11) - Administration & General - property insurance - equipment expense was \$7K lower than budget due to timing difference between actual and budgeted expenses relating to the North Pole storage facility. The facility was expected to be in operation during the month of October and under the general property insurance policy. I expect this difference to continue through this February.
- (12) - Administration & general - Misc General expenses was \$7K higher than budget due to a timing difference between actual and budgeted expenses.

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

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

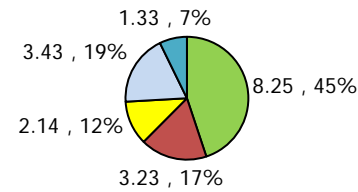
	YTD Actual	\$Mcf	YTD Budget	\$Mcf	Notes	% Difference Mcf
1 Mcf's Sales	521,985		532,433			-2.0%
2 Revenues	10,780,139	20.65	10,947,708	20.56		0.44%
3						
4 Cost of sales:						
5 Natural gas purchases	4,307,618	8.25	4,428,424	8.32		-0.8%
6 Gas liquefaction	1,029,540	1.97	1,204,814	2.26		-12.8%
7 Liquefaction electricity	654,814	1.25	612,698	1.15		9.0%
8 Transportation	1,116,935	2.14	1,265,771	2.38		-10.0%
9 Cost of Sales	7,108,907	13.62	7,511,707	14.11		-3.5%
10 <b>Gross Margin</b>	3,671,232	7.03	3,436,001	6.45		9.0%
11						
12 Operating expenses:						
13 Distribution	290,459	0.56	375,913	0.71		-21.2%
14 Storage	401,052	0.77	535,358	1.01		-23.6%
15 Engineering	74,666	0.14	146,942	0.28		-48.2%
16 Customer service	167,465	0.32	219,343	0.41		-22.1%
17 Administration and general	1,552,020	2.97	1,656,933	3.11		-4.5%
18 Interest expense	225,918	0.43	114,781	0.22		100.8%
19 Depreciation and amortization	2,207,125	4.23	2,358,647	4.43		-4.6%
20 Total operating expenses	4,918,706	9.42	5,407,917	10.16		-7.2%
21 <b>Operating income (loss)</b>	(1,247,474)	(2.39)	(1,971,917)	(3.70)		35.5%
22						
23 Non operating income (expense)						
24 Interest and dividend income	2,488	0.00	45,381	0.09		-94.5%
25 Net proceeds of bond financing	668,463	1.28	373,441	0.72		79.0%
26 Other income (expense)	3,473	0.01	0	0.00		NA
27 Total non operating income (expense)	674,423	1.29	418,822	0.80		NA
						% Difference
28 <b>Change in net position</b>	(573,051)		(1,553,095)			63.1%
29 EBITDA	1,185,569		501,511		(1)	NA

Notes:

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

**YTD Actual**

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

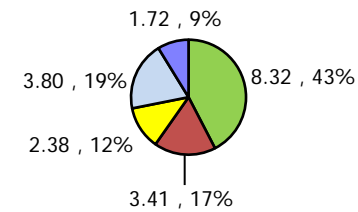


- Natural gas purchases
- Gas liquefaction
- Transportation
- Administration and general
- Distribution & Storage

Total Cost per Mcf less interest & depreciation: \$18.38

**YTD Budget**

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

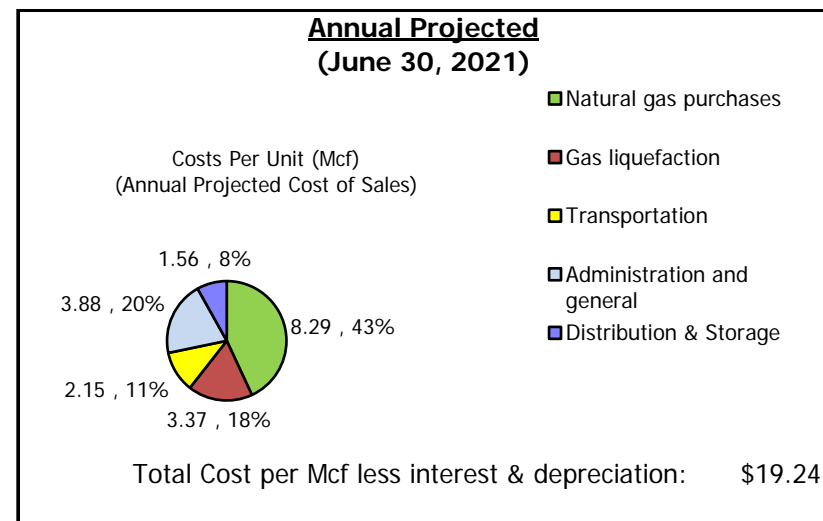
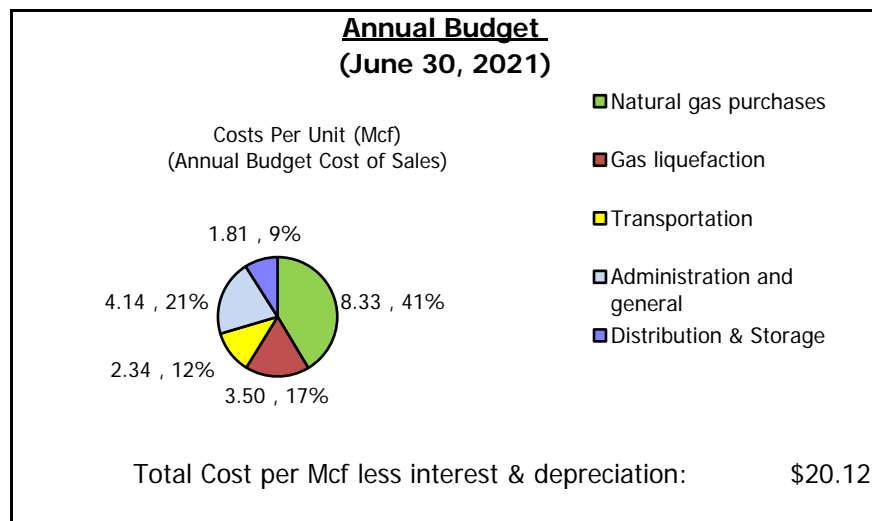
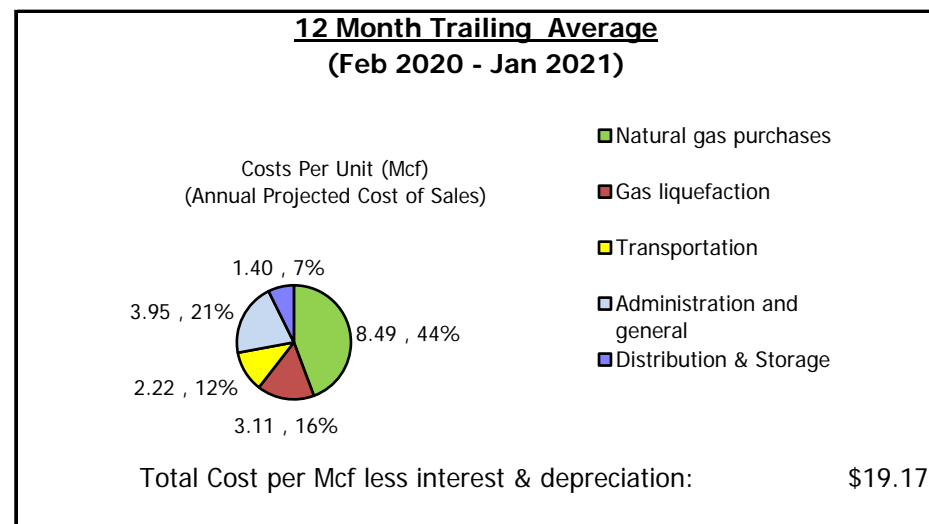


- Natural gas purchases
- Gas liquefaction
- Transportation
- Administration and general
- Distribution & Storage

Total Cost per Mcf less interest & depreciation: \$19.62

LNG Inventory (Site III ONLY)	12/31/2020	1/31/2021	
Gals LNG	2,339,524	2,199,248	(140,276)

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



Key Financial Metrics:

	Actual	Budgeted		% Difference
Working capital cash balance	\$ 3,015,842	\$ 3,181,667	●	-5.2%
Current ratio (Working capital)	2.9	3.9	●	-24.9% Current Assets/Current Liabilities
Quick ratio	2.9	2.4	●	19.7% (Cash+A/R)/Current Liabilities)
Debt coverage ratio (Annual)	2.2	1.2	●	85.5% (Loan Covenants 1.2)

# Public Comment

*limited to 3 minutes*

# GM Appraisal 2020

- Group Rating from IGU Attorney



**Interior Gas Utility**  
***General Manager***  
***Appraisal***

(December 2020)

# **Part One**

## ***Accomplishments on Previous Goals***



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

**Goal # 1 BOARD**

- **Develop Dashboard and Focused Board Packets (First Priority)**  
A monthly dashboard was created that provides the Board of Directors a snap-shot of key IGU financial and operational metrics including YTD actual versus budget comparisons as well as cost of service trending data and LNG inventory data. This report is included with the monthly financial reports reviewed by the Finance Committee and submitted to the IGU Board.
- **Develop Board Budget**  
The GM included a discussion on IGU Board Budget items during the May 19, 2020 Work Session. The guidance received was subsequently incorporated into IGU Fiscal Year 2021 budget.
- **Develop Board Policy, prioritized by importance and need**  
IGU continued to advance polices as needed to achieve necessary work activities. A policy index was created, and Board Members were asked to rank policy importance and priority, however this has not been finalized. IGU added 4 new Board Policies in 2020.
- **Develop Web-based Board Development tools and Data Interface**  
IGU reviewed web-based board development and data tools however determined the benefits did not justify the costs of the services.

**Board Member Response:**

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

**Other Comments:**

Board tools, reports and information are maturing in parallel to the Board growth. GM continues to provide focused information to the Board to report on ongoing operations and to support numerous Board actions. GM has provided in-depth review of policies to assist new board members. Consider having finance representative review financial dashboard apart from consent agenda.

**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:**

- **Tria Road 5.25M Gallon Storage Tank – Completion**

In 2020 IGU finalized the completion of the 5.25M Gallon Tank and filled it to approximately 2.5MM gallons. The project was completed in accordance with the revised budget and schedule and was in service in December 2019, resulting in eligibility for the State of Alaska Storage Tax Credit

- **North Pole LNG Storage and Regasification (First Priority)**

The North Pole Storage Facility is in the final phase of construction with completion and commissioning estimated in January of 2021. The original schedule has been impacted by COVID-19 related delays. The project is on track to be completed within the approved budget.

- **Titan Liquefaction Facility Expansion**

IGU completed FEED to approximately 65% design and developed a budget to +/- 10%. A Final Investment Decision recommendation was prepared for the IGU Board and presented in March, 2020. The GM recommended IGU pause the project given the rapid and significant drop in Oil Prices and the economic uncertainties created by the COVID-19 Pandemic. The project remains paused at this time.

- **New Service Connections**

During the 2020 construction season a total of 206 new service lines were installed. Approximately eight new service requests were deferred until 2021, as they were unable to be efficiently completed prior to ground freeze.

- **Secure long-term Gas Supply Contract**

IGU has been negotiating with multiple parties regarding short term and long-term gas supplies and anticipates the execution of multiple agreements in the first quarter of 2021.

- **Identify and Achieve financial and business targets**

IGU managed the 2020 Fiscal year within overall budget with capital expenditures and cash generated from operations within overall budget. Fiscal Year 2020 Yearend earnings fell below budget largely due to increased depreciation and amortization. A 2021 Fiscal Year Budget was prepared and approved by the Board of Directors. Year to date IGU is meeting budget constraints and goals.

## Board Member Response:

Do you agree with the GM's Report? Yes

No

If "No," why:

### Other Comments:

These major projects served as the bedrock for growth of a successful gas utility in Interior Alaska. Dan oversaw significant advancements in 2020 with the filling of the Tria storage tank, completion of North Pole Storage, execution of gas contracts, land acquisitions, etc. These projects do not complete themselves and Dan and his team deserve credit for their significant efforts. Overall project management has improved as Dan builds his team. Timely hookups and service deserve a high priority. Possible areas of improvement (Post-pandemic): Develop and meet project schedules and provide resources and training to support the procurement efforts.

## Goal # 3 CUSTOMER

### ➤ **Develop a web-based Customer Service Interface program**

IGU completed and implemented a new website in 2020, including the ability for customers to submit applications via the website and the continued ability for customers to access their account online and make payment through a secure Customer Account Portal.

### ➤ **Develop Service Connection Standards**

IGU has Standard Operating Procedures which includes standards for the installation of service lines and meters. These procedures are being updated to include Standards of Construction that will be implemented prior to the 2021 Construction Season.

### ➤ **Implement PACE conversion program**

IGU continues to monitor the PACE conversion program and has participated in the PACE workshops. The State of Alaska is developing standardized documents and producing a handbook for the Alaska C-Pace program.

### ➤ **Develop Residential Conversion Program**

IGU worked with the FNSB resulting in the creation and funding of an Oil to Gas conversion program which was initially funded by the FNSB at \$1,000,000. This program along with the Solid Fuels Change Out Program have been successfully used by IGU customers to offset the costs associated with conversion to natural gas. IGU continues to monitor and advocate for additional funding for these programs.

- **Develop a Customer Communication Engagement Program**  
IGU completed the new website which provides increased engagement with customers. Additionally, direct mailers were sent to areas having natural gas service encouraging customers to convert to natural gas.
- **Develop and deploy the oil vs. gas “kitchen table” decision guide**  
Many of the components associated with the oil vs. gas decision are incorporated in the IGU website. Additional work on this subject could enhance the experience for IGU customers and will be a part of ongoing website management and updating.
- **Develop financial assistance with On-bill financing.**  
No progress was made on On-bill financing.
- **Develop means to expedite gas to new consumers.**  
IGU began serving new customers after the completion of the 5.25 Million Gallon Storage project. Means to expedite gas service in North Pole were determined to be uneconomic and were not advanced beyond investigation of the options.
- **Develop GVEA term sheet.**  
Discussions with GVEA continue, however have not been advanced to a term sheet level. GVEA continues to analyze its options related to Power Generation and fuel supply for its various production units.
- **Develop gas options to support EIS for Fort Wainwright fuel supply.**  
IGU is participating in the FWW EIS process and is submitting public comments supporting the selection of a natural gas option for future base use.
- **Develop “Top 10” List of significant probable new customers**  
A list of significant new customers was developed, however will need to be updated and advanced by the new Customer Service/Marketing Manager.
- **Implement Commercial and Residential New Customer Conversion Program**  
IGU continued to pursue new commercial and residential customers through Conversion. There have not been any additional Conversion Programs developed beyond the FNSB programs.
- **Aggressively seek new customers**  
IGU met its new customers addition goals for 2020 and is working on programs to continue aggressively seeking new customers in 2021.

