



**BOARD OF DIRECTORS MEETING**  
 Tuesday, April 4, 2023 @ 4:00 P.M.  
 In Person & ZOOM Meeting  
 2525 Phillips Field Road, Fairbanks, AK 99709

**DRAFT AGENDA**

\*This meeting will be held **both in person and telephonically**. Packets available to the public outside the door of the IGU Office at 2525 Phillips Field Road \*

**Join Zoom Meeting**  
<https://us02web.zoom.us/j/86042353136?pwd=WG4zYXU1dzA1SmRRSjZPMFYyZi9wQT09>  
 1-253-215-8782  
**Meeting ID:** 860 4235 3136  
**Password:** 800512

- I. CALL TO ORDER**
  - Roll call
  - Approval of Agenda & Consent Agenda\*  
*(Items marked with \* are approved under consent agenda)*
  - \*Approval of Minutes – 3/7/2023 & 3/21/2023
  - \*Approval of Financials – February 2023
  - Public Comment – *limited to three minutes*
  
- II. NEW BUSINESS**
  - Tariff Review.....Page 31
  - Resolution 2023-03 LNG Transportation Contract Award.....Page 119
  - Resolution 2023-04 Distribution Gas Main Extensions and Service Line Installations Contract Renewal.....Page 121
  
- III. OLD BUSINESS**
  - 2023 GM Goals.....Page 126
  
- IV. REPORTS**
  - Finance Committee Report
  - GM Recruitment Report
  - Marketing Report .....Page 132
  - General Manager Report.....Page 140
  - IGU Attorney Report.....Page 143
  
- V. DIRECTOR REQUESTS FOR IGU INFORMATION**
  
- VI. CLOSING COMMENTS**
  - General Manager
  - IGU Attorney
  - Directors
  
- VII. ADJOURNMENT**

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

# Approval of Minutes

3/7/2023 & 3/21/2023



**BOARD OF DIRECTORS MEETING**  
Tuesday, March 7, 2023 @ 4:00 P.M.  
ZOOM Telephonic Meeting

**MINUTES**

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

Tuesday March 7, 2023  
IGU Board Chair, Gary Wilken presiding.

Others in attendance were: Dan Britton (IGU General Manager), Wes Smith (IGU Controller), Elena Sudduth (IGU Director of Public Relations and Customer Service), Mark Rockwell (IGU Director of Operations) Heather Thomas (IGU Executive Assistant), Zane Wilson (IGU Attorney).

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

- Roll call  
Gary Wilken  
Steve Haagenon  
Mike Miller  
Bob Shefchik  
Bert Bell  
Jack Wilbur  
Luke Hopkins
- Approval of Agenda & Consent Agenda\*  
*(Items marked with \* are approved under consent agenda)*
- Approval of Minutes – 2/7/2023
- Acceptance of Financials- January 2023\*

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

**00:00:50 Moved** by Director Miller to approve the Agenda & Consent Agenda, 2<sup>nd</sup> by Director Shefchik. ***Motion approved without objection.***

- Public Comment **00:01:23**

*There were no Public Comments*

**II. NEW BUSINESS**

- Fort Wainwright Final EIS **00:01:50**

Director of Public Relations and Customer Service Elena Sudduth presented the details of the Fort Wainwright Final EIS Executive summary generated by IGU. Fort Wainwright’s coal-fired power

plant is operating approximately 30 years beyond the average design life of similar facilities. The Army evaluated and analyzed multiple options. The Army has identified Alternative 3 as the preferred alternative. Alternative 3 consists of multiple high-efficiency natural gas-fired boilers at facilities dispersed across the installation to provide heat, and would purchase all required electricity from a local utility provider. In the event of a power outage or natural gas interruption to mission-critical buildings, ULSD-reciprocating combustion generators would be used as emergency backup power or heat sources for boilers. The annual building heating load under Alternative 3 would require approximately 1,555,389 thousand cubic feet (1.5 BCF) of natural gas or approximately 19 million gallons of LNG. The U.S. Army will observe a 30-day waiting period following the Federal Register Notice of Availability for the Final EIS publication before making a final decision. Board discussion and questions specifically on details of IGU's role in the project. For the most part details are unknown at this time and more details will be presented when IGU hears from the Army.

- Cost of Service/Rates Review **00:38:26**

IGU Controller Wes Smith presents the Cost of Service Study (COSS) and the metrics used. There are three main categories of cost drivers that divide the types of costs that make up the IGU Revenue Requirement: Commodity costs, Capacity costs and Customer costs. The COSS is intended to allocate costs on a cost causation basis. The COSS is not intended to be a definitive basis to determine exact customer rates, it is intended to give an indication of the relative Revenue to Cost Ratios that exist for the various customer classes. Each table is discussed, and it is recommended by management that the current rates are acceptable and fair. Board Discussion specifically on the need to do this on an annual basis.

- Procurement Manual Review **01:32:58**

GM Dan Britton mentions the Procurement Manual is provided for your information. IGU management does an annual review on the manual and for this year there are no recommended changes. The procurement manual follows Fairbanks North Star Borough's guidelines. Board discussion and questions specifically on constraints within the manual and possible changes to make the procurement process more streamline.

5:38pm 2 minute break at ease

5:40pm Back in Session

## II. OLD BUSINESS

- 2023 GM Goals **01:38:06**

Chair Wilken open up the 2023 GM Goals discussion and mentions that we will bring this back up for discussion at the April Board Meeting consolidating all of the director suggested changes in one document with redlines, then go through each change and accept or decline the change.

### III. REPORTS

- Finance Committee Report **01:41:09**

Director Hopkins presents details from the 2/28/2023 Finance Committee Meeting. Board discussions and questions specifically on the differences in large and small commercial numbers compared to the budget.

- GM Recruitment Report **01:46:36**

Director Shefchik presents his report on the GM Recruitment process and announces that the GM position closed on February 28<sup>th</sup>, there were 80 interested candidates and 18 that officially applied. Out of the 18 candidates that applied, 10 candidates remain after evaluating minimum qualifications. The hiring team will be scheduling interviews this week and at the 3/21 Work Session, Sallie will brief the board on the interviewed candidates in executive session, present recommendations, and next steps in the hiring process.

- Marketing Report **01:53:43**

Elena presents the Marketing Report which includes an overview of current updates pertaining to Customer Service and New Services. We have 270 applications already approved for the 2023 construction season. We are currently evaluating the FY24 Budget and will be proposing to add 600-700 customers this construction season. Emergency robo calls will be active and available for use by April 1. Board Discussion and Questions.