**Board Member Response:**

**Do you agree with the GM's Report? Yes**

**No**

**If “No,” why:**

**Other Comments:**

Dan recognizes that customer service and growth are key to the success of IGU. Customer service is improving in leaps and bounds with numerous new tools and approaches being deployed. There are still numerous gaps in the tools that are needed to be spanned (Website, interface with customers) as we build confidence and trust in new and existing customers. The time it takes to fill vacant positions is concerning.

**Goal # 4 FINANCIAL**

➤ **Secure Long-term Financing and Bond Sale (First Priority)**

IGU completed all activities necessary for the initial planned Bond offering of approximately \$60MM in project funds and the subsequently reduced offering of approximately \$10MM in project funds. The activities included BBB-credit ratings from the Fitch Rating Agency for both issuances, IGU and AIDEA Board approvals, Supporting Resolutions from City of Fairbanks, City of North Pole, Fairbanks North Star Borough and Matanuska-Susitna Borough and development of all Bond related documents. IGU closed its first Bond Issuance on September 24, 2020.

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

The Conversion Assistance work completed by IGU is discussed above in Goal #3.

➤ **Complete Financial and Cash Flow Analysis of Integrated Operations**

IGU completed all necessary financial activities related to the consolidation and integration of operations. IGU received authorization for consolidation of CPCN's in December, 2020 and is consolidating all operations as of January 1, 2021, and will dissolve all subsidiaries in 2021.

**Board Member Response:**

**Do you agree with the GM's Report? Yes**

**No**

**If “No,” why:**

**Other Comments:**

Dan was effective in executing the first-time bond sale in 2020 which is huge and not only provided financing for expansion projects, but set the stage and relationship with the market that will provide future funding for capital projects. Dan has worked with the FNSB in enhancing Conversion funding and remains focused on expanding funding alternatives such as PACE, grants and commercial loans. Please keep conversion assistance effort front and center with entities that may provide grants for this effort.

## Goal # 5 INTERRELATIONS

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

IGU regularly seeks public input during each Board meeting, and additionally resurrected the Conversion Group, made up of members of the public which met multiple times in 2020 seeking to advance conversion opportunities.

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

IGU continued to advance conversion goals with the FNSB including addition of the Oil to Gas Conversion program. Additionally, IGU received Resolutions of support from the Cities and Boroughs as part of the Bond placement. IGU provided project updates to the Cities and Boroughs and met with and continues dialogue with the Federal Delegation and their staff.

### ➤ **Activate a “Tiger Team” for information truthing and engagement.**

IGU utilized a “Tiger Team” to develop its public comments and strategy related to the FWW EIS.

### ➤ **Establish and maintain relations with:**

- 1) Local and state media
- 2) Local clubs and organizations
- 3) Local Governments and Interior Delegation

IGU presented to multiple organizations throughout 2020 and continues to foster relationships with the Chamber, FEDCO and others. IGU presented to the Fairbanks Daily News Miner resulting in a positive Editorial. IGU has received media coverage throughout 2020 as a result of Press Releases issued to the media. IGU continues to maintain strong relationships with local governments, presenting regularly to the FNSB and periodically to the City of Fairbanks and City of North Pole. Additionally, IGU maintains strong relationships and support from the Interior Delegation.

### **Board Member Response:**

**Do you agree with the GM's Report?** Yes

No

If “No,” why:

### **Other Comments:**

Dan and his team continue to provide input, build connections and relationships with the community that will drive confidence and growth. The interrelations continue to improve as programs and construction projects are completed which allow the sharing of good news with the community. Fort Wainright EIS work was spot on. Need to improve customer centric approach.

## Goal # 6 ORGANIZATION

- **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 have been received by the RCA, employees have been transitioned into IGU and all subsidiaries are being dissolved.

### Board Member Response:

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

#### Other Comments:

Dan has successfully navigated all the details required to fully integrate the numerous organizations into a single municipal utility, including the tariff work. This took significant effort and attention to detail to finally realize the vision of a community owned municipal utility.

## Goal # 7 SAFETY

- **Perpetuate a Safety Culture.**  
IGU recorded three minor injuries, Zero Lost Time Accidents and Zero Preventable vehicle Accidents in 2020, and 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:

Improvement in workers compensation rating was good to see. Would like to see a one or less rating. Limited sight into this area but all operations appear to have a positive safety culture.

## Goal # 8 HUMAN RESOURCES

- **Maintain a Retention Rate of 90% or better.**  
IGU maintained a 91% retention rate in 2020 with two separations of service as a result of resignations.
- **Establish an Employment Development Program.**  
IGU has not established a formal Employee Development Program; however, continues to foster employee development through annual training including refresher training in-line with OHMS required Operator Qualifications. Administrative staff-maintained competency through continuing Education with two registered CPA's within the Accounting department.

- **Develop a Staffing Plan based on natural growth.**  
IGU continues to evaluate staffing needs as capital project activity and increased operations warrant. Two new Operator positions and two Capital Project positions were added in 2020.

**Board Member Response:**

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

**Other Comments:**

Dan made three quality hires in 2020 that were a positive addition to the IGU team and will help accelerate operations, project management and customer service as we launch into the future. Add and subtract employees as needed when projects start and conclude.



## **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.

\_\_\_**X**\_\_\_ Meets Standards \_\_\_\_\_ Exceeds Standards \_\_\_\_\_ Needs Improvement

Explanation/Comments: Dan has rightly been focused on major construction projects and gas supply contracts. Dan needs to develop a clear, passionate vision of customer expansion and clearly articulate his approach to the board. Dan is a good leader and manager.

**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 \_\_\_**X**\_\_\_ Exceeds Standards \_\_\_\_\_ Needs Improvement

Explanation/Comments: Dan continues to maintain a command of the IGU business model, which he clearly articulated to the bond market during the initial 2020 bond sale. Dan's has demonstrated his effectiveness in the Alaska natural gas markets.

**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.

\_\_\_**X**\_\_\_ Meets Standards \_\_\_\_\_ Exceeds Standards \_\_\_\_\_ Needs Improvement

Explanation/Comments: Given our organic growth, IGU can at times, have a challenging Board of Directors that can leave management feeling as if they are navigating a minefield. Dan's interactions with the Board has improved with a more consistent procedural approach at Board meetings (GM briefing, Q&A, Motion, Discussion and Vote). Dan demonstrates good planning to the Board and is available/responsive to the 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.

  X   Meets Standards        Exceeds Standards        Needs Improvement

Explanation/Comments: Operations are Dan's core strength with decades of experience. The addition of several key hires has diversified the responsibility and will help share the operational duties. Excellent customer service during rapid expansion can be elusive, but customers appear to be happy with the services provided by IGU. Customer satisfaction is the key to IGU's future. Excellent safety record.

## 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   X   Exceeds Standards        Needs Improvement

Explanation/Comments: IGU has a small shop that is expanding to meet challenges and enhance customer service. Improvement is needed in delegation of work but in part this is due to a small workforce. Once employees/contractors are hired, Dan provides training, develops them and expects results. Deployment of ZOOM meetings in response to Covid pandemic has brought both opportunities and challenges. Dan continues membership in the Association of Public Gas Utilities where we can, in the future, compare and judge our performance. Reasonable technology is effectively being deployed. IGU is well positioned for managed growth.

## 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.

  X   Meets Standards        Exceeds Standards        Needs Improvement

Explanation/Comments: Dan is very involved in outreach to the business and civic community. He is developing this skill set and has hired several team members that can assist in this area. Dan is involved with the Chamber and has conducted numerous presentations to the FNSB and community groups. Fairbanks residents have commented on Dan's positive professional demeanor. Customer responsiveness could be improved upon.

## 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   X   Exceeds Standards        Needs Improvement

Explanation/Comments: Dan recognizes that IGU remains in a competitive environment and strives to track and keep natural gas competitive with other fuels in an arctic environment. Dan's broad knowledge base and experience is helpful. Obtaining new customers will take creativity and innovation.

## 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.

X   Meets Standards        Exceeds Standards        Needs Improvement

Explanation/Comments: Dan has developed a financial model for the next 50 years while providing accounting and financial management yielding a clean audit. Continued timely tracking and reporting of corporate finances, inspires confidence.

## **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.

  X   Meets Standards        Exceeds Standards        Needs Improvement

Explanation/Comments: Board interactions and exposure is limited in this area with interactions largely limited to upper management of IGU. The General Manager, however, seems to have created a solid core team that accepts the challenges ahead. New employees seem to be accepted and utilized. Work force appears to be content.

## **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.

  X   Meets Standards        Exceeds Standards        Needs Improvement



# **Part Three**

## ***Next Year Goals***

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.
- Provide a Cost of Service, Rates and Tariff Review
- Prepare and distribute the 2020 IGU Book (minutes, packets, budget, Bylaws and Policy)

Need will drive the importance of board policy. Strategic plan important. Cost of service will test the maturity of the utility.

### **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
  - Plan for gas service to Ft. Wainwright
  - New Service Connections (First Priority)
- Identify and Achieve financial and business targets

Go ahead with demo pup trailer. Start planning for North Slope gas line.

### **Goal # 3 CUSTOMER**

- Improve a web-based Customer Service Interface program
- Develop Service Connection Standards
- Implement PACE conversion program for Commercial accounts
- Develop Residential New Customer Program
- Expand Residential Conversion Program
- Develop a Customer Communication Engagement Program



- Develop and deploy the oil vs. gas “kitchen table” decision guide
- Develop Financial assistance with On-bill financing.
- Develop means to expedite gas to new consumers.
- Continue natural gas supply discussions with GVEA.
- Develop gas options to support EIS for Fort Wainwright Fuel Supply.
- Develop “Top 10” List of significant probable New Customers
- Implement Commercial New Customer Residential and Conversion Program
- Aggressively seek new customers
- Build Customer Confidence to Sell gas.
- Conduct a Customer Satisfaction Survey
- Web site requires continued attention and improvement.
- All efforts must be customer centric based on a competitive rate structure, safety and efficiency.

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

- Obtain the Storage Facility tax credit for Tria Road
- Pursue the inclusion of North Pole in Storage facility Tax Credit
- Develop a Conversion Assistance Plan to drive sales and revenue
- Complete Financial and Cash Flow Analysis of Integrated Operations
- Look for savings in every area of the business. Make decisions at the lowest level.

#### **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:
  - 4) Local and state media

- 5) Local clubs and organizations
- 6) Local Governments and Interior Delegation
- Our efforts must reach out to build credibility and confidence. The rest is just noise.

## **Goal # 6 ORGANIZATION**

## **Goal # 7 SAFETY**

- Perpetuate a Safety Culture.
- Must have a no one gets hurt approach.

## **Goal # 8 HUMAN RESOURCES**

- Create a positive work environment for employees that 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.
- Assess an Employee Satisfaction Survey



**Interior Gas Utility**  
***General Manager***  
***Appraisal***

(December, 2020)

# **Part One**

## ***Accomplishments on Previous Goals***

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

**Goal # 1 BOARD**

➤ **Develop Dashboard and Focused Board Packets (First Priority)**

A monthly dashboard was created that provides the Board of Directors a snap-shot of key IGU financial and operational metrics including YTD actual versus budget comparisons as well as cost of service trending data and LNG inventory data. This report is included with the monthly financial reports reviewed by the Finance Committee and submitted to the IGU Board.

➤ **Develop Board Budget**

The GM included a discussion on IGU Board Budget items during the May, 19, 2020 Work Session. The guidance received was subsequently incorporated into IGU Fiscal Year 2021 budget.

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

IGU continued to advance policies as needed to achieve necessary work activities. A policy index was created, and Board Members were asked to rank policy importance and priority, however this has not been finalized. IGU added 4 new Board Policies in 2020.

➤ **Develop Web-based Board Development tools and Data Interface**

IGU reviewed web-based board development and data tools however determined the benefits did not justify the costs of the services.

**Board Member Response:**

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

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**Other Comments:**

Board tools, reports and information are maturing in parallel to the Board growth. Dan continues to provide focused information to the Board to report on ongoing operations and to support numerous Board actions.

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## 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:**

- **Tria Road 5.25M Gallon Storage Tank – Completion**

In 2020 IGU finalized the completion of the 5.25M Gallon Tank and filled it to approximately 2.5MM gallons. The project was completed in accordance with the revised budget and schedule and was in service in December 2019, resulting in eligibility for the State of Alaska Storage Tax Credit

- **North Pole LNG Storage and Regasification (First Priority)**

The North Pole Storage Facility is in the final phase of construction with final completion and commissioning estimated in January of 2021. The original schedule has been impacted by COVID-19 related delays. The project is on track to be completed within the approved budget.

- **Titan Liquefaction Facility Expansion**

IGU completed FEED to approximately 65% design and developed a budget to +/- 10%. A Final Investment Decision recommendation was prepared for the IGU Board and presented in March, 2020. The GM recommended IGU pause the project given the rapid and significant drop in Oil Prices and the economic uncertainties created by the COVID-19 Pandemic. The project remains paused at this time.

- **New Service Connections**

During the 2020 construction season a total of 206 new service lines were installed. Approximately 8 new service requests were deferred until 2021 as they were unable to be efficiently completed prior to ground freeze.

- **Secure long-term Gas Supply Contract**

IGU has been negotiating with multiple parties regarding short term and long-term gas supplies, and anticipates the execution of multiple agreements in the first quarter of 2021.