- General Manager **02:12:29**

GM Dan Britton presents the report on activities and progress at IGU in the past month of February 2023. There has been an increased level of involvement in the Cook Inlet Gas Group discussions, the Governor created the Alaska Energy Security Task Force to develop a statewide energy plan. Alaska Gasline Development Corporation proposed a Gas Sales Agreement to utilities as a support agreement to enable them to secure funding for the gas pipeline, we may bring this to the Board in the future. Board Discussion and Questions specifically on Chair Wilken recommending that Director Haagenon apply for a seat on the Alaska Energy Security Task Force, the AIDEA board meeting, 3<sup>rd</sup> Party LNG, IGU Juneau trip, a possible IGU Washington DC trip, and line of credit for capital projects.

- IGU Attorney **02:45:38**

IGU Attorney report included activities during February 2023. Board discussion and question on the progression of the IBEW negotiations.

### IV. DIRECTOR REQUESTS FOR IGU INFORMATION **02:48:01**

**Chair Wilken:** During the Lunch and Learn we heard that the City of North Pole was charging \$1100 for piping inspections done inside the city limits prior to customers turning on gas. Can we get more information on that?

**GM Dan Britton:** Yes, we will report back to the Board on findings.

**V. CLOSING COMMENTS 02:50:20**

- General Manager

I was out of the office for a couple weeks, and I wanted to thank Wes and Elena for stepping up as Acting GM, things went well in my absence.

- Directors

Director Bell- Wes you have my praise just skip all the detail.

Chair Wilken- I will be looking for someone to Chair the meeting on March 21<sup>st</sup> but I will be on Zoom.

**02:51:53** Moved by Director Wilbur to Adjourn, 2<sup>nd</sup> by Director Miller.  
*Motion approved without objection.*

**VII. ADJOURED @ approximately 6:55 pm**



**BOARD OF DIRECTORS WORK SESSION MEETING**

Tuesday, March 21, 2023 @ 4:00 P.M.

In Person & ZOOM Meeting

**MINUTES**

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

Tuesday March 21, 2023

IGU Director, Steve Haagenson presiding.

Others in attendance were: Dan Britton (IGU General Manager), Jeremiah Flint (IGU Supervisor), Elena Sudduth (IGU Director of Public Relations and Customer Service), Heather Thomas (IGU Executive Assistant), Zane Wilson (IGU Attorney) and Sallie Stuvek (HR Consultant)

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

- Roll call  
Steve Haagenson  
Gary Wilken  
Mike Miller  
Bert Bell  
Jack Wilbur  
Luke Hopkins

**Absent:** Bob Shefchik

- Approval of Agenda

Director Haagenson requests a motion to approve the Agenda.

**00:01:02 Moved** by Director Wilbur to approve the Agenda, 2<sup>nd</sup> by Director Bell. ***Motion approved without objection.***

- Public Comment **00:01:08**

*There were no Public Comments*

**II. REPORTS**

- GM Recruitment Report (Public) **00:01:19**

HR Consultant Sallie Stuvek presents the public portion of the GM Recruitment Report. The General Manager position was advertised on the Fairbanks Daily News Miner, Anchorage Daily News, Peninsula Clarion, American Gas Association (AGA), American Public Gas Association (APGA), Indeed, LinkedIn, and the IGU Website from January 9<sup>th</sup> and until the position closed on

February 28<sup>th</sup>. The posting resulted in 83 interested candidates with 18 of those that officially applied. The screening team, Director Shefchik, HR Consultant Sallie Stuvek and Natural Gas Industry Expert David Bredin reviewed those 18 applicants. All 18 applicants were contacted to let them know a summary of their qualifications will be presented to the Board today and Alaska Law allows the applicant to choose whether they are discussed during the public session. Only one of those candidates chose to be discussed during public session, Sherman Startz was eliminated from consideration based on the requirement to have a degree. The next steps in the process will be Board Interviews with the recommended candidates, then an anticipated hire date in June or July 2023.

### III. DIRECTOR REQUESTS FOR IGU INFORMATION 00:07:42

*There were no Director Requests for IGU Information*

### IV. CLOSING COMMENTS 00:07:50

- General Manager

I would like to introduce Jeremiah Flint, our Operations Supervisor who does a great job for us, and would just like to recognize him for joining us in person today.

- Directors

Chair Wilken- Steve, you're doing a great job.

**00:06:17** Director Haagenson recommends a motion to adjourn effective at the end of the Executive Session.

**00:06:22 Moved** by Director Miller to adjourn effective at the end of the Executive Session, 2<sup>nd</sup> by Director Wilbur. ***Motion approved without objection.***

**00:06:38 Moved** by Director Miller to enter into executive session to discuss general manager applications, strengths and weakness that tend to prejudice the reputation and character of the candidates and to discuss proposed applicant questions that, if known, would clearly have a negative impact on the finances of IGU, to include the IGU Board of Directors, GM Dan Britton, HR Consultant Sallie Stuvek, and IGU Attorney Zane Wilson, 2<sup>nd</sup> by Director Bell. **Motion approved by unanimous consent.**

**Approximately 6:55 PM Moved** by Director Wilbur to exit Executive Session and Adjourn, 2<sup>nd</sup> by Director Bell. ***Motion approved without objection.***

### V. ADJOURED @ approximately 6:55 pm

# Approval of Financials

February 2023



Finance Committee Meeting  
Tuesday, March 28, 2023 @ 12:00 PM  
2525 Phillips Field Road, Fairbanks, AK  
  
**Draft** AGENDA

\* Packets will be available to the public outside the door of the IGU Office\*

**Join Zoom Meeting:**  
<https://us02web.zoom.us/j/82657620394?pwd=cFg4SGFla3R2YlJ5Mkc5UFVPOEFEQT09>  
  
1-253-215-8782  
**Meeting ID:** 826 5762 0394  
**Password:** 114317

**I. CALL TO ORDER**

- Roll call
- Approval of Agenda
- Approval of Minutes – *February 28<sup>th</sup> 2023*

**II. MONTHLY FINANCIALS**

- Controllers Summary Report – February 2023 ..... Page 05
- Statement of Revenues, Expenses and Changes in Net Position with Budget Comparison – February 2023 ..... Page 06
- Board of Directors Dashboard Report – February 2023 ..... Page 17

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

**IV. CLOSING COMMENTS**

**V. ADJOURNMENT**



## MINUTES

### I. Call to Order @ 12:00 PM – Chair Hopkins

- **Roll Call:** Jack Wilbur, Bert Bell, David Durham

**Also, present:** Dan Britton, Wes Smith, Zach Dameron

**12:01pm Motion to approve the agenda and the 1/24/22 Minutes** Moved by Bert, and 2<sup>nd</sup> by David. **Motion accepted by unanimous consent.**

### II. Monthly Financials:

#### JANUARY FINANCIALS 12:01pm

- **Controllers Summary Report – January 12:01pm:**

Controller Wes Smith presents the *Controller Summary* attached on the Statement of Net Position, Statement of Revenues, Expenses and Change in Net Position and the Detailed IGU Expenses.

Committee discussion & questions on the *Controller Summary*, specifically on Lost And Unaccounted For (LAUF) gas, what was being done to continue monitoring it, GM PTO allowance, labor budgeting and trailer repair transport costs.

- **Statement of Net Position with Budget Comparison – January**

*Included in Controller Summary*

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

*Included in Controller Summary*

**12:12pm Motion to recommend that the Board of Directors accept the January financials as presented.** Moved by Jack and 2<sup>nd</sup> by Bert.

- **BOD Dashboard Report – January 12:19pm**

Wes Smith presents the Dashboard report and comments IGU continues to do well compared to the Budget. Committee discussion & questions on the *Dashboard Report*, specifically on if we need to purchase more 3<sup>rd</sup> party gas.

### III. PROJECT FINANCING 12:25pm

Chair Hopkins thanks Elena for her comments and looks forward to the future Fort Wainwright Gas Project.

GM Dan Britton mentions we will need additional money for capital projects and the new LNG Trailers. A \$10MM Line of credit for capital projects and \$7MM for trailer financing is needed. IGU is researching taxable and tax exempt financing options. The Transportation Request for Bid (RFB) has been posted for the trucking from Point Mackenzie to Fairbanks. Committee Discussion and Questions specifically on the Transportation RFB and North Slope Trucking.

### IV. CLOSING COMMENTS 12:35pm

- Bert Bell- It looks like Fort Wainwright is coming our way
- GM Dan Britton- We are fully supportive and engaged with Fort Wainwright and their preferred Alternative 3. We would need additional storage capacity when Wainwright comes online. IGU is presenting an update to the AIDEA board on March 1, 2023.
- David Durham- Thanks to Dan & Wes for a great presentation. Thank you for staying local, it means a lot to us to continue to serve IGU.

**12:40pm Motion to Adjourn Moved by Luke and 2<sup>nd</sup> by David.  
Motion accepted by unanimous consent.**

### V. Adjourned @ 12:40pm

## Controller Summary – Interior Alaska Natural Gas Utility – January 2023

The summary report provided for January 2023 was derived from analysis and evaluation of the current and prospective profitability based on Earnings before Interest, Taxes, Depreciation and Amortization, liquidity and financial stability and compliance of Interior Gas Utility (Utility). Methods used include trend analysis as well as ratios such as Current and Quick ratios (Liquidity) and Debt Coverage Ratio (Financial Stability and Compliance). Results of data analyzed show that these ratios are equal to or above industry benchmark averages that have been researched. The following pages go into greater detail for the monthly results for January 2023 and Year to Date. The following is a summarization of the current highlights.

The Utility's cash position at month end was \$3.2 million and is above budgeted cash position of \$2.4 million. Overall, cash was sufficient to cover all budgetary items during the month.

Gas sales for the month of January were below budget by 3,041 Mcf's, 2%. The month of January was warmer than budgeted. The Hospital continues to use gas as its primary energy source instead of its alternative energy source, heating oil. In recent history, the Hospital generally used natural gas to supplement heating oil. Large commercial was lower than budget given 31 active users versus the budget of 36 active users. Small commercial was also lower than budgeted given 840 active users versus budget of 865 active users.

Overall cost of goods sold (COGS), which includes natural gas purchases, trucking expenses, LNG production electricity, and gas liquefaction expenses, for the month were 12% lower than budget. This is expected as we had lower sales. The Utility continues to experience upward price pressure related to higher cost per Mcf for trucking expense (\$.67/Mcf).

During January, unaccounted for gas was 1.9% of total sales for a total adjustment to the COGS of \$43 thousand, \$30 thousand for natural gas purchases, \$9 thousand for trucking, and \$4 thousand for electricity.

Departmental expenses, in whole, for the month were \$42 thousand higher than budget. Departmental expenses were \$565 thousand compared to the budget of \$522 thousand. Distribution operations and maintenance were below budget largely due to labor expense being allocated to other departments, primarily Storage & Vaporization operations. Storage & Vaporization operations and maintenance was over budget due to allocated labor from Distribution. Engineering continues to be under budget primarily due to labor being capitalized to construction projects and a vacant process engineer position. Administration and General expenses were over budget due to the recognition of the general manager's annual PTO. The general manager's full PTO allowance is available to be used January 1 and the expense is recorded at that time. Also, legal expense was higher in January due to increased legal activities related to bargaining unit contract, LNG Services contract, and Gas Sale and Purchase contract negotiations.

Year to date the Utility had one reported vehicle loss due to a vehicle accident. The Utility was not at fault and third party insurance covered the loss. No loss time work injuries were reported. No recording of a contingent liability was needed.

Recommendations for discussion include:

- None at time of report.

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

## Controller Summary – Interior Alaska Natural Gas Utility – February 2023

The summary report provided for February 2023 was derived from analysis and evaluation of the current and prospective profitability based on Earnings before Interest, Taxes, Depreciation and Amortization, liquidity and financial stability and compliance of Interior Gas Utility (Utility). Methods used include trend analysis as well as ratios such as Current and Quick ratios (Liquidity) and Debt Coverage Ratio (Financial Stability and Compliance). Results of data analyzed show that these ratios are equal to or above industry benchmark averages that have been researched. The following pages go into greater detail for the monthly results for February 2023 and Year to Date. The following is a summarization of the current highlights.

The Utility's cash position at month end was \$4.0 million and is above budgeted cash position of \$3.0 million. Overall, cash was sufficient to cover all budgetary items during the month.

Gas sales for the month of February were slightly higher than budget by 926 Mcf's, .64%. The month of February Heating Degree Days (HDD) was on target with budget. The Hospital continues to use gas as its primary energy source instead of its alternative energy source, heating oil. In recent history, the Hospital generally used natural gas to supplement heating oil. Small commercial was lower than budget given 843 active users, up 3 customers over the previous month, versus the budget of 865 active users. Large commercial was also lower than budgeted given 32 active users versus budget of 36 active users.