- **Identify and Achieve financial and business targets**

IGU managed the 2020 Fiscal year within overall budget with capital expenditures and cash generated from operations within overall budget. Fiscal Year 2020 Year end earnings fell below budget largely due to increased depreciation and amortization. A 2021 Fiscal Year Budget was prepared and approved by the Board of Directors. Year to date IGU is meeting budget constraints and goals.

## Board Member Response:

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

### Other Comments:

These major projects served as the bedrock for growth of a successful gas utility in Interior Alaska. Dan oversaw significant advancements in 2020 with the filling of the Tria storage tank, completion of North Pole Storage, execution of gas contracts with Hilcorp, Top Speed, Cryopeak, land acquisitions, etc. These projects do not complete themselves and Dan and his team deserve credit for their significant efforts.  
Overall project management has improved as Dan builds his team.  
Possible areas of improvement (Post-pandemic): Develop and meet project schedules and provide resources and training to support the Procurement efforts.

## Goal # 3 CUSTOMER

- **Develop a web-based Customer Service Interface program**  
IGU completed and implemented a new website in 2020, including the ability for customers to submit applications via the website and the continued ability for customers to access their account online and make payment through a secure Customer Account Portal.
- **Develop Service Connection Standards**  
IGU has Standard Operating Procedures which includes standards for the installation of service lines and meters. These procedures are being updated to include Standards of Construction that will be implemented prior to the 2021 Construction Season.
- **Implement PACE conversion program**  
IGU continues to monitor the PACE conversion program and has participated in the PACE workshops. The State of Alaska is developing standardized documents and producing a handbook for the Alaska C-Pace program.
- **Develop Residential Conversion Program**  
IGU worked with the FNSB resulting in the creation and funding of an Oil to Gas conversion program which was initially funded by the FNSB at \$1,000,000. This program along with the Solid Fuels Change Out Program have been successfully used by IGU customers to offset the costs associated

with conversion to natural gas. IGU continues to monitor and advocate for additional funding for these programs.



- **Develop a Customer Communication Engagement Program**  
IGU completed the new website which provides increased engagement with customers. Additionally, direct mailers were sent to areas having natural gas service encouraging customers to convert to natural gas.
- **Develop and deploy the oil vs. gas “kitchen table” decision guide**  
Many of the components associated with the oil vs. gas decision are incorporated in the IGU website. Additional work on this subject could enhance the experience for IGU customers and will be a part of ongoing website management and updating.
- **Develop financial assistance with On-bill financing.**  
No progress was made on On-bill financing.
- **Develop means to expedite gas to new consumers.**  
IGU began serving new customers after the completion of the 5.25 Million Gallon Storage project. Means to expedite gas service in North Pole were determined to be uneconomic and were not advanced beyond investigation of the options.
- **Develop GVEA term sheet.**  
Discussions with GVEA continue, however have not been advanced to a term sheet level. GVEA continues to analyze its options related to Power Generation and fuel supply for its various production units.
- **Develop gas options to support EIS for Fort Wainwright fuel supply.**  
IGU is participating in the FWW EIS process and is submitting public comments supporting the selection of a natural gas option for future base use.
- **Develop “Top 10” List of significant probable new customers**  
A list of significant new customers was developed, however will need to be updated and advanced by the new Customer Service/Marketing Manager.
- **Implement Commercial and Residential New Customer Conversion Program**  
IGU continued to pursue new commercial and residential customers through Conversion. There have not been any additional Conversion Programs developed beyond the FNSB programs.
- **Aggressively seek new customers**  
IGU met its new customers addition goals for 2020 and is working on programs to continue aggressively seeking new customers in 2021.

**Board Member Response:**

**Do you agree with the GM's Report? Yes**

**No**

**If "No," why:**

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**Other Comments:**

Dan recognizes that Customer Service and Growth are key to the success of IGU. Customer Service is improving leaps and bounds with numerous new tools and approaches being deployed. There are still numerous gaps in the tools that are needed to be spanned as we build confidence, trust and delight our new and existing customers.

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**Goal # 4 FINANCIAL**

➤ **Secure Long-term Financing and Bond Sale (First Priority)**

IGU completed all activities necessary for the initial planned Bond offering of approximately \$60MM in project funds and the subsequently reduced offering of approximately \$10MM in project funds. The activities included BBB-credit ratings from the Fitch Rating Agency for both issuances, IGU and AIDEA Board approvals, Supporting Resolutions from City of Fairbanks, City of North Pole, Fairbanks North Star Borough and Matanuska-Susitna Borough and development of all Bond related documents. IGU closed its first Bond Issuance on September 24, 2020.

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

The Conversion Assistance work completed by IGU is discussed above in Goal #3.

➤ **Complete Financial and Cash Flow Analysis of Integrated Operations**

IGU completed all necessary financial activities related to the consolidation and integration of operations. IGU received authorization for consolidation of CPCN's in December, 2020 and is consolidating all operations as of January 1, 2021, and will dissolve all subsidiaries in 2021.

**Board Member Response:**

**Do you agree with the GM's Report? Yes**

**No**

**If "No," why:**

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**Other Comments:**

Dan was effective in executing the first-time bond sale in 2020 which is huge and not only provided financing for expansion projects, but set the stage and relationship with the market that will provide future funding for capital projects.

Dan has worked with the FNSB in enhancing Conversion funding and remains focused on expanding funding alternatives such as PACE, grants and commercial loans.

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**Goal # 5 INTERRELATIONS**

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

IGU regularly seeks public input during each Board meeting, and additionally resurrected the Conversion Group, made up of members of the public which met multiple times in 2020 seeking to advance conversion opportunities.

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

IGU continued to advance conversion goals with the FNSB including addition of the Oil to Gas Conversion program. Additionally, IGU received Resolutions of support from the Cities and Boroughs as part of the Bond placement. IGU provided project updates to the Cities and Boroughs and met with and continues dialogue with the Federal Delegation and their staff.

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

IGU utilized a “Tiger Team” to develop its public comments and strategy related to the FWW EIS.

➤ **Establish and maintain relations with:**

- 1) Local and state media
- 2) Local clubs and organizations
- 3) Local Governments and Interior Delegation

IGU presented to multiple organizations throughout 2020 and continues to foster relationships with the Chamber, FEDCO and others. IGU presented to the Fairbanks Daily News Miner resulting in a positive Editorial. IGU has received media coverage throughout 2020 as a result of Press Releases issued to the media. IGU continues to maintain strong relationships with local governments, presenting regularly to the FNSB and periodically to the City of Fairbanks and City of North Pole. Additionally, IGU maintains strong relationships and support from the Interior Delegation.

**Board Member Response:**

Do you agree with the GM's Report? **Yes**

**No**

If "No," why:

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**Other**

**Comments:**

Dan and his team continue to provide input, build connections and relationships with the community that will drive confident and growth. The interrelations continue to improve as programs and construction projects are completed which allow the sharing of good news with the community.

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**Goal # 6 ORGANIZATION**

- **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 have been received by the RCA, employees have been transitioned into IGU and all subsidiaries are being dissolved.

**Board Member Response:**

Do you agree with the GM's Report? **Yes**

**No**

If "No," why:

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**Other Comments:**

Dan has successfully navigated all the details required to fully integrate the numerous organizations into a single municipal utility. This took significant effort and attention to detail to finally realize the vision of a community owned municipal utility.

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**Goal # 7 SAFETY**

- **Perpetuate a Safety Culture.**

IGU recorded 3 minor injuries, Zero Lost Time Accidents and Zero Preventable vehicle Accidents in 2020, and 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:

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**Other Comments:**

Limited sight into this area but all operations appear to have a positive safety culture.

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**Goal # 8 HUMAN RESOURCES**

- **Maintain a Retention Rate of 90% or better.**  
IGU maintained a 91% retention rate in 2020 with 2 separations of service as a result of resignations.
- **Establish an Employment Development Program.**  
IGU has not established a formal Employee Development Program; however, continues to foster employee development through annual training including refresher training in-line with OHMS required Operator Qualifications. Administrative staff-maintained competency through continuing Education with two registered CPA's within the Accounting department.
- **Develop a Staffing Plan based on natural growth.**  
IGU continues to evaluate staffing needs as capital project activity and increased operations warrant. Two new Operator positions and two Capital Project positions were added in 2020.

**Board Member Response:**

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

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**Other Comments:**

Dan made three quality hires that occurred in 2020 that were a positive addition to the the IGU team and will help accelerate Operations, Project Management and Customer Service as we launch into the future.

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## **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.

\_\_\_ X \_\_\_ Meets Standards \_\_\_ Exceeds Standards \_\_\_ Needs Improvement

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

Dan has rightly been focused on major construction projects and gas supply contracts. Dan needs to develop a clear, passionate vision of customer expansion and clearly articulate his approach to the board.

**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.

\_\_\_ X \_\_\_ Meets Standards \_\_\_ Exceeds Standards \_\_\_ Needs Improvement

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

Dan continues to maintain a command of the IGU business model, which he clearly articulated to the bond market during the initial 2020 bond sale.



## 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.

\_\_\_ X \_\_\_ Meets Standards \_\_\_ Exceeds Standards \_\_\_ Needs Improvement

### Explanation/Comments:

Given our organic growth, IGU can at times, have a challenging Board of Directors that can leave management feeling like they are navigating a mine field. Dan's interactions with the Board has improved with a more consistent procedural approach at Board meetings (GM briefing, Q&A, Motion, Discussion and Vote).

## 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.

\_\_\_ X \_\_\_ Meets Standards \_\_\_ Exceeds Standards \_\_\_ Needs Improvement

### Explanation/Comments:

Operations are Dan's core strength with decades of experience. The addition of several key hires has diversified the responsibility and will help share the operational duties.

Excellent customer service during rapid expansion can be elusive, but customers appear to be happy with the services provided by IGU.

## 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.

\_\_\_\_ X \_\_\_\_ Meets Standards \_\_\_\_ Exceeds Standards \_\_\_\_ Needs Improvement

### Explanation/Comments:

IGU has a small shop that is expanding to meet the challenges and enhance customer service. Improvement is needed in delegation of work but in part this is due to a small workforce. Once employees/contractors are hired, Dan provides training, develops them and expects results.

Deployment of ZOOM meetings in response to Covid pandemic has brought both opportunities and challenges. Dan continues membership in the Association of Public Gas Utilities where we can in the future compare and judge our performance.

Reasonable technology is effectively being deployed.

## 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.

\_\_\_\_ X \_\_\_\_ Meets Standards \_\_\_\_ Exceeds Standards \_\_\_\_ Needs Improvement

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

Dan is very involved in outreach to the business and civic community.

He is developing this skill set and has hired several team members that can assist in this area.  
Dan is involved with the Chamber and has conducted numerous presentations to the FNSB and community groups.

Fairbanks residents have commented on Dan's positive professional demeanor.

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## 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.

\_\_\_\_ X \_\_\_\_ Meets Standards \_\_\_\_ Exceeds Standards \_\_\_\_ Needs Improvement

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

The General Manager recognizes that IGU remains in a competitive environment and strives to track and keep natural gas competitive with other fuels.

## 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.

\_\_\_\_ X \_\_\_\_ Meets Standards \_\_\_\_ Exceeds Standards \_\_\_\_ Needs Improvement

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

– Dan has developed a financial model for the next 50 year while providing accounting and financial management yielding a clean audit.

Continued timely tracking and reporting of corporate finances, inspires confidence.

## 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.

\_\_\_\_ X \_\_\_\_ Meets Standards \_\_\_\_ Exceeds Standards \_\_\_\_ Needs Improvement

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

Board interactions and exposure is limited in this area with interactions largely limited to upper management of IGU. The General Manager, however, seems to have created a solid core team that accepts the challenges ahead.

## 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.

\_\_\_\_ X \_\_\_\_ Meets Standards \_\_\_\_ Exceeds Standards \_\_\_\_ Needs Improvement

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

Dan has delivered on the consolidation of numerous entities into a single municipal utility.

**OtherComments:**

Dan is a hard-working, knowledgeable and approachable CEO. He is an Alaskan and a Fairbanksan who wants nothing more than total and unqualified success of IGU. We are fortunate to have him and look forward to working with him for years to come.

The General Manager could benefit from expanding his skill set in the areas of: Strategic planning for a growing utility, leadership with delegated areas of responsibility including project scope, schedule and budget preparation, design with alternatives evaluation for maximum benefits, and cost controls in an open procurement process.

**Overall Evaluation**

  X  -

**Meets Performance Standards**

**Exceeds Performance Standards**

**Needs Improvement**

**This appraisal has been discussed with me.**

\_\_\_\_\_  
General Manager      Date

**On behalf of the Board of Directors:**

\_\_\_\_\_  
Board Chair

\_\_\_\_\_  
Date

# **Part Three**

## ***Next Year Goals***

The Board and GM should agree to a set of goals that include the 2021~~0~~ GM Goals.