Overall cost of goods sold (COGS), which includes natural gas purchases, trucking expenses, LNG production electricity, and gas liquefaction expenses, for the month were collectively on target for the month coming in at .53% higher than budget. The Utility continues to experience upward price pressure related to higher cost per Mcf for trucking expense (\$.06/Mcf).

During February, unaccounted for gas was negative for the month (1.15)% of total sales for a total adjustment to the COGS of \$(21) thousand, \$(14) thousand for natural gas purchases, \$(5) thousand for trucking, and \$(2) thousand for electricity. The negative unaccounted for gas is mainly derived from missed meter reads from the prior month due to a lag in entering new meters in the Utility's billing system.

Departmental expenses, in whole, for the month were \$17 thousand higher than budget. Departmental expenses were \$528 thousand compared to the budget of \$511 thousand. Distribution operations and maintenance were below budget largely due to labor expense being allocated to other departments, primarily Storage & Vaporization operations. Storage & Vaporization operations and maintenance was over budget due to allocated labor from Distribution and maintenance activities. Engineering continues to be under budget primarily due to labor being capitalized to construction projects and a vacant process engineer position. Administration and General expenses were on target for the month.

Year to date the Utility had one reported vehicle loss due to a vehicle accident. The Utility was not at fault and third party insurance covered the loss. No loss time work injuries were reported. No recording of a contingent liability was needed.

Recommendations for discussion include:

- None at time of report.

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

**Interior Alaska Natural Gas Utility**  
**Financial Statements - with budget comparison**  
**February 28, 2023**

	February 2023 (Actual)	February 2023 (Budget)	February 2023 (Variance) fav/(unfav)	Footnote	YTD 2023 (Actual)	YTD 2023 (Budget)	YTD 2023 (Variance) fav/(unfav)
<b>STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION</b>							
Mcf:							
Residential	19,245	18,933	311		101,565	95,221	6,344
Small Commercial	66,475	70,257	(3,782)		369,658	401,354	(31,696)
Large Commercial	29,674	34,728	(5,054)		171,889	183,361	(11,472)
Interruptible - Small	8,056	7,582	474		48,686	51,737	(3,051)
Interruptible - Large	7,206	6,248	958		38,024	34,010	4,014
Hospital	14,008	6,604	7,404		91,273	42,822	48,451
UAF	0	0	0		5,921	0	5,921
Talkeetna	1,221	606	615		7,737	6,281	1,456
Total Mcf	<u>145,884</u>	<u>144,958</u>	<u>926</u>	(a)	<u>834,753</u>	<u>814,785</u>	<u>19,968</u>
HDD	1,834	1,856	(22)		9,900	10,406	(506)
<b>Operating revenues</b>							
Residential Gas Revenues	420,493	413,696	6,796		2,219,185	2,080,568	138,617
Small Commercial Gas Revenues	1,449,157	1,531,601	(82,444)		8,058,544	8,749,513	(690,969)
Large Commercial Gas Revenues	645,102	754,981	(109,879)		3,736,873	3,986,275	(249,402)
Interruptible - small commercial gas revenues	169,423	159,449	9,973		1,023,877	1,088,029	(64,152)
Interruptible - large commercial gas revenues	147,569	127,959	19,610		778,711	696,525	82,186
Hospital Gas Revenues	286,884	135,252	151,632		1,869,061	876,993	992,068
UAF Revenues	0	0	0		121,262	0	121,262
Talkeetna commercial gas revenues	25,028	12,120	12,908		158,615	125,618	32,997
Service Charge Revenues	51,588	52,528	(940)		387,179	382,400	4,779
Other Revenue	11,760	2,500	9,260		124,410	147,325	(22,915)
Total operating revenue	<u>3,207,003</u>	<u>3,190,087</u>	<u>16,916</u>	(a)	<u>18,477,716</u>	<u>18,133,246</u>	<u>344,470</u>
<b>Operating expenses</b>							
Natural gas purchases	1,191,279	1,203,657	12,378	(b)	7,172,026	7,998,972	826,947
Trucking Expenses	382,429	371,092	(11,337)	(c)	2,221,830	1,841,564	(380,266)
Electricity	172,701	184,271	11,571	(d)	1,138,993	935,128	(203,864)
Gas liquefaction expenses	311,762	288,232	(23,530)	(e)	1,896,105	2,162,254	266,150
Distribution operations	35,583	49,366	13,783	(f)	251,563	400,928	149,365
Distribution maintenance	21,385	14,205	(7,179)	(g)	128,921	115,977	(12,944)
Storage & vaporization operations	114,882	95,176	(19,707)	(h)	835,984	699,253	(136,731)
Storage & vaporization maintenance	45,989	21,224	(24,765)	(i)	197,924	165,293	(32,631)
Engineering	11,994	34,834	22,840	(j)	102,840	278,674	175,834
Talkeetna maintenance	323	521	198		7,657	4,167	(3,490)
Customer Services	39,871	35,466	(4,405)		246,279	287,816	41,537
Administration and general expenses	256,959	258,853	1,894		2,118,800	2,103,252	(15,548)
Property taxes	1,042	959	(83)		8,333	8,322	(11)
Interest expense	6,215	6,215	(0)		430,770	431,217	447
Depreciation	419,756	420,201	445		3,398,683	3,361,609	(37,074)
Amortization	38,529	38,529	0		308,234	308,235	1
Total operating expense	<u>3,050,699</u>	<u>3,022,802</u>	<u>(27,897)</u>		<u>20,464,940</u>	<u>21,102,661</u>	<u>637,721</u>
Operating income (loss)	<u>156,304</u>	<u>167,284</u>	<u>(10,981)</u>		<u>(1,987,224)</u>	<u>(2,969,415)</u>	<u>982,191</u>
<b>Non operating income (expense)</b>							
Interest and dividend income	7,476	222	7,254		67,894	3,001	64,894
Gain from disposal of assets	0	0	0		14,089	0	14,089
Other income (expense)	7	0	7		10,603	0	10,603
Total non operating income (expense)	<u>7,483</u>	<u>222</u>	<u>7,262</u>		<u>92,586</u>	<u>3,001</u>	<u>89,585</u>
Change in net position	<u>163,787</u>	<u>167,506</u>	<u>(3,719)</u>		<u>(1,894,638)</u>	<u>(2,966,414)</u>	<u>1,071,776</u>
Net position - beginning of period	<u>26,329,468</u>	<u>25,253,972</u>	<u>1,075,495</u>		<u>28,387,893</u>	<u>28,387,893</u>	<u>0</u>
Net position - end of period	<u>26,493,254</u>	<u>25,421,478</u>	<u>1,071,776</u>		<u>26,493,254</u>	<u>25,421,478</u>	<u>1,071,776</u>
EBITDA	620,803	632,230	(11,426)		2,150,463	1,131,646	1,018,817

**Interior Alaska Natural Gas Utility**  
**Financial Statements - with budget comparison**  
**February 28, 2023**

	February 2023 (Actual)	February 2023 (Budget)	February 2023 (Variance) fav/(unfav)	Footnote	YTD 2023 (Actual)	YTD 2023 (Budget)	YTD 2023 (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	3,043,165	3,862,978	(819,813)		14,835,991	15,713,250	(877,259)
Cash paid to suppliers, employees	(2,147,268)	(3,267,005)	1,119,737		(15,431,577)	(16,958,886)	1,527,309
Interest and dividends received	7,476	222	7,254		67,894	3,001	64,894
Net cash provided by (used in) operating activities	<u>903,373</u>	<u>596,195</u>	<u>307,178</u>		<u>(527,692)</u>	<u>(1,242,635)</u>	<u>714,944</u>
<b>Cash flows from capital and related financing activities</b>							
<b>Financing capital, operational, uses:</b>							
Principal payments on long-term debt	(22,378)	(22,378)	0		(349,072)	(348,678)	(393)
Interest paid	(6,215)	(6,215)	(0)		(132,602)	(133,048)	447
Proceeds from disposal of assets	0	0	0		14,089	0	14,089
Purchase of property, plant and equipment	(14,978)	0	(14,978)		(94,992)	(298,225)	203,233
Construction payable - operating capital projects	14,977	0	14,977		(58,818)	(176,035)	117,217
<b>Financing capital, long-term debt, uses:</b>							
Interest paid (Bonds)	0	0	0		(298,169)	(298,169)	0
(Purchase)/Consumed inventory for construction	(24,933)	(484,700)	459,767		(104,232)	(484,700)	380,468
Construction work in progress (Distribution and services)	(68,755)	(51,667)	(17,089)		(2,936,921)	(3,373,333)	436,412
Construction payable - IEP capital projects	(29,832)	0	(29,832)		(888,414)	(806,884)	(81,530)
Net cash provided by (used in) capital and related financing activities	<u>(152,113)</u>	<u>(564,959)</u>	<u>412,846</u>		<u>(4,849,130)</u>	<u>(5,919,072)</u>	<u>1,069,943</u>
<b>Cash flows from investing activities</b>							
Purchase of marketable securities	0	0	0		0	0	0
Net cash provided by (used in) investing activities	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>	<u>0</u>
Net increase (decrease) in cash	751,260	31,236	720,023		(5,376,821)	(7,161,707)	1,784,886
Cash at beginning of period	6,684,195	5,619,333	1,064,863		12,812,276	12,812,276	0
Cash at end of period	<u>7,435,455</u>	<u>5,650,569</u>	<u>1,784,886</u>		<u>7,435,455</u>	<u>5,650,569</u>	<u>1,784,886</u>
Reconciliation of Net Income (Loss) to Net Cash Provided By (Used in) Operating Activities							
Operating income/(loss)	156,304	167,284	(10,981)		(1,987,224)	(2,969,415)	982,191
Adjustments to reconcile net income to net cash provided by (used in) operating activities:							
Depreciation	419,756	420,201	(445)		3,398,683	3,361,609	37,074
Amortization	38,529	38,529	(0)		308,234	308,235	(1)
Interest and dividend income	7,476	222	7,254		67,894	3,001	64,894
Interest paid	6,215	6,215	0		430,770	431,217	(447)
(Increase) decrease in assets							
Accounts receivable, net	(163,845)	672,892	(836,737)		(3,652,274)	(2,419,996)	(1,232,279)
Liquified natural gas inventory	482,172	427,752	54,420		470,648	376,739	93,909
Materials and supplies inventory	(155,144)	0	(155,144)		(221,978)	0	(221,978)
Deposits and other current assets	(837,792)	(863,463)	25,671		(355,612)	(286,468)	(69,144)
Increase (decrease) in liabilities							
Accounts payable	943,702	(148,887)	1,092,589		924,278	(76,465)	1,000,743
Accrued wages and burden	4,989	(33,867)	38,855		56,631	18,135	38,497
Other current and accrued liabilities	1,004	(90,683)	91,687		21,709	10,773	10,936
Net cash provided by (used in) operating activities	<u>903,373</u>	<u>596,195</u>	<u>307,178</u>		<u>(527,692)</u>	<u>(1,242,635)</u>	<u>714,944</u>



**Variance to Budget Footnotes**  
February 28, 2023

(a) - Gas revenues were \$17K higher than budget. The month of February, temperature and overall sales were on target with the budget. Small and Large Commercial sales continue to track below budget due to actual customers using below budgeted customers usage, see below table. The Hospital continues to use natural gas as their primary fuel supply and was greater than budgeted. The budget assumed the Hospital would use natural gas as a supplement fuel.

	Customers Consuming		F (U) Variance
	Actual	Budget	
Residential	1,212	1,162	50
Small Commercial	843	865	(22)
Large Commercial	32	38	(6)
Interruptible - Small Commercial	29	30	(1)
Interruptible - Large Commercial	15	15	-
Interruptible - Large - FMH	1	1	-
Interruptible - Large - UAF	-	-	-
<b>Total Customers Consuming Gas: February 28, 2023</b>	<b>2,132</b>	<b>2,111</b>	<b>21</b>

(b) - Cost of gas was \$12K lower than budget. The average cost of gas was \$8.17/Mcf compared to the budgeted average cost of gas of \$8.30/Mcf. See below table.

	Mcf's	\$ Mcf	Actual Cost	Mcf's	\$ Mcf	Budget Cost
Titan Plant Gas	145,884	\$8.23	\$ 1,199,983	144,958	\$8.30	\$ 1,203,657
Third Party Gas	0	\$0.00	\$ -	0	\$0.00	\$ -
Line Hit Gas	0	\$8.23	\$ -			
Enstar Transmission Lost	643	\$8.23	\$ 5,290			
Unaccounted for gas	(1,701)	\$8.23	\$ (13,993)			
<b>Charged to COGS</b>	<b>144,826</b>	<b>\$8.23</b>	<b>\$ 1,191,279</b>	<b>144,958</b>	<b>\$8.30</b>	<b>\$ 1,203,657</b>
<b>Cost per Mcf Sales</b>	<b>145,884</b>	<b>\$8.17</b>	<b>\$ 1,191,279</b>	<b>144,958</b>	<b>\$8.30</b>	<b>\$ 1,203,657</b>

(c) - Trucking expense was \$11K higher than budget. The average cost of trucking was \$0.06/Mcf higher than budget, \$2.62/Mcf actual compared to the budgeted cost of \$2.56/Mcf. See below table.