Record additional ideas below for consideration:

### Goal # 1 BOARD

- ~~Develop Dashboard and Focused Board Packets (First Priority)~~
  - ~~Develop Board Budget~~
  - Develop Board Policy, prioritized by importance and need
  - Develop Web-based Board Development tools and Data Interface
  - Develop a Strategic Plan with action items for the FY23 budgets.
  - Provide a Cost of Service, Rates and Tariff Review
  - Prepare and distribute the 2020 IGU Book (minutes, packets, budget, Bylaws and Policy)
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### 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:
    - ~~Tria Road 5.25M Gallon Storage Tank Completion~~
    - ~~North Pole LNG Storage and Regasification (First Priority)~~
    - Plan for Titan Liquefaction Facility Expansion
    - Plan for gas service to Ft. Wainwright
    - New Service Connections (First Priority)
  - ~~Secure long term Gas Supply Contract~~
  - Identify and Achieve financial and business targets
- 
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### Goal # 3 CUSTOMER

- ~~Develop~~ Improve a web-based Customer Service Interface program
- Develop Service Connection Standards
- Implement PACE conversion program for Commercial accounts
- Develop Residential New Customer Program
- ~~Develop~~ Expand Residential Conversion Program
- Develop a Customer Communication Engagement Program
- Develop and deploy the oil vs. gas “kitchen table” decision guide



- Develop Financial assistance with On-bill financing.
- Develop means to expedite gas to new consumers.
- Continue natural gas supply discussions with GVEA~~Develop GVEA term sheet.~~
- Develop gas options to support EIS for Fort Wainwright Fuel Supply.
- Develop “Top 10” List of significant probable New Customers
- Implement Commercial New Customer Residential and Conversion Program
- Aggressively seek new customers
- Build Customer Confidence to Sell gas.
- Conduct a Customer Satisfaction Survey

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## Goal # 4 FINANCIAL

- ~~Secure Long term Financing and Bond Sale (First Priority)~~
- Obtain the Storage Facility tax credit for Tria Road
- Pursue the inclusion of North Pole in Storage facility Tax Credit
- Develop a Conversion Assistance Plan to drive sales and revenue
- Complete Financial and Cash Flow Analysis of Integrated Operations
- ~~\_\_\_\_\_~~

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## 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:
  - 4) Local and state media
  - 5) Local clubs and organizations
  - 6) Local Governments and Interior Delegation

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## Goal # 6 ORGANIZATION

- ~~Integrate utility into a Community wide integrated municipal gas utility.~~
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## Goal # 7 SAFETY

- Perpetuate a Safety Culture.
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## Goal # 8 HUMAN RESOURCES

- Create a positive work environment for employees that 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.
  - Assess an Employee Satisfaction Survey
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**IGU**

**Interior Gas Utility**  
***General Manager***  
***Appraisal***

(December, 2020)

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

**Goal # 1 BOARD**

➤ **Develop Dashboard and Focused Board Packets (First Priority)**

A monthly dashboard was created that provides the Board of Directors a snap-shot of key IGU financial and operational metrics including YTD actual versus budget comparisons as well as cost of service trending data and LNG inventory data. This report is included with the monthly financial reports reviewed by the Finance Committee and submitted to the IGU Board.

➤ **Develop Board Budget**

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

IGU continued to advance policies as needed to achieve necessary work activities. A policy index was created, and Board Members were asked to rank policy importance and priority, however this has not been finalized. IGU added 4 new Board Policies in 2020.

➤ **Develop Web-based Board Development tools and Data Interface**

IGU reviewed web-based board development and data tools however determined the benefits did not justify the costs of the services.

**Board Member Response:**

Do you agree with the GM's Report? Yes

No

If "No," why:

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**Other Comments:**

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## **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:**

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- In 2020 IGU finalized the completion of the 5.25M Gallon Tank and filled it to approximately 2.5MM gallons. The project was completed in accordance with the revised budget and schedule and was in service in December 2019, resulting in eligibility for the State of Alaska Storage Tax Credit

- **North Pole LNG Storage and Regasification (First Priority)**

- The North Pole Storage Facility is in the final phase of construction with final completion and commissioning estimated in January of 2021. The original schedule has been impacted by COVID-19 related delays. The project is on track to be completed within the approved budget.

- **Titan Liquefaction Facility Expansion**

- IGU completed FEED to approximately 65% design and developed a budget to +/- 10%. A Final Investment Decision recommendation was prepared for the IGU Board and presented in March, 2020. The GM recommended IGU pause the project given the rapid and significant drop in Oil Prices and the economic uncertainties created by the COVID-19 Pandemic. The project remains paused at this time.

- **New Service Connections**

- During the 2020 construction season a total of 206 new service lines were installed. Approximately 8 new service requests were deferred until 2021 as they were unable to be efficiently completed prior to ground freeze.

- **Secure long-term Gas Supply Contract**

- IGU has been negotiating with multiple parties regarding short term and long-term gas supplies; and anticipates the execution of multiple agreements in the first quarter of 2021.

- **Identify and Achieve financial and business targets**

- IGU managed the 2020 Fiscal year within overall budget with capital expenditures and cash generated from operations within overall budget. Fiscal Year 2020 Year end earnings fell below budget largely due to increased depreciation and amortization. A 2021 Fiscal Year Budget was prepared and approved by the Board of Directors. Year to date IGU is meeting budget constraints and goals.

**Board Member Response:**

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

**No**

**Other Comments:**

**Goal # 3 CUSTOMER**

- **Develop a web-based Customer Service Interface program**  
IGU completed and implemented a new website in 2020, including the ability for customers to submit applications via the website and the continued ability for customers to access their account online and make payment through a secure Customer Account Portal.
- **Develop Service Connection Standards**  
IGU has Standard Operating Procedures which includes standards for the installation of service lines and meters. These procedures are being updated to include Standards of Construction that will be implemented prior to the 2021 Construction Season.
- **Implement PACE conversion program**  
IGU continues to monitor the PACE conversion program and has participated in the PACE workshops. The State of Alaska is developing standardized documents and producing a handbook for the Alaska C-Pace program.
- **Develop Residential Conversion Program**  
IGU worked with the FNSB resulting in the creation and funding of an Oil to Gas conversion program which was initially funded by the FNSB at \$1,000,000. This program along with the Solid Fuels Change Out Program have been successfully used by IGU customers to offset the costs associated with conversion to natural gas. IGU continues to monitor and advocate for additional funding for these programs.

- **Develop a Customer Communication Engagement Program**  
IGU completed the new website which provides increased engagement with customers. Additionally, direct mailers were sent to areas having natural gas service encouraging customers to convert to natural gas.
- **Develop and deploy the oil vs. gas “kitchen table” decision guide**  
Many of the components associated with the oil vs. gas decision are incorporated in the IGU website. Additional work on this subject could enhance the experience for IGU customers and will be a part of ongoing website management and updating.
- **Develop financial assistance with On-bill financing.**  
No progress was made on On-bill financing.
- **Develop means to expedite gas to new consumers.**  
IGU began serving new customers after the completion of the 5.25 Million Gallon Storage project. Means to expedite gas service in North Pole were determined to be uneconomic and were not advanced beyond investigation of the options.
- **Develop GVEA term sheet.**  
Discussions with GVEA continue, however have not been advanced to a term sheet level. GVEA continues to analyze its options related to Power Generation and fuel supply for its various production units.
- **Develop gas options to support EIS for Fort Wainwright fuel supply.**  
IGU is participating in the FWW EIS process and is submitting public comments supporting the selection of a natural gas option for future base use.
- **Develop “Top 10” List of significant probable new customers**  
A list of significant new customers was developed, however will need to be updated and advanced by the new Customer Service/Marketing Manager.
- **Implement Commercial and Residential New Customer Conversion Program**  
IGU continued to pursue new commercial and residential customers through Conversion. There have not been any additional Conversion Programs developed beyond the FNSB programs.
- **Aggressively seek new customers**  
IGU met its new customers addition goals for 2020 and is working on programs to continue aggressively seeking new customers in 2021.

**Board Member Response:**

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

**No**

**Other Comments:**

**Goal # 4 FINANCIAL**

- **Secure Long-term Financing and Bond Sale (First Priority)**  
IGU completed all activities necessary for the initial planned Bond offering of approximately \$60MM in project funds and the subsequently reduced offering of approximately \$10MM in project funds. The activities included BBB-credit ratings from the Fitch Rating Agency for both issuances, IGU and AIDEA Board approvals, Supporting Resolutions from City of Fairbanks, City of North Pole, Fairbanks North Star Borough and Matanuska-Susitna Borough and development of all Bond related documents. IGU closed its first Bond Issuance on September 24, 2020.
- **Develop a Conversion Assistance Plan to drive sales and revenue**  
The Conversion Assistance work completed by IGU is discussed above in Goal #3.
- **Complete Financial and Cash Flow Analysis of Integrated Operations**  
IGU completed all necessary financial activities related to the consolidation and integration of operations. IGU received authorization for consolidation of CPCN's in December, 2020 and is consolidating all operations as of January 1, 2021, and will dissolve all subsidiaries in 2021.

**Board Member Response:**

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

**No**

**Other Comments:**



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## Goal # 5 INTERRELATIONS

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

IGU regularly seeks public input during each Board meeting, and additionally resurrected the Conversion Group, made up of members of the public which met multiple times in 2020 seeking to advance conversion opportunities.

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

IGU continued to advance conversion goals with the FNSB including addition of the Oil to Gas Conversion program. Additionally, IGU received Resolutions of support from the Cities and Boroughs as part of the Bond placement. IGU provided project updates to the Cities and Boroughs and met with and continues dialogue with the Federal Delegation and their staff.

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

IGU utilized a “Tiger Team” to develop its public comments and strategy related to the FWW EIS.

➤ **Establish and maintain relations with:**

- 1) Local and state media
- 2) Local clubs and organizations
- 3) Local Governments and Interior Delegation

IGU presented to multiple organizations throughout 2020 and continues to foster relationships with the Chamber, FEDCO and others. IGU presented to the Fairbanks Daily News Miner resulting in a positive Editorial. IGU has received media coverage throughout 2020 as a result of Press Releases issued to the media. IGU continues to maintain strong relationships with local governments, presenting regularly to the FNSB and periodically to the City of Fairbanks and City of North Pole. Additionally, IGU maintains strong relationships and support from the Interior Delegation.

### Board Member Response:

Do you agree with the GM's Report? Yes

No

If “No,” why:

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Other

Comments:

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## Goal # 6 ORGANIZATION

- **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 have been received by the RCA, employees have been transitioned into IGU and all subsidiaries are being dissolved.

**Board Member Response:**

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

No

**Other Comments:**

## Goal # 7 SAFETY

- **Perpetuate a Safety Culture.**  
IGU recorded 3 minor injuries, Zero Lost Time Accidents and Zero Preventable vehicle Accidents in 2020, and 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  
If "No," why:

No

**Other Comments:**

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**Goal # 8 HUMAN RESOURCES**

- **Maintain a Retention Rate of 90% or better.**  
IGU maintained a 91% retention rate in 2020 with 2 separations of service as a result of resignations.
- **Establish an Employment Development Program.**  
IGU has not established a formal Employee Development Program; however, continues to foster employee development through annual training including refresher training in-line with OHMS required Operator Qualifications. Administrative staff-maintained competency through continuing Education with two registered CPA's within the Accounting department.
- **Develop a Staffing Plan based on natural growth.**  
IGU continues to evaluate staffing needs as capital project activity and increased operations warrant. Two new Operator positions and two Capital Project positions were added in 2020.

**Board Member Response:**

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

**No**

**Other Comments:**

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## **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: \_\_\_\_\_

\_\_\_\_\_

**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 wellthoughtout 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: \_\_\_\_\_

## 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: \_\_\_\_\_

## 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: \_\_\_\_\_  
\_\_\_\_\_

## 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: \_\_\_\_\_  
\_\_\_\_\_

## 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: \_\_\_\_\_

\_\_\_\_\_

## 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: \_\_\_\_\_

\_\_\_\_\_



## 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: \_\_\_\_\_  
\_\_\_\_\_

## 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: \_\_\_\_\_  
\_\_\_\_\_

Other Comments: \_\_\_\_\_  
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## Overall Evaluation

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1. *Journal of the American Medical Association*, 1997; 278: 1039-1044.

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## Conclusions

## Board & Chair

25 000

# Part One

## *Accomplishments on Previous Goals*

G. Wilken  
2-22-21

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

**Goal # 1 BOARD**

➤ **Develop Dashboard and Focused Board Packets (First Priority)**

① ✓

A monthly dashboard was created that provides the Board of Directors a snap-shot of key IGU financial and operational metrics including YTD actual versus budget comparisons as well as cost of service trending data and LNG inventory data. This report is included with the monthly financial reports reviewed by the Finance Committee and submitted to the IGU Board.

➤ **Develop Board Budget**

② ✓

The GM included a discussion on IGU Board Budget items during the May, 19, 2020 Work Session. The guidance received was subsequently incorporated into IGU Fiscal Year 2021 budget.

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

✓

IGU continued to advance policies as needed to achieve necessary work activities. A policy index was created, and Board Members were asked to rank policy importance and priority, however this has not been finalized. IGU added 4 new Board Policies in 2020.

➤ **Develop Web-based Board Development tools and Data Interface**

Agree

IGU reviewed web-based board development and data tools however determined the benefits did not justify the costs of the services.

**Board Member Response:**

Do you agree with the GM's Report? Yes

No

If "No," why:

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**Other Comments:**

- ① WE MAY CONSIDER A REPRESENTATIVE OF THE FINANCE COMMITTEE DO A REVIEW OF THE DASHBOARD APART FROM IT JUST BEING PART OF THE "CONSENT AGENDA".
- ② PUBLISH A BUDGET CALENDAR FOR BOARD GUIDANCE AND REFERENCE



## 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:**

- **Tria Road 5.25M Gallon Storage Tank – Completion**

✓ In 2020 IGU finalized the completion of the 5.25M Gallon Tank and filled it to approximately 2.5MM gallons. The project was completed in accordance with the revised budget and schedule and was in service in December 2019, resulting in eligibility for the State of Alaska Storage Tax Credit

- **North Pole LNG Storage and Regasification (First Priority)**

✓ The North Pole Storage Facility is in the final phase of construction with final completion and commissioning estimated in January of 2021. The original schedule has been impacted by COVID-19 related delays. The project is on track to be completed within the approved budget.

- **Titan Liquefaction Facility Expansion**

✓ IGU completed FEED to approximately 65% design and developed a budget to +/- 10%. A Final Investment Decision recommendation was prepared for the IGU Board and presented in March, 2020. The GM recommended IGU pause the project given the rapid and significant drop in Oil Prices and the economic uncertainties created by the COVID-19 Pandemic. The project remains paused at this time.

- **New Service Connections**

1 During the 2020 construction season a total of 206 new service lines were installed. Approximately 8 new service requests were deferred until 2021 as they were unable to be efficiently completed prior to ground freeze.

- **Secure long-term Gas Supply Contract**

2 IGU has been negotiating with multiple parties regarding short term and long-term gas supplies, and anticipates the execution of multiple agreements in the first quarter of 2021.

- **Identify and Achieve financial and business targets**

3 IGU managed the 2020 Fiscal year within overall budget with capital expenditures and cash generated from operations within overall budget. Fiscal Year 2020 Year end earnings fell below budget largely due to increased depreciation and amortization. A 2021 Fiscal Year Budget was prepared and approved by the Board of Directors. Year to date IGU is meeting budget constraints and goals.