	Mcf's	\$ Mcf	Actual Cost	Mcf's	\$ Mcf	Budget Cost
Titan Plant	145,884	\$2.65	\$ 386,942	144,958	\$2.56	\$ 371,092
Third Party Gas	0	\$0.00	\$ -	0	\$0.00	\$ -
Unaccounted for gas	(1,701)	\$2.65	\$ (4,512)			
<b>Charged to COGS</b>	<b>144,183</b>	<b>\$2.65</b>	<b>\$ 382,429</b>	<b>144,958</b>	<b>\$2.56</b>	<b>\$ 371,092</b>
<b>Cost per Mcf Sales</b>	<b>145,884</b>	<b>\$2.62</b>	<b>\$ 382,429</b>	<b>144,958</b>	<b>\$2.56</b>	<b>\$ 371,092</b>

(d) - Electricity was \$12K lower than budget. The average cost of electricity was \$0.09/Mcf lower than budget, \$1.18/Mcf actual compared to the budgeted cost of \$1.27/Mcf. See below table.

	Electricity			Electricity		
	Mcf's	\$ Mcf	Actual Cost	Mcf's	\$ Mcf	Budget Cost
Titan Plant	145,884	\$1.20	\$ 174,738	144,958	\$1.27	\$ 184,271
Third Party Gas	0	\$0.00	\$ -	0	\$0.00	\$ -
Unaccounted for gas	(1,701)	\$1.20	\$ (2,038)			
<b>Charged to COGS</b>	<b>144,183</b>	<b>\$1.20</b>	<b>\$ 172,701</b>	<b>144,958</b>	<b>\$1.27</b>	<b>\$ 184,271</b>
<b>Cost per Mcf Sales</b>	<b>145,884</b>	<b>\$1.18</b>	<b>\$ 172,701</b>	<b>144,958</b>	<b>\$1.27</b>	<b>\$ 184,271</b>

(e) - Gas liquefaction expenses were \$24K higher than budget due to the shipping cost, return trip, related to warranty work on trailer T-9. This expense was not budgeted.



**Variance to Budget Footnotes**  
**February 28, 2023**

- (f) - Distribution operations expense was \$14K lower than budget largely due to wages being allocated to other departments.
  
- (g) - Distribution maintenance expense was \$7K higher than budget largely due to light duty vehicle maintenance.
  
- (h) - Storage & vaporization operations expense was \$20K higher than budget largely due to wages allocated from other departments and timing differences between budgeted and actual expense.
  
- (i) - Storage & vaporization maintenance expenses were \$25K higher than budget due to timing differences between various budgeted and actual expenses. See notes 10 and 11 to the Detailed Expenses.
  
- (j) - Engineering expenses were \$23K lower than budget due to a portion of wages being capitalized for mains and services construction, and a vacant process engineer position.

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

<b>COST OF SALES</b>	Feb 2023 (Actual)	Feb 2023 (Budget)	Feb 2023 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2023 (Actual)	YTD 2023 (Budget)	YTD 2023 (Variance)	Fav (F)/ Unfav (U)
<b>Cost of Gas</b>									
Natural Gas Expense	1,191,279	1,203,657	12,378	F		7,172,026	7,998,972	826,947	F
Trucking Expenses	382,429	371,092	(11,337)	U		2,221,830	1,841,564	(380,266)	U
Electricity Expense	172,701	184,271	11,571	F		1,138,993	935,128	(203,864)	U
Total cost of gas	1,746,409	1,759,021	12,612	F		10,532,848	10,775,665	242,816	F
<b>Gas liquefaction expenses</b>									
Communications	523	500	(23)	U		4,212	4,000	(212)	U
Utilities	5,554	5,103	(451)	U		38,315	40,463	2,148	F
Rent Expense - Houston Facility	580	583	3	F		4,642	4,665	23	F
Other Expenses	0	341	341	F		118	2,725	2,606	F
Training Material	0	1,667	1,667	F		75	13,333	13,258	F
Safety Material	4,319	1,042	(3,278)	U		8,214	8,333	119	F
Freight Expense	0	83	83	F		451	667	216	F
Yard Maintenance	0	1,458	1,458	F		7,803	11,667	3,864	F
Outside Services	9,230	5,417	(3,813)	U		25,792	43,333	17,541	F
Maint - Structure Materials	3,000	125	(2,875)	U		9,587	1,000	(8,587)	U
Maint - Equipment Materials	3,689	1,250	(2,439)	U		26,872	10,000	(16,872)	U
Maint - Turbo Expander	0	2,917	2,917	F		14,035	23,333	9,298	F
Maint - BTB 1	1,918	3,745	1,827	F		64,023	127,218	63,195	F
Maint - BTB 2	13,629	3,745	(9,883)	U	(1)	62,478	127,218	64,741	F
Maint - Amine & Glycol	730	4,167	3,437	F	(1)	25,943	33,333	7,390	F
Maint - Cascade	4,240	9,583	5,343	F	(1)	54,199	76,667	22,467	F
Maint - Boost Compressor	0	6,667	6,667	F	(1)	27,015	53,333	26,319	F
Maint - Feed Gas Compressor	1,963	1,364	(599)	U	(1)	58,068	69,545	11,477	F
Maint - Skid Process	419	1,000	581	F		11,839	8,000	(3,839)	U
Maint - Trans Truck Materials	0	208	208	F		0	1,667	1,667	F
Maint - Trans Trailer T-2	0	500	500	F		2,363	4,000	1,637	F
Maint - Trans Trailer T-4	0	500	500	F		3,053	4,000	947	F
Maint - Trans Trailer T-6	165	500	335	F		2,836	4,000	1,164	F
Maint - Trans Trailer T-7	(150)	500	650	F		1,989	4,000	2,011	F
Maint - Trans Trailer T-8	527	500	(27)	U		2,731	4,000	1,269	F
Maint - Trans Trailer T-9	20,681	500	(20,181)	U	(2)	36,099	4,000	(32,099)	U
Maint - Trans Trailer T-10	0	500	500	F		4,106	4,000	(106)	U
Maint - Trans Trailer T-13	0	500	500	F		0	4,000	4,000	F
Maint - Trans Trailer T-14	92	500	408	F		2,870	4,000	1,130	F
Maint - Trans Trailer T-15	636	500	(136)	U		3,972	4,000	28	F
Maint - Trans Trailer T-16	3,593	500	(3,093)	U		6,139	4,000	(2,139)	U
Maint - Trans Trailer T-17	0	500	500	F		0	4,000	4,000	F
Maint - Trans Trailer T-18	248	500	253	F		248	4,000	3,753	F
Maint - Trans Trailer T-19	2,018	500	(1,518)	U		4,995	4,000	(995)	U
Maint - Trans Trailer T-20	1,162	500	(662)	U		3,057	4,000	943	F
Maint - Trans Trailer T-21	1,651	500	(1,151)	U		19,907	4,000	(15,907)	U
Maint - Trans Trailer T-22	2,651	500	(2,151)	U		4,772	4,000	(772)	U
Maint - Trans Trailer Unallocated	622	5,542	4,920	F		23,234	44,333	21,099	F
Maint - Other Equip Materials	0	1,250	1,250	F		12,099	10,000	(2,099)	U
Maint - Light Truck	(2,620)	292	2,912	F		441	2,333	1,893	F
Maint - Heavy Equip	0	417	417	F		1,291	3,333	2,042	F
Maint - Small Tools	113	500	387	F		3,640	4,000	360	F
Maint - T800s	0	625	625	F		5,326	5,000	(326)	U
Maint - Shop Consumables	866	833	(33)	U		5,871	6,667	795	F
Liquefaction Gas Usage	171,639	142,927	(28,712)	U	(3)	786,504	747,029	(39,475)	U
Salaries & Wages	52,814	68,748	15,934	F	(4)	450,960	549,984	99,024	F
Salaries & Wages - Overtime	3,948	4,958	1,010	F		50,263	39,665	(10,598)	U
Employee Benefits	1,314	2,676	1,362	F		13,659	21,409	7,750	F
Total gas liquefaction expenses	311,762	288,232	(23,530)	U		1,896,105	2,162,254	266,150	F