## Board Member Response:

Do you agree with the GM's Report? Yes

No

If "No," why:

1) 2021 will be critical in building confidence in the utility by fulfilling its promises for available and timely hook-ups and service. "Word of mouth" between existing and prospective customers deserve high priority and attention.

Other Comments:

2) The Board should not be burdened, confused, diverted or otherwise hindered by "pie-in-ski" snake oil salesmen.

3) The budget has been managed well.

## Goal # 3 CUSTOMER

### ➤ Develop a web-based Customer Service Interface program

IGU completed and implemented a new website in 2020, including the ability for customers to submit applications via the website and the continued ability for customers to access their account online and make payment through a secure Customer Account Portal.

### ➤ Develop Service Connection Standards

IGU has Standard Operating Procedures which includes standards for the installation of service lines and meters. These procedures are being updated to include Standards of Construction that will be implemented prior to the 2021 Construction Season.

### ➤ Implement PACE conversion program

IGU continues to monitor the PACE conversion program and has participated in the PACE workshops. The State of Alaska is developing standardized documents and producing a handbook for the Alaska C-Pace program.

### ➤ Develop Residential Conversion Program

IGU worked with the FNSB resulting in the creation and funding of an Oil to Gas conversion program which was initially funded by the FNSB at \$1,000,000. This program along with the Solid Fuels Change Out Program have been successfully used by IGU customers to offset the costs associated with conversion to natural gas. IGU continues to monitor and advocate for additional funding for these programs.



➤ **Develop a Customer Communication Engagement Program**

IGU completed the new website which provides increased engagement with customers. Additionally, direct mailers were sent to areas having natural gas service encouraging customers to convert to natural gas.

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

Many of the components associated with the oil vs. gas decision are incorporated in the IGU website. Additional work on this subject could enhance the experience for IGU customers and will be a part of ongoing website management and updating.

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

No progress was made on On-bill financing.

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

IGU began serving new customers after the completion of the 5.25 Million Gallon Storage project. Means to expedite gas service in North Pole were determined to be uneconomic and were not advanced beyond investigation of the options.

➤ **Develop GVEA term sheet.**

Discussions with GVEA continue, however have not been advanced to a term sheet level. GVEA continues to analyze its options related to Power Generation and fuel supply for its various production units.

➤ **Develop gas options to support EIS for Fort Wainwright fuel supply.**

IGU is participating in the FWW EIS process and is submitting public comments supporting the selection of a natural gas option for future base use.

➤ **Develop “Top 10” List of significant probable new customers**

A list of significant new customers was developed, however will need to be updated and advanced by the new Customer Service/Marketing Manager.

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

IGU continued to pursue new commercial and residential customers through Conversion. There have not been any additional Conversion Programs developed beyond the FNSB programs.

➤ **Aggressively seek new customers**

IGU met its new customers addition goals for 2020 and is working on programs to continue aggressively seeking new customers in 2021.



**Board Member Response:**

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

No

**Other Comments:**

WE ARE 2 YEARS BEHIND IN OUR INTER FACE WITH EXISTING AND PROSPECTIVE CUSTOMERS. I'M CONFIDENT WE UNDERSTAND THE PROBLEM AND ARE DELAYEDLY PUTTING IN PLACE TOOLS TO MOVE IGU FORWARD.

**Goal # 4 FINANCIAL**

➤ **Secure Long-term Financing and Bond Sale (First Priority)**

IGU completed all activities necessary for the initial planned Bond offering of approximately \$60MM in project funds and the subsequently reduced offering of approximately \$10MM in project funds. The activities included BBB-credit ratings from the Fitch Rating Agency for both issuances, IGU and AIDEA Board approvals, Supporting Resolutions from City of Fairbanks, City of North Pole, Fairbanks North Star Borough and Matanuska-Susitna Borough and development of all Bond related documents. IGU closed its first Bond Issuance on September 24, 2020.

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

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➤ **Complete Financial and Cash Flow Analysis of Integrated Operations**

IGU completed all necessary financial activities related to the consolidation and integration of operations. IGU received authorization for consolidation of CPCN's in December, 2020 and is consolidating all operations as of January 1, 2021, and will dissolve all subsidiaries in 2021.

**Board Member Response:**

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

No



Other Comments:

SEE COMMENT IN #3

## Goal # 5 INTERRELATIONS

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

1

IGU regularly seeks public input during each Board meeting, and additionally resurrected the Conversion Group, made up of members of the public which met multiple times in 2020 seeking to advance conversion opportunities.

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

✓

IGU continued to advance conversion goals with the FNSB including addition of the Oil to Gas Conversion program. Additionally, IGU received Resolutions of support from the Cities and Boroughs as part of the Bond placement. IGU provided project updates to the Cities and Boroughs and met with and continues dialogue with the Federal Delegation and their staff.

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

✓

IGU utilized a "Tiger Team" to develop its public comments and strategy related to the FWW EIS.

### ➤ **Establish and maintain relations with:**

- 1) Local and state media
- 2) Local clubs and organizations
- 3) Local Governments and Interior Delegation

2

IGU presented to multiple organizations throughout 2020 and continues to foster relationships with the Chamber, FEDCO and others. IGU presented to the Fairbanks Daily News Miner resulting in a positive Editorial. IGU has received media coverage throughout 2020 as a result of Press Releases issued to the media. IGU continues to maintain strong relationships with local governments, presenting regularly to the FNSB and periodically to the City of Fairbanks and City of North Pole. Additionally, IGU maintains strong relationships and support from the Interior Delegation.

## Board Member Response:

Do you agree with the GM's Report? Yes

No

If "No," why:

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## Comments:

① IF SO, NEED REPORT to BOARD

② IGU NEEDS to CONTINUE AND STRENGTHEN COMMUNITY KNOWLEDGE AND APPRECIATION OF NATURAL GAS. WE HAVE DONE AN ADEQUATE JOB to DATE, WE NEED to ADOPT A STRONGER "CUSTOMER CENTRIC" ATTITUDE.

## Goal # 6 ORGANIZATION

- **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 have been received by the RCA, employees have been transitioned into IGU and all subsidiaries are being dissolved.

## Board Member Response:

Do you agree with the GM's Report? Yes

No

If "No," why:

## Other Comments:

BIG DEAL DONE IN A COMPRESSED TIME FRAME.

## Goal # 7 SAFETY

- **Perpetuate a Safety Culture.**

IGU recorded 3 minor injuries, Zero Lost Time Accidents and Zero Preventable vehicle Accidents in 2020, and 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:

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**Goal # 8 HUMAN RESOURCES**

➤ **Maintain a Retention Rate of 90% or better.**

IGU maintained a 91% retention rate in 2020 with 2 separations of service as a result of resignations.

➤ **Establish an Employment Development Program.**

IGU has not established a formal Employee Development Program; however, continues to foster employee development through annual training including refresher training in-line with OHMS required Operator Qualifications. Administrative staff-maintained competency through continuing Education with two registered CPA's within the Accounting department.

➤ **Develop a Staffing Plan based on natural growth.**

IGU continues to evaluate staffing needs as capital project activity and increased operations warrant. Two new Operator positions and two Capital Project positions were added in 2020.

**Board Member Response:**

**Do you agree with the GM's Report? Yes**

**No**

**If "No," why:**

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**Other Comments:**

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## **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 X Exceeds Standards \_\_\_\_\_ Needs Improvement

Explanation/Comments: "MANAGERS MUST MANAGE" AND  
MR. BRITTON IS A MANAGER.

**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 X 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 X Exceeds Standards \_\_\_\_ Needs Improvement

Explanation/Comments: WE HAVE AN EXCELLENT BOARD  
Mgmt STRUCTURE AND RELATIONSHIP FOR THOSE THAT  
CHOOSE TO USE IT. Mgmt IS AVAILABLE AND RESPONSIVE  
24/7  
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.

X Meets Standards \_\_\_\_ Exceeds Standards \_\_\_\_ Needs Improvement

Explanation/Comments: CUSTOMER SATISFACTION AND ACCEPTANCE  
WILL DRIVE I&G's FUTURE. WE NEED TO BE "CUSTOMER  
CENTRIC" TO BUILD CONFIDENCE WHICH LEADS TO DEMAND.



## 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 X Exceeds Standards \_\_\_\_ Needs Improvement

Explanation/Comments: IGU's org chart is well developed, appears to be functioning well, and is positioned for managed growth.

## 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.

X Meets Standards \_\_\_\_ Exceeds Standards \_\_\_\_ Needs Improvement

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

\_\_\_\_\_

## 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 X Exceeds Standards \_\_\_\_\_ Needs Improvement

Explanation/Comments: Mn. BRITTON KNOWS HIS BUSINESS  
IN STRUCTURING A FUNCTIONING AND PROFITABLE GAS  
UTILITY IN AN ARCTIC ENVIRONMENT.

## 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.

X Meets Standards \_\_\_\_\_ Exceeds Standards \_\_\_\_\_ Needs Improvement

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

\_\_\_\_\_



## 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.

X Meets Standards \_\_\_\_\_ Exceeds Standards \_\_\_\_\_ Needs Improvement

Explanation/Comments: NEW EMPLOYEES SEEM TO BE IMMEDIATELY ACCEPTED AND UTILIZED. THERE APPEARS TO BE A "SATISFIED" WORK FORCE IN A LEAN AND CHALLENGED ORGANIZATION.

### 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.

X Meets Standards \_\_\_\_\_ Exceeds Standards \_\_\_\_\_ Needs Improvement

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

Other Comments: \_\_\_\_\_

### Overall Evaluation

5

**Meets Performance Standards**

5

**Exceeds Performance Standards**

~~0~~

**Needs Improvement**

**This appraisal has been discussed with me.**

General Manager

Date

**On behalf of the Board of Directors:**

Board Chair

Date

# **Part Three**

## ***Next Year Goals***



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 Dashboard and Focused Board Packets (First Priority)~~
- ~~Develop Board Budget~~
- 1 ➤ Develop Board Policy, prioritized by importance and need
- ~~Develop Web-based Board Development tools and Data Interface~~
- 2 ➤ Develop a Strategic Plan with action items for the FY23 budgets.
- 3 ➤ Provide a Cost of Service, Rates and Tariff Review
- 4 ➤ Prepare and distribute the 2020 IGU Book (minutes, packets, budget, Bylaws and Policy)

1 NEED WILL DRIVE IMPORTANCE 2 AGREE 3 WILL BE A GOOD TEST OF MATURITY OF UTILITY 4 NICE IDEA BUT WORTH THE EFFORT??

### 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:
  - ~~Tria Road 5.25M Gallon Storage Tank Completion~~
  - ~~North Pole LNG Storage and Regasification (First Priority)~~
  - Plan for Titan Liquefaction Facility Expansion
  - Plan for gas service to Ft. Wainwright
  - New Service Connections (First Priority)
- ✓ ➤ ~~Secure long-term Gas Supply Contract~~
- Identify and Achieve financial and business targets

1) IT'S OK TO GO AHEAD AND ORDER THAT DEMO PUP TRAILER. I KNOW I'VE BEEN HOLDING BACK BUT I'M OK NOW. THANK YOU FOR YOUR PATIENCE.

### Goal # 3 CUSTOMER

- ~~Develop~~ Improve a web-based Customer Service Interface program
- Develop Service Connection Standards
- ~~Implement~~ PACE conversion program for Commercial accounts
- ~~Develop~~ Residential New Customer Program
- ~~Develop~~ Expand Residential Conversion Program
- Develop a Customer Communication Engagement Program
- Develop and deploy the oil vs. gas "kitchen table" decision guide



- Develop Financial assistance with On-bill financing.
- Develop means to expedite gas to new consumers.
- Continue natural gas supply discussions with GVEA ~~Develop GVEA~~ term sheet.
- Develop gas options to support EIS for Fort Wainwright Fuel Supply.
- Develop "Top 10" List of significant probable New Customers
- Implement Commercial New Customer Residential and Conversion Program
- Aggressively seek new customers
- Build Customer Confidence to Sell gas.
- Conduct a Customer Satisfaction Survey



## WEB SITE

YES, YES, YES. All Efforts must be "CUSTOMER CENTRIC" based on a competitive Rate Structure built on a safe and efficient gas utility.

- ☐ OUR WEB SITE REQUIRES CONTINUED ATTENTION AND UPGRADING. WE ARE BEHIND BUT NOW HAVE TOOLS TO CATCH-UP.

## Goal # 4 FINANCIAL

- ~~Secure Long term Financing and Bond Sale (First Priority)~~
- Obtain the Storage Facility tax credit for Tria Road
- Pursue the inclusion of North Pole in Storage facility Tax Credit
- Develop a Conversion Assistance Plan to drive sales and revenue
- Complete Financial and Cash Flow Analysis of Integrated Operations
- ~~\_\_\_\_\_~~

## 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:
  - 4) Local and state media
  - 5) Local clubs and organizations
  - 6) Local Governments and Interior Delegation

Our EFFORTS MUST REACH OUT to build CREDIBILITY  
And CONFIDENCE.  
THE REST IS JUST NOISE.

#### Goal # 6 ORGANIZATION

- ~~Integrate utility into a Community wide integrated municipal gas utility.~~

✓

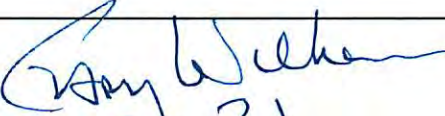
#### Goal # 7 SAFETY

- Perpetuate a Safety Culture.

"Nobody GETS HURT" Fingers and toes in  
the morning = Fingers and toes at night"  
Nothing more to say.

#### Goal # 8 HUMAN RESOURCES

- ✓ ➤ Create a positive work environment for employees that 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.
- ✓ ➤ Assess an Employee Satisfaction Survey

  
2-22-21



**Interior Gas Utility**  
***General Manager***  
***Appraisal***

(December, 2020)

# **Part One**

## ***Accomplishments on Previous Goals***



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

**Goal # 1 BOARD**

➤ **Develop Dashboard and Focused Board Packets (First Priority)**

A monthly dashboard was created that provides the Board of Directors a snap-shot of key IGU financial and operational metrics including YTD actual versus budget comparisons as well as cost of service trending data and LNG inventory data. This report is included with the monthly financial reports reviewed by the Finance Committee and submitted to the IGU Board.

➤ **Develop Board Budget**

The GM included a discussion on IGU Board Budget items during the May, 19, 2020 Work Session. The guidance received was subsequently incorporated into IGU Fiscal Year 2021 budget.

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

IGU continued to advance policies as needed to achieve necessary work activities. A policy index was created, and Board Members were asked to rank policy importance and priority, however this has not been finalized. IGU added 4 new Board Policies in 2020.

➤ **Develop Web-based Board Development tools and Data Interface**

IGU reviewed web-based board development and data tools however determined the benefits did not justify the costs of the services.

**Board Member Response:**

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

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**Other Comments:**

I agree to the extent I have followed the 2020 public board meetings that have discussed these issues. Additionally the GM has provided has provided the two newly elected board members an in-depth overview of policies, procedures and allowed any questions that would clarify or enhance these board members knowledge.

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## **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:**

- **Tria Road 5.25M Gallon Storage Tank – Completion**

In 2020 IGU finalized the completion of the 5.25M Gallon Tank and filled it to approximately 2.5MM gallons. The project was completed in accordance with the revised budget and schedule and was in service in December 2019, resulting in eligibility for the State of Alaska Storage Tax Credit

- **North Pole LNG Storage and Regasification (First Priority)**

The North Pole Storage Facility is in the final phase of construction with final completion and commissioning estimated in January of 2021. The original schedule has been impacted by COVID-19 related delays. The project is on track to be completed within the approved budget.

- **Titan Liquefaction Facility Expansion**

IGU completed FEED to approximately 65% design and developed a budget to +/- 10%. A Final Investment Decision recommendation was prepared for the IGU Board and presented in March, 2020. The GM recommended IGU pause the project given the rapid and significant drop in Oil Prices and the economic uncertainties created by the COVID-19 Pandemic. The project remains paused at this time.

- **New Service Connections**

During the 2020 construction season a total of 206 new service lines were installed. Approximately 8 new service requests were deferred until 2021 as they were unable to be efficiently completed prior to ground freeze.

- **Secure long-term Gas Supply Contract**

IGU has been negotiating with multiple parties regarding short term and long-term gas supplies, and anticipates the execution of multiple agreements in the first quarter of 2021.

- **Identify and Achieve financial and business targets**

IGU managed the 2020 Fiscal year within overall budget with capital expenditures and cash generated from operations within overall budget. Fiscal Year 2020 Year end earnings fell below budget largely due to increased depreciation and amortization. A 2021 Fiscal Year Budget was prepared and

approved by the Board of Directors. Year to date IGU is meeting budget constraints and goals.

**Board Member Response:**

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

Other Comments: The projects records have shown that even with covid-19 restrictions the GM management oversight has proven successful.

**Goal # 3 CUSTOMER**

- **Develop a web-based Customer Service Interface program**  
IGU completed and implemented a new website in 2020, including the ability for customers to submit applications via the website and the continued ability for customers to access their account online and make payment through a secure Customer Account Portal.
- **Develop Service Connection Standards**  
IGU has Standard Operating Procedures which includes standards for the installation of service lines and meters. These procedures are being updated to include Standards of Construction that will be implemented prior to the 2021 Construction Season.
- **Implement PACE conversion program**  
IGU continues to monitor the PACE conversion program and has participated in the PACE workshops. The State of Alaska is developing standardized documents and producing a handbook for the Alaska C-Pace program.
- **Develop Residential Conversion Program**  
IGU worked with the FNSB resulting in the creation and funding of an Oil to Gas conversion program which was initially funded by the FNSB at \$1,000,000. This program along with the Solid Fuels Change Out Program have been successfully used by IGU customers to offset the costs associated with conversion to natural gas. IGU continues to monitor and advocate for additional funding for these programs.

- **Develop a Customer Communication Engagement Program**  
IGU completed the new website which provides increased engagement with customers. Additionally, direct mailers were sent to areas having natural gas service encouraging customers to convert to natural gas.
- **Develop and deploy the oil vs. gas “kitchen table” decision guide**  
Many of the components associated with the oil vs. gas decision are incorporated in the IGU website. Additional work on this subject could enhance the experience for IGU customers and will be a part of ongoing website management and updating.
- **Develop financial assistance with On-bill financing.**  
No progress was made on On-bill financing.
- **Develop means to expedite gas to new consumers.**  
IGU began serving new customers after the completion of the 5.25 Million Gallon Storage project. Means to expedite gas service in North Pole were determined to be uneconomic and were not advanced beyond investigation of the options.
- **Develop GVEA term sheet.**  
Discussions with GVEA continue, however have not been advanced to a term sheet level. GVEA continues to analyze its options related to Power Generation and fuel supply for its various production units.
- **Develop gas options to support EIS for Fort Wainwright fuel supply.**  
IGU is participating in the FWW EIS process and is submitting public comments supporting the selection of a natural gas option for future base use.
- **Develop “Top 10” List of significant probable new customers**  
A list of significant new customers was developed, however will need to be updated and advanced by the new Customer Service/Marketing Manager.
- **Implement Commercial and Residential New Customer Conversion Program**  
IGU continued to pursue new commercial and residential customers through Conversion. There have not been any additional Conversion Programs developed beyond the FNSB programs.
- **Aggressively seek new customers**  
IGU met its new customers addition goals for 2020 and is working on programs to continue aggressively seeking new customers in 2021.

**Board Member Response:**

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

If "No," why:

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**Other Comments:** To the extent I have been able to follow these service policies and program developments during 2020 for customer access and information, my only concern has been the time it has appeared to take with the employee search and now hiring of a CS/M manager. I do find these listed customer goals complex and accept that portions of these goals would be continuing in 2021.

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**Goal # 4 FINANCIAL**

➤ **Secure Long-term Financing and Bond Sale (First Priority)**

IGU completed all activities necessary for the initial planned Bond offering of approximately \$60MM in project funds and the subsequently reduced offering of approximately \$10MM in project funds. The activities included BBB-credit ratings from the Fitch Rating Agency for both issuances, IGU and AIDEA Board approvals, Supporting Resolutions from City of Fairbanks, City of North Pole, Fairbanks North Star Borough and Matanuska-Susitna Borough and development of all Bond related documents. IGU closed its first Bond Issuance on September 24, 2020.

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

The Conversion Assistance work completed by IGU is discussed above in Goal #3.

➤ **Complete Financial and Cash Flow Analysis of Integrated Operations**

IGU completed all necessary financial activities related to the consolidation and integration of operations. IGU received authorization for consolidation of CPCN's in December, 2020 and is consolidating all operations as of January 1, 2021, and will dissolve all subsidiaries in 2021.

**Board Member Response:**

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

If "No," why:

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**Other Comments:**

My experience with public entity bond sales I am very satisfied with the GM's performance through this process, along with his involving others for the very important and successful closing of the bond sale.

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**Goal # 5 INTERRELATIONS**

- **Seek input and participation from the public**  
IGU regularly seeks public input during each Board meeting, and additionally resurrected the Conversion Group, made up of members of the public which met multiple times in 2020 seeking to advance conversion opportunities.
- **Advance utility project needs and goals with the public and local, state, and federal officials.**  
IGU continued to advance conversion goals with the FNSB including addition of the Oil to Gas Conversion program. Additionally, IGU received Resolutions of support from the Cities and Boroughs as part of the Bond placement. IGU provided project updates to the Cities and Boroughs and met with and continues dialogue with the Federal Delegation and their staff.
- **Activate a “Tiger Team” for information truthing and engagement.**  
IGU utilized a “Tiger Team” to develop its public comments and strategy related to the FWW EIS.
- **Establish and maintain relations with:**
  - 1) Local and state media
  - 2) Local clubs and organizations
  - 3) Local Governments and Interior Delegation

IGU presented to multiple organizations throughout 2020 and continues to foster relationships with the Chamber, FEDCO and others. IGU presented to the Fairbanks Daily News Miner resulting in a positive Editorial. IGU has received media coverage throughout 2020 as a result of Press Releases issued to the media. IGU continues to maintain strong relationships with local governments, presenting regularly to the FNSB and periodically to the City of Fairbanks and City of North Pole. Additionally, IGU maintains strong relationships and support from the Interior Delegation.

**Board Member Response:**

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

If "No," why:

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Other

Comments:

Very appropriate and regular community relationships, whether required by public ordinances or to advise the public on periodic intervals. I have seen / /experienced the GM interactions in this area as very successful

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## Goal # 6 ORGANIZATION

- **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 have been received by the RCA, employees have been transitioned into IGU and all subsidiaries are being dissolved.

Board Member Response:

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

If "No," why:

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Other Comments:

Very important management activities have processed the acquisition / migration of the FNG business and produced the proper tariff actions to in the period that I have been closely following the IGU BD activities

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## Goal # 7 SAFETY

- **Perpetuate a Safety Culture.**  
IGU recorded 3 minor injuries, Zero Lost Time Accidents and Zero Preventable vehicle Accidents in 2020, and 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 Agree No  
If "No," why:

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**Other Comments:**

—Excellant safety management practices to have a low record of accident/injuries Thank You

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**Goal # 8 HUMAN RESOURCES**

- **Maintain a Retention Rate of 90% or better.**  
IGU maintained a 91% retention rate in 2020 with 2 separations of service as a result of resignations.
- **Establish an Employment Development Program.**  
IGU has not established a formal Employee Development Program; however, continues to foster employee development through annual training including refresher training in-line with OHMS required Operator Qualifications. Administrative staff-maintained competency through continuing Education with two registered CPA's within the Accounting department.
- **Develop a Staffing Plan based on natural growth.**  
IGU continues to evaluate staffing needs as capital project activity and increased operations warrant. Two new Operator positions and two Capital Project positions were added in 2020.

**Board Member Response:**

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

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**Other Comments:**

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## **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.

\_\_\_ X \_\_\_ Meets Standards \_\_\_ \_\_\_ Exceeds Standards \_\_\_ \_\_\_ Needs Improvement

Explanation/Comments: To my knowledge as a recent Bd member, IGU —goals have been effectively met

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**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 \_\_\_ X \_\_\_ Exceeds Standards \_\_\_ \_\_\_ Needs Improvement

Explanation/Comments: GM effectively discharges his leadership role in maintaining IGU corporate effectiveness in the AK nat gas market thru his skillful negotiations.

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## 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.

\_\_\_ X \_\_\_ Meets Standards \_\_\_ Exceeds Standards \_\_\_ Needs Improvement

Explanation/Comments: The GM– is continually planning and then advising BM review to determine best actions for the secure gas supply and utility plant operations

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## 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 \_\_\_ X \_\_\_ Exceeds Standards \_\_\_ Needs Improvement

Explanation/Comments: GM has a very deep knowledge of gas operations and long record of safe gas plant management

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## 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   X   Exceeds Standards \_\_\_\_\_ Needs Improvement

Explanation/Comments: The GM has both executed the business development plans and responded to market positions very quickly while keeping the utility operations steady

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## 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.

  X   Meets Standards \_\_\_\_\_ Exceeds Standards \_\_\_\_\_ Needs Improvement

Explanation/Comments: —With my board position I have seen a thoroughness to service details for our customer base

—  
\_\_\_\_\_

## 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   X   Exceeds Standards \_\_\_\_\_ Needs Improvement

Explanation/Comments: —He has a very broad base of both business knowledge and a very extensive experience with industry trends and developments

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## 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   X   Exceeds Standards \_\_\_\_\_ Needs Improvement

Explanation/Comments: The GM— has provided and implemented a business plan that has continually provide a growth model with sound investment activities

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## 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.

  X   Meets Standards        Exceeds Standards        Needs Improvement

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

## 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.

  X   Meets Standards        Exceeds Standards        Needs Improvement

Explanation/Comments: The recently completed expansions display his GM ability to keep BM apprised at regular monthly activities and developements

OtherComments: \_\_\_\_\_

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Year	1990	1991	1992	1993
1990	1990	1991	1992	1993

\_\_\_\_\_

**This appraisal has been discussed with me.**

**On behalf of the Board of Directors:**

# **Part Three**

## ***Next Year Goals***

The Board and GM should agree to a set of goals that include the 2021~~0~~ GM Goals.

Record additional ideas below for consideration:

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## Goal # 3 CUSTOMER

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  - ~~\_\_\_\_\_~~
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## Goal # 6 ORGANIZATION

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- 
- 
- 

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- 
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  - Assess an Employee Satisfaction Survey
- 
- 
-



**IGU**

**Interior Gas Utility**  
***General Manager***  
***Appraisal***

(December, 2020)

# **Part One**

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

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➤ **Develop Board Budget**

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➤ **Develop Web-based Board Development tools and Data Interface**

IGU reviewed web-based board development and data tools however determined the benefits did not justify the costs of the services.

**Board Member Response:**

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

If "No," why:

Yes on the 1<sup>st</sup> 2 items. I do not have enough history to comment on the latter two.

**Other Comments:**

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

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➤ **Develop Web-based Board Development tools and Data Interface**

IGU reviewed web-based board development and data tools however determined the benefits did not justify the costs of the services.

**Board Member Response:**

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

If "No," why:

Yes on 1<sup>st</sup> two items. I do not have  
enough board history to comment on the  
latter two.

**Other Comments:**

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## **Goal # 2 PROCESSES**

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- In 2020 IGU finalized the completion of the 5.25M Gallon Tank and filled it to approximately 2.5MM gallons. The project was completed in accordance with the revised budget and schedule and was in service in December 2019, resulting in eligibility for the State of Alaska Storage Tax Credit

- **North Pole LNG Storage and Regasification (First Priority)**

- The North Pole Storage Facility is in the final phase of construction with final completion and commissioning estimated in January of 2021. The original schedule has been impacted by COVID-19 related delays. The project is on track to be completed within the approved budget.

- **Titan Liquefaction Facility Expansion**

- IGU completed FEED to approximately 65% design and developed a budget to +/- 10%. A Final Investment Decision recommendation was prepared for the IGU Board and presented in March, 2020. The GM recommended IGU pause the project given the rapid and significant drop in Oil Prices and the economic uncertainties created by the COVID-19 Pandemic. The project remains paused at this time.