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

<b>COST OF SALES</b>	Feb 2023 (Actual)	Feb 2023 (Budget)	Feb 2023 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2023 (Actual)	YTD 2023 (Budget)	YTD 2023 (Variance)	Fav (F)/ Unfav (U)
<b>Distribution operations</b>									
<b>Common</b>									
Dist Ops - Office & Computer	125	250	125	F		153	2,000	1,847	F
Dist Ops - Training Materials	198	1,667	1,469	F		298	13,333	13,035	F
Dist Ops - Safety Materials	2,646	833	(1,813)	U		11,686	6,667	(5,019)	U
Dist Ops - Freight Expense	0	83	83	F		0	667	667	F
Dist Ops - Transportation Fuel	5,767	2,083	(3,684)	U		13,393	16,667	3,273	F
Dist Ops - Salaries & Wages	17,160	30,010	12,850	F	(5)	116,831	240,081	123,251	F
Dist Ops - Employee Benefits	0	2,361	2,361	F		0	18,884	18,884	F
<b>Fairbanks</b>									
Dist Ops - Mains Materials	381	0	(381)	U		1,142	2,000	858	F
Dist Ops - Meter Material	0	0	0	F		3,225	2,000	(1,225)	U
Dist Ops - Customer Site	0	608	608	F		4,999	4,867	(133)	U
Dist Ops - Outside Services	0	42	42	F		0	333	333	F
Dist Ops - Rentals	0	167	167	F		3,310	1,333	(1,977)	U
Dist Ops - Lease ROW	506	396	(110)	U		3,140	3,167	27	F
Dist Ops - Salaries & Wages	2,445	4,344	1,899	F		34,129	34,749	620	F
Dist Ops - OT Labor	1,295	4,200	2,905	F		15,040	33,598	18,557	F
Dist Ops - On Call Labor	5,060	2,281	(2,779)	U		44,217	18,248	(25,968)	U
<b>North Pole</b>									
Dist Ops - Mains Materials	0	0	0	F		0	1,000	1,000	F
Dist Ops - Meter Material	0	0	0	F		0	1,000	1,000	F
Dist Ops - Customer Site	0	42	42	F		0	333	333	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 - Salaries & Wages	0	0	0	F		0	0	0	F
Dist Ops - OT Labor	0	0	0	F		0	0	0	F
Total distribution operations	35,583	49,366	13,783	F		251,563	400,928	149,365	F
<b>Distribution maintenance</b>									
<b>Common</b>									
Dist Maint - Structure	1,811	0	(1,811)	U		2,907	0	(2,907)	U
Dist Maint - Yard Clean Up	0	417	417	F		0	3,333	3,333	F
Dist Maint - Equip Materials	241	333	92	F		5,010	2,667	(2,343)	U
Dist Maint - Light Truck	7,860	1,667	(6,193)	U	(6)	30,581	13,333	(17,248)	U
Dist Maint - Heavy Equip	1,128	1,250	122	F		11,002	10,000	(1,002)	U
Dist Maint - Small Tools	0	167	167	F		4,312	1,333	(2,978)	U
Dist Maint - Shop Consumables	1,158	500	(658)	U		4,583	4,000	(583)	U
Dist Maint - CNG Comp	0	500	500	F		0	4,000	4,000	F
Dist Maint - Salaries & Wages	1,537	3,345	1,807	F		11,717	26,757	15,040	F
<b>Fairbanks</b>									
Dist Maint - Main Materials	0	175	175	F		325	1,400	1,075	F
Dist Maint - Services Material	0	104	104	F		88	833	746	F
Dist Maint - Meter/Reg Material	0	83	83	F		494	667	173	F
Dist Maint - Salaries & Wages	6,145	5,068	(1,077)	U		39,304	40,546	1,242	F
Dist Maint - OT Labor	1,505	597	(908)	U		18,599	4,774	(13,825)	U
<b>North Pole</b>									
Dist Maint - Main Materials	0	0	0	F		0	1,333	1,333	F
Dist Maint - Services Material	0	0	0	F		0	667	667	F
Dist Maint - Meter/Reg Material	0	0	0	F		0	333	333	F
Dist Maint - Outside Services	0	0	0	F		0	0	0	F
Dist Maint - Salaries & Wages	0	0	0	F		0	0	0	F
Dist Maint - OT Labor	0	0	0	F		0	0	0	F
Total distribution maintenance	21,385	14,205	(7,179)	U		128,921	115,977	(12,944)	U