- **New Service Connections**

- During the 2020 construction season a total of 206 new service lines were installed. Approximately 8 new service requests were deferred until 2021 as they were unable to be efficiently completed prior to ground freeze.

- **Secure long-term Gas Supply Contract**

- IGU has been negotiating with multiple parties regarding short term and long-term gas supplies, and anticipates the execution of multiple agreements in the first quarter of 2021.

- **Identify and Achieve financial and business targets**

- IGU managed the 2020 Fiscal year within overall budget with capital expenditures and cash generated from operations within overall budget. Fiscal Year 2020 Year end earnings fell below budget largely due to increased depreciation and amortization. A 2021 Fiscal Year Budget was prepared and approved by the Board of Directors. Year to date IGU is meeting budget constraints and goals.



**Board Member Response:**

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

**No**

**Other Comments:**

*A very busy, but successful year*

**Goal # 3 CUSTOMER**

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

IGU completed and implemented a new website in 2020, including the ability for customers to submit applications via the website and the continued ability for customers to access their account online and make payment through a secure Customer Account Portal.

➤ **Develop Service Connection Standards**

IGU has Standard Operating Procedures which includes standards for the installation of service lines and meters. These procedures are being updated to include Standards of Construction that will be implemented prior to the 2021 Construction Season.

➤ **Implement PACE conversion program**

IGU continues to monitor the PACE conversion program and has participated in the PACE workshops. The State of Alaska is developing standardized documents and producing a handbook for the Alaska C-Pace program.

➤ **Develop Residential Conversion Program**

IGU worked with the FNSB resulting in the creation and funding of an Oil to Gas conversion program which was initially funded by the FNSB at \$1,000,000. This program along with the Solid Fuels Change Out Program have been successfully used by IGU customers to offset the costs associated with conversion to natural gas. IGU continues to monitor and advocate for additional funding for these programs.

- **Develop a Customer Communication Engagement Program**  
IGU completed the new website which provides increased engagement with customers. Additionally, direct mailers were sent to areas having natural gas service encouraging customers to convert to natural gas.
- **Develop and deploy the oil vs. gas “kitchen table” decision guide**  
Many of the components associated with the oil vs. gas decision are incorporated in the IGU website. Additional work on this subject could enhance the experience for IGU customers and will be a part of ongoing website management and updating.
- **Develop financial assistance with On-bill financing.**  
No progress was made on On-bill financing.
- **Develop means to expedite gas to new consumers.**  
IGU began serving new customers after the completion of the 5.25 Million Gallon Storage project. Means to expedite gas service in North Pole were determined to be uneconomic and were not advanced beyond investigation of the options.
- **Develop GVEA term sheet.**  
Discussions with GVEA continue, however have not been advanced to a term sheet level. GVEA continues to analyze its options related to Power Generation and fuel supply for its various production units.
- **Develop gas options to support EIS for Fort Wainwright fuel supply.**  
IGU is participating in the FWW EIS process and is submitting public comments supporting the selection of a natural gas option for future base use.
- **Develop “Top 10” List of significant probable new customers**  
A list of significant new customers was developed, however will need to be updated and advanced by the new Customer Service/Marketing Manager.
- **Implement Commercial and Residential New Customer Conversion Program**  
IGU continued to pursue new commercial and residential customers through Conversion. There have not been any additional Conversion Programs developed beyond the FNSB programs.
- **Aggressively seek new customers**  
IGU met its new customers addition goals for 2020 and is working on programs to continue aggressively seeking new customers in 2021.



**Board Member Response:**

Do you agree with the GM's Report? Yes

No

If "No," why:

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**Other Comments:**

*Try to make website more user friendly*  
*Keep a gasline from the North in thinking about future goals and development.*

**Goal # 4 FINANCIAL**

➤ **Secure Long-term Financing and Bond Sale (First Priority)**

IGU completed all activities necessary for the initial planned Bond offering of approximately \$60MM in project funds and the subsequently reduced offering of approximately \$10MM in project funds. The activities included BBB-credit ratings from the Fitch Rating Agency for both issuances, IGU and AIDEA Board approvals, Supporting Resolutions from City of Fairbanks, City of North Pole, Fairbanks North Star Borough and Matanuska-Susitna Borough and development of all Bond related documents. IGU closed its first Bond Issuance on September 24, 2020.

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

The Conversion Assistance work completed by IGU is discussed above in Goal #3.

➤ **Complete Financial and Cash Flow Analysis of Integrated Operations**

IGU completed all necessary financial activities related to the consolidation and integration of operations. IGU received authorization for consolidation of CPCN's in December, 2020 and is consolidating all operations as of January 1, 2021, and will dissolve all subsidiaries in 2021.

**Board Member Response:**

Do you agree with the GM's Report? Yes

No

If "No," why:

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**Other Comments:**

Keep conversion assistance in front of entities with grant making potential. Feds, State, Borough etc.

## Goal # 5 INTERRELATIONS

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

IGU regularly seeks public input during each Board meeting, and additionally resurrected the Conversion Group, made up of members of the public which met multiple times in 2020 seeking to advance conversion opportunities.

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

IGU continued to advance conversion goals with the FNSB including addition of the Oil to Gas Conversion program. Additionally, IGU received Resolutions of support from the Cities and Boroughs as part of the Bond placement. IGU provided project updates to the Cities and Boroughs and met with and continues dialogue with the Federal Delegation and their staff.

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

IGU utilized a "Tiger Team" to develop its public comments and strategy related to the FWW EIS.

➤ **Establish and maintain relations with:**

- 1) Local and state media
- 2) Local clubs and organizations
- 3) Local Governments and Interior Delegation

IGU presented to multiple organizations throughout 2020 and continues to foster relationships with the Chamber, FEDCO and others. IGU presented to the Fairbanks Daily News Miner resulting in a positive Editorial. IGU has received media coverage throughout 2020 as a result of Press Releases issued to the media. IGU continues to maintain strong relationships with local governments, presenting regularly to the FNSB and periodically to the City of Fairbanks and City of North Pole. Additionally, IGU maintains strong relationships and support from the Interior Delegation.

### Board Member Response:

Do you agree with the GM's Report? Yes

No

If "No," why:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Other

Comments:



Comments from IGU to FTWainwright EIS was spot on.  
Good work.  
I think GM does an admirable job representing IGU  
to the public.

## Goal # 6 ORGANIZATION

- **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 have been received by the RCA, employees have been transitioned into IGU and all subsidiaries are being dissolved.

### Board Member Response:

Do you agree with the GM's Report? Yes

No

If "No," why:

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### Other Comments:

Well done

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## Goal # 7 SAFETY

- **Perpetuate a Safety Culture.**  
IGU recorded 3 minor injuries, Zero Lost Time Accidents and Zero Preventable vehicle Accidents in 2020, and 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:

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### Other Comments:



*I have some concerns about the Workers Comp 1.17 rating. It is better than last year but needs to be 1 or less.  
Do we have a designated safety manager?*

**Goal # 8 HUMAN RESOURCES**

- **Maintain a Retention Rate of 90% or better.**  
IGU maintained a 91% retention rate in 2020 with 2 separations of service as a result of resignations.
- **Establish an Employment Development Program.**  
IGU has not established a formal Employee Development Program; however, continues to foster employee development through annual training including refresher training in-line with OHMS required Operator Qualifications. Administrative staff-maintained competency through continuing Education with two registered CPA's within the Accounting department.
- **Develop a Staffing Plan based on natural growth.**  
IGU continues to evaluate staffing needs as capital project activity and increased operations warrant. Two new Operator positions and two Capital Project positions were added in 2020.

**Board Member Response:**

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

**Other Comments:**

*Make sure employment is dynamic to meet the company work load. Add and subtract as projects start and end*

## **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.

  X   Meets Standards        Exceeds Standards        Needs Improvement

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

**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   X   Exceeds Standards        Needs Improvement

Explanation/Comments:   Dm is a good leader.

## Board Relations

### Standards:

- ☐ Keeps Board informed of important industry issues and the performance of the utility.
- ☐ Brings wellthoughtout 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.

X Meets Standards X Exceeds Standards \_\_\_\_\_ Needs Improvement

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

## 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 X Exceeds Standards \_\_\_\_\_ Needs Improvement

Explanation/Comments: Frwd may be a new challenge

## 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.
- X Meets Standards X Exceeds Standards \_\_\_\_ Needs Improvement

Explanation/Comments: I'm not aware of benchmarking against peers

## 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.
- X Meets Standards X Exceeds Standards \_\_\_\_ Needs Improvement

Explanation/Comments: I think the first 3 can be improved upon. He does a great job communicating to leaders & organizations

## 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.

X Meets Standards X Exceeds Standards \_\_\_\_ Needs Improvement

Explanation/Comments: There is a need for more new customers  
that will take creativity & innovation to get them  
to convert fuels.

## 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.
- ☐ Costbenefit analyses are conducted and sound financial principles are followed.

X Meets Standards \_\_\_\_ Exceeds Standards \_\_\_\_ Needs Improvement

Explanation/Comments: I'm too new to knowledgeably  
comment



## 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: I have very little knowledge of  
employee relations

## 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: \_\_\_\_\_

### Other Comments:

From my observations, Dan is  
a great general manager. The ability  
continues to separation, he knows the business,  
he communicates well and the future with him  
at the helm looks bright. Maybe work on  
delegating more. One person can only do so much

### Overall Evaluation



# **Part Three**

## ***Next Year Goals***

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 Dashboard and Focused Board Packets (First Priority)~~
  - ~~Develop Board Budget~~
  - 4 ➤ Develop Board Policy, prioritized by importance and need
  - ~~Develop Web-based Board Development tools and Data Interface~~
  - 2 ➤ Develop a Strategic Plan with action items for the FY23 budgets.
  - 1 ➤ Provide a Cost of Service, Rates and Tariff Review
  - 3 ➤ Prepare and distribute the 2020 IGU Book (minutes, packets, budget, Bylaws and Policy)
- 
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- 

### 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:
    - ~~Tria Road 5.25M Gallon Storage Tank Completion~~
    - ~~North Pole LNG Storage and Regasification (First Priority)~~
    - 2 ○ Plan for Titan Liquefaction Facility Expansion
    - 3 ○ Plan for gas service to Ft. Wainwright
    - 1 ○ New Service Connections (First Priority)
  - ~~Secure long-term Gas Supply Contract~~
  - 4 ➤ Identify and Achieve financial and business targets  
*start plans for North Slope gas line*
- 
- 
- 

### Goal # 3 CUSTOMER

- ~~Develop~~ Improve a web-based Customer Service Interface program
- Develop Service Connection Standards
- Implement PACE conversion program for Commercial accounts
- Develop Residential New Customer Program
- ~~Develop~~ Expand Residential Conversion Program
- Develop a Customer Communication Engagement Program
- Develop and deploy the oil vs. gas “kitchen table” decision guide

- Develop Financial assistance with On-bill financing.
- Develop means to expedite gas to new consumers.
- Continue natural gas supply discussions with GVEA ~~Develop GVEA-term sheet.~~
- Develop gas options to support EIS for Fort Wainwright Fuel Supply.
- Develop "Top 10" List of significant probable New Customers
- Implement Commercial New Customer Residential and Conversion Program
- Aggressively seek new customers
- Build Customer Confidence to Sell gas. This is a repeat
- Conduct a Customer Satisfaction Survey

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#### Goal # 4 FINANCIAL

- ~~Secure Long-term Financing and Bond Sale (First Priority)~~
- Obtain the Storage Facility tax credit for Tria Road
- Pursue the inclusion of North Pole in Storage facility Tax Credit
- Develop a Conversion Assistance Plan to drive sales and revenue This is a repeat
- Complete Financial and Cash Flow Analysis of Integrated Operations

Look for ways to save \$ in all aspects of company business. Lower w/k rate, put insurance broker to bid, make decisions at lowest level

#### 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:
  - 4) Local and state media
  - 5) Local clubs and organizations
  - 6) Local Governments and Interior Delegation



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## Goal # 6 ORGANIZATION

- ~~Integrate utility into a Community-wide integrated municipal gas utility.~~
- 
- 
- 

## Goal # 7 SAFETY

- Perpetuate a Safety Culture.
- 
- 
- 

## Goal # 8 HUMAN RESOURCES

- Create a positive work environment for employees that 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~~ → this is a report
  - Establish a Succession Plan
  - Develop a robust internal team
  - Promote innovation and creativity to maintain competitive position.
  - Assess an Employee Satisfaction Survey
- 
- 
-



RFP 03-2020  
Lobbying Services Appeal,  
Northern Policy Solutions Update

# Future IGU Office Plans Update



# Cost of Service/Rates Review

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

## Marketing Report (Possible Executive Session)

### **Suggested Motion:**

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

**INCLUDED PARTIES:** IGU BOARD OF DIRECTORS,  
DAN BRITTON-GM, ELENA SUDDUTH-IGU MARKETING MANAGER & IGU ATTORNEY

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

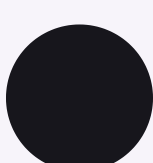
# Marketing Report

Prepared by: Elena Sudduth  
Customer Service/Marketing Manager

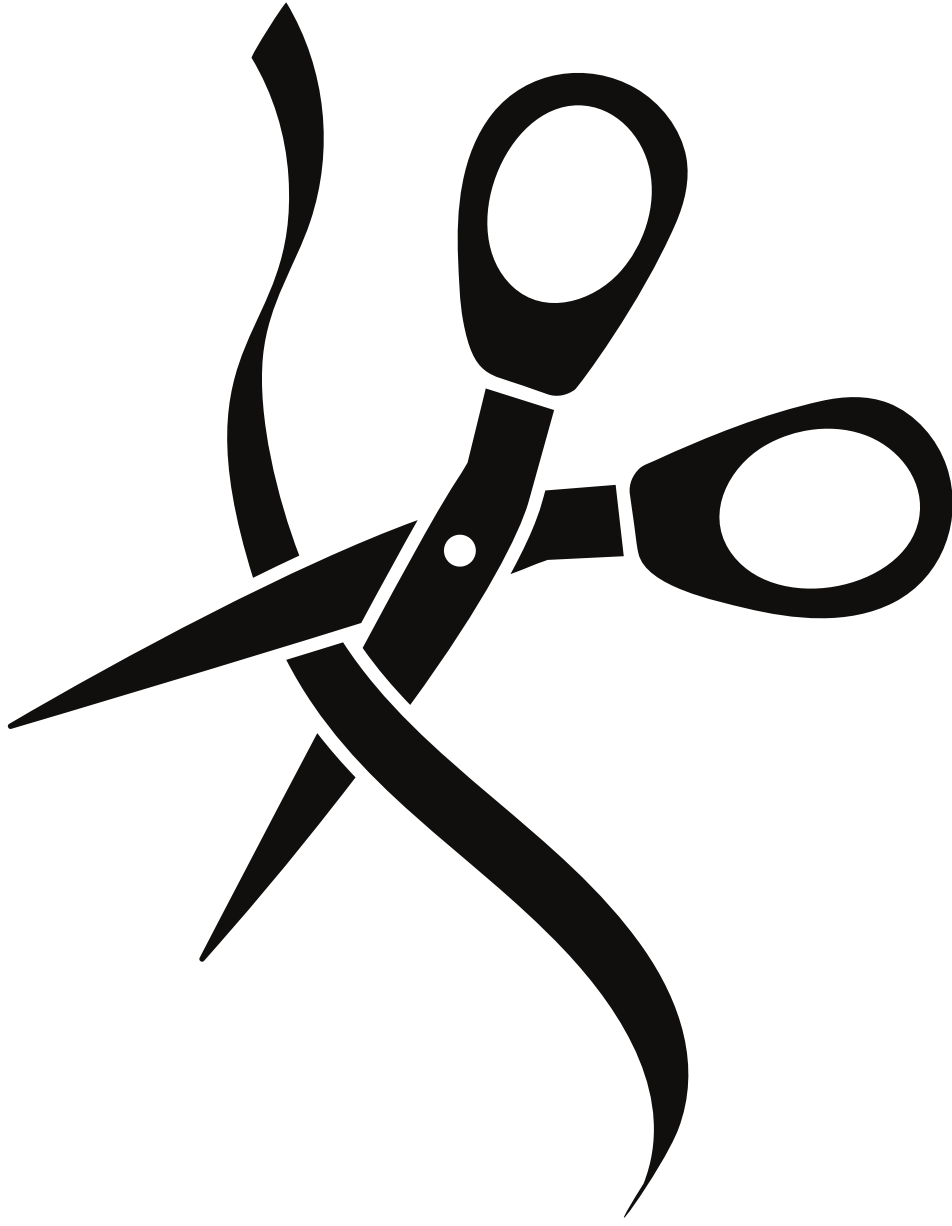


# Applications report

- 29 new application since last report
  - 7 commercial
  - 21 residential
  - 9 in Fairbanks
  - 20 in North Pole
  - 2 are not on the distribution system and are too far for a main line extension; we are considering 4 main line extensions.
- 7 customers with gas service in North Pole
- 35 complete applications sent to engineering for site surveys
- 8 complete applications remaining from 2020 for 2021 installs



# Ribbon Cutting



## Video

Our North Pole video was a collaboration between all of IGU's departments, board, mayor Ward, our LNG delivery company and the marketing company we hired. It received more than 1,500 trackable views. Footage collected during the creation of this video will be used to create many others in the future.

## Ribbon cutting event

Small event due to COVID-19 precautions. About 60 people watched it live, with 80 watching the recording later. Fairbanks Daily News Miner, KUAC, and KTVF picked up the story and gave the event media coverage.

# Report

## Natural Gas - Natural Advantage

Interior Gas Utility joined the U.S. Chamber of Commerce Global Energy Institute's initiative to showcase the benefits that natural gas provides to the economy, environment and national security.

## Email Marketing

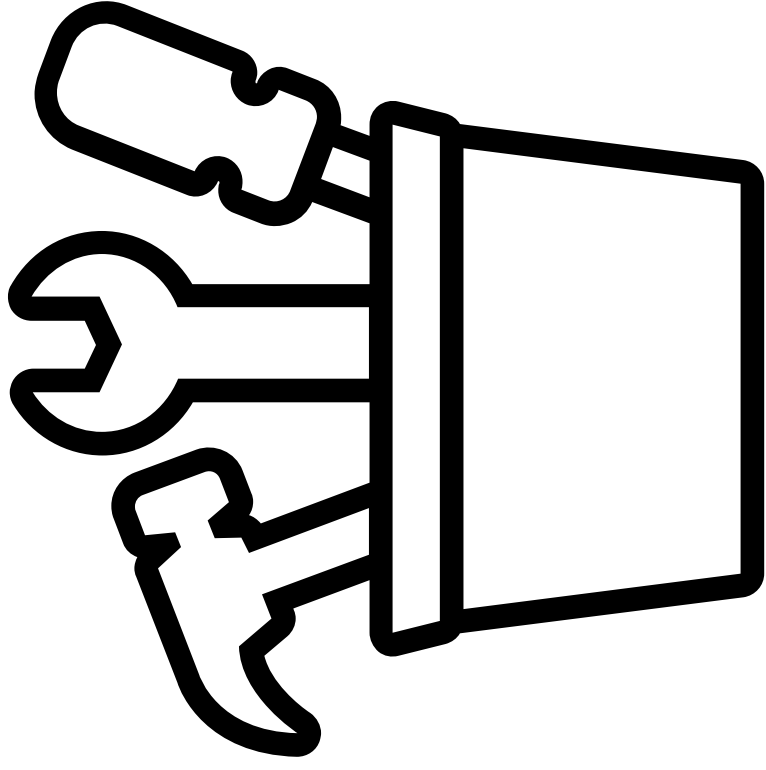
IGU customers received the first customer engagement email on March 1 - a message about Alaska Housing's rent and utility relief program. Open rate: 40%, click-through rate: 21%. Email marketing averages: 15-25% open rate and 2.5% click-through rate.

## Radio ads

IGU will start a big radio campaign at the end of March encouraging people to convert to natural gas.

## AGC Lunch and Learn

IGU will talk to Associate General Contractors on April 17. Topics will include gas availability, IGU requirements for service turn on, permitting, etc.



- **Application**

IGU application for gas service is now a two step process. The first step (Gas Service Request) has been significantly simplified, which gives us the opportunity to reach out to potential customers and handhold the second step (New Service Agreement) if needed.

- **Welcome packet**

The welcome packet is sent to customers who submitted a Gas Service Request and have gas available to them. The packet is an introduction to IGU, a briefing on natural gas and construction safety, an overview of programs available to them and instructions on filling out the New Service Agreement.



# Website - work completed >

- We now have a new tool on the website that allows customers to type in an address and immediately see it on the map in relation to our gas main line. Credit goes to Brendan Kern, one of our employees who helped make that vision a reality.
- Natural gas applications are now the same for commercial and residential customers. The online forms on our website have conditional logic and change based on respondents' previous answers so that the experience is specifically tailored to them.
- A "Pay Online" button has been added to the top of every page, including the home page.
- Inactive pages have been taken offline.
- Ribbon cutting video has been added to the home page.

# Website - work in progress

- Make the home page sliders smaller
- Add a link to the map from the home page
- Add a section directed to contractors
- Remove duplicates in the public records section
- Add North Pole main line expansion phase drawings

Completion date: March 30

# Reports

-General Manager

-IGU Attorney

## General Manager Report – For the month of February 2021

### General

- IGU continues to operate under modified protocols related to the COVID-19 virus.
- North Pole Storage Site Ribbon Cutting – February 25, 2021
- IGU Update to the City of North Pole – March 15, 2021
- Next Quarterly Update to FNSB Scheduled – April 15, 2021

### Financial / Accounting

- Finance Committee met on February 23, 2021 and recommended IGU Board acceptance of the January Financials as presented.

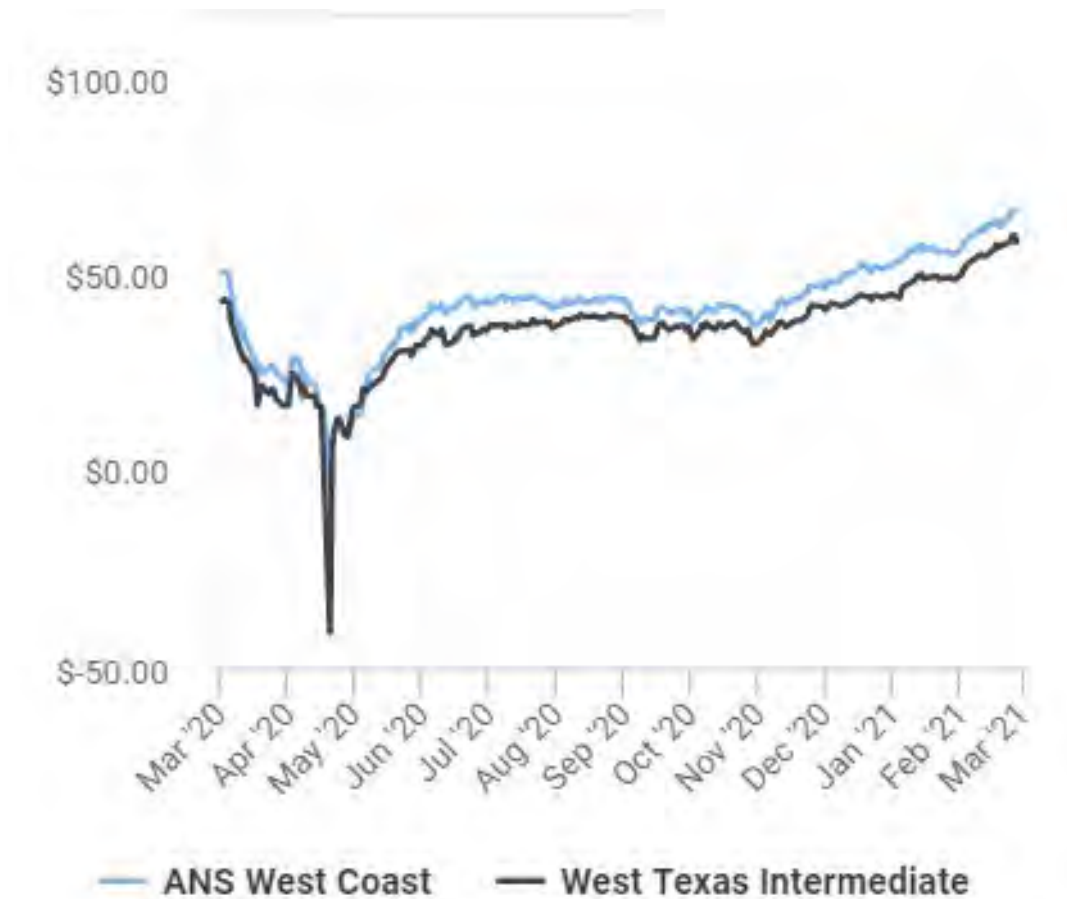
### Marketing

- New Service applications continue to be received and are being processed for completion in 2021.
- An updated Marketing Report has been provided under separate cover.

### **Oil Markets**

Date	West Texas Intermediate	ANS West Coast
3/1/2021	\$60.26	\$66.28

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



## Operations

### **Titan LNG Plant**

- Titan has been operating at a reduced production of approximately 38,000 – 42,000 gallons per day due to failure of one of the Booster Compressors. The reduced production is resulting in IGU drawing on storage Inventory. The Booster Compressor crankcase was removed for repairs and will be out of service until repaired. Parts have been ordered and are expected by March 12, 2021. IGU is expecting to have the booster compressor back on-line by the end of March.
- Zero Lost Time Injuries, Zero Titan 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 2,110,000 gallons as of January 28, 2020 to 1,852,581 gallons as of February 28, 2021. IGU continues to maintain in excess of 30 days of supply inventory.
- North Pole Storage Site and distribution in operation and serving 7 new customers as of February 28, 2021.
- Fairbanks Storage Site 1 and Site 3 in continuous uninterrupted operation.
- Fairbanks distribution system in continuous service.
- Zero Lost Time Injuries, Zero Vehicle Accidents.
- Zero Third-Party Damage.

## Capital Projects

### **North Pole Storage**

- A ribbon cutting ceremony was held on February 25, 2021 to officially mark the date of gas availability to our North Pole neighbors. IGU introduced gas into the distribution system following plant startup between February 16, 2021 and February 20, 2021. IGU was immediately ready with gas meter turn-ons for the customers ready to convert.
- Cornerstone and IGU are planned to complete a substantial inspection meeting on March 9, 2021. The plant has been continuously attended pending commissioning and verification of alarm notification and remote monitoring systems. There was 48,402 gallons of LNG in the tanks as of 2/28/2021.
- IGU Project Management and Legal are working through a contractor claim for additional pay related to project delays. IGU rejected the initial claim and is now reviewing the contractors revised claim. The project is currently within budget.

### **North Pole Site Status Pictures – Ribbon Cutting**



Link to view the LIVE Ribbon Cutting: [here is a recording](#)

Link to the IGU video: [Here](#)

### **Links to Local Media Coverage of the Event**

KUAC

<https://fm.kuac.org/post/big-step-future-our-community-gas-utility-completes-north-pole-facility>

KTVF

<https://www.webcenterfairbanks.com/2021/02/26/interior-gas-utility-opens-natural-gas-storage-facility-in-north-pole/>


News Miner

[http://www.newsminer.com/news/local\\_news/north-pole-now-has-natural-gas/article\\_b06f1214-77f0-11eb-98c6-6b506b3dd4d2.html](http://www.newsminer.com/news/local_news/north-pole-now-has-natural-gas/article_b06f1214-77f0-11eb-98c6-6b506b3dd4d2.html)

### **Titan Expansion**

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

**MEMORANDUM**

TO: IGU Board  
FROM: Zane Wilson   
SUBJECT: Summary of Activity  
DATE: March 5, 2021

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

1. Contract issues with Cornerstone.
2. Communications with GM Britton/staff on miscellaneous business issues.
3. Working with George Tsai re: deferred compensation plan issues.
4. Consolidation of GM Britton performance reviews.

# Director Requests for IGU Information



# Executive Session

(If Required)

# Closing Comments

- General Manager
- IGU Attorney
- Directors

# ADJOURNMENT

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