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

<b>COST OF SALES</b>	Feb 2023 (Actual)	Feb 2023 (Budget)	Feb 2023 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2023 (Actual)	YTD 2023 (Budget)	YTD 2023 (Variance)	Fav (F)/ Unfav (U)
<b>Storage &amp; vaporization operations</b>									
<b>Storage Site I</b>									
SS I - Communications	215	150	(65)	U		1,746	1,200	(546)	U
SS I - Outside Ser. - General	2,662	1,250	(1,412)	U		8,364	10,000	1,636	F
SS I - Utilities - Other	68	167	99	F		639	1,333	695	F
SS I - Supplies & Materials	0	25	25	F		0	200	200	F
SS I - Safety & Signage	193	83	(110)	U		1,988	667	(1,321)	U
SS I - Rents	0	50	50	F		0	400	400	F
SS I - Gas Usage	7,131	10,555	3,424	F	(7)	27,347	59,758	32,411	F
SS I - Electricity	2,136	1,419	(717)	U		14,244	14,978	734	F
SS I - Salaries & Wages	6,363	1,500	(4,862)	U		19,358	12,003	(7,355)	U
SS I - OT Labor	682	20	(662)	U		2,235	159	(2,075)	U
<b>Storage Site III</b>									
SS III - Communications	194	333	140	F		2,315	2,667	352	F
SS III - Outside Ser. - General	14,894	8,333	(6,561)	U	(8)	56,780	66,667	9,887	F
SS III - Utilities - Other	500	667	167	F		9,509	5,333	(4,176)	U
SS III - Supplies & Materials	0	208	208	F		5,083	1,667	(3,416)	U
SS III - Safety & Signage	315	167	(148)	U		2,568	1,333	(1,235)	U
SS III - Rents	0	83	83	F		0	667	667	F
SS III - Gas Usage	28,311	34,303	5,992	F	(7)	162,407	194,212	31,805	F
SS III - Electricity	22,458	20,319	(2,140)	U		238,801	214,499	(24,302)	U
SS III - Salaries & Wages	9,195	1,601	(7,594)	U	(9)	127,701	12,807	(114,894)	U
SS III - OT Labor	1,258	178	(1,080)	U		33,673	1,427	(32,246)	U
<b>Storage Site IV</b>									
SS IV - Communications	375	63	(313)	U		3,655	500	(3,155)	U
SS IV - Outside Ser. - General	6,069	2,917	(3,152)	U		34,268	23,333	(10,935)	U
SS IV - Utilities - Other	0	333	333	F		745	2,667	1,921	F
SS IV - Supplies & Materials	309	167	(142)	U		3,253	1,333	(1,919)	U
SS IV - Safety & Signage	315	100	(215)	U		2,398	800	(1,598)	U
SS IV - Rents	0	50	50	F		0	400	400	F
SS IV - Gas Usage	4,785	7,916	3,131	F	(7)	28,898	44,818	15,920	F
SS IV - Electricity	3,162	2,219	(943)	U		23,917	23,426	(491)	U
SS IV - Salaries & Wages	3,050	0	(3,050)	U		22,332	0	(22,332)	U
SS IV - OT Labor	242	0	(242)	U		1,761	0	(1,761)	U
Total storage & vaporization operations	114,882	95,176	(19,707)	U		835,984	699,253	(136,731)	U

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

<b>COST OF SALES</b>	Feb 2023 (Actual)	Feb 2023 (Budget)	Feb 2023 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2023 (Actual)	YTD 2023 (Budget)	YTD 2023 (Variance)	Fav (F)/ Unfav (U)
<b>Storage &amp; vaporization maintenance</b>									
<b>Storage Site I</b>									
SS I - Maint of Cont Rm	150	2,175	2,025	F		1,050	17,400	16,350	F
SS I - Maint of Boiler Rm	12,050	167	(11,884)	U	(10)	12,080	1,333	(10,747)	U
SS I - Maint S&I - Yard	0	375	375	F		838	3,000	2,162	F
SS I - Mnte of LNG Tank 1	0	63	63	F		1,289	500	(789)	U
SS I - Mnte of LNG Tank 2	0	63	63	F		0	500	500	F
SS I - Mnte of LNG Tank 3	0	63	63	F		0	500	500	F
SS I - Mnte of LNG Tank 4	0	63	63	F		0	500	500	F
SS I - Mnte Vapor Equip	0	125	125	F		88	1,000	912	F
SS I - Mnte of Meter - Main	0	150	150	F		1,100	1,200	100	F
SS I - Mnte of Meter - Bypass	0	83	83	F		236	667	431	F
SS I - Mnte of Odorant	0	1,333	1,333	F		210	2,667	2,456	F
SS I - Maint Other Equip	0	500	500	F		4,898	4,000	(898)	U
SS I - Maint Testing Equip	0	125	125	F		957	1,000	43	F
SS I - Salaries & Wages	1,970	2,710	740	F		8,548	21,680	13,132	F
SS I - Maint OT Labor	342	48	(294)	U		1,928	387	(1,541)	U
<b>Storage Site III</b>									
SS III - Maint of Cont Rm	6,802	2,548	(4,254)	U		15,323	20,381	5,058	F
SS III - Maint of Boiler Rm	1,200	417	(783)	U		8,525	3,333	(5,192)	U
SS III - Maint S&I - Yard	0	375	375	F		1,116	3,000	1,884	F
SS III - Mnte of LNG Tank 1	0	250	250	F		1,624	500	(1,124)	U
SS III - Mnte Vapor Equip	0	250	250	F		4,983	2,000	(2,983)	U
SS III - Mnte of Meter - Main	0	250	250	F		276	2,000	1,724	F
SS III - Mnte of Odorant	0	667	667	F		451	5,333	4,883	F
SS III - Maint Tank LNG Pumps	0	0	0	F		25,195	0	(25,195)	U
SS III - Maint Boiloff Compressors	0	1,250	1,250	F		12,274	15,000	2,726	F
SS III - Maint Other Equip	756	542	(214)	U		15,232	4,333	(10,898)	U
SS III - Maint Testing Equip	5,093	167	(4,926)	U		7,365	1,333	(6,032)	U
SS III - Salaries & Wages	10,352	3,192	(7,160)	U	(11)	45,465	25,538	(19,927)	U
SS III - Maint OT Labor	191	222	31	F		582	1,774	1,193	F
<b>Storage Site IV</b>									
SS IV - Maint of Cont Rm	3,807	1,200	(2,607)	U		6,781	9,600	2,819	F
SS IV - Maint of Boiler Rm	0	292	292	F		3,029	2,333	(696)	U
SS IV - Maint S&I - Yard	2,815	375	(2,440)	U		6,997	3,000	(3,997)	U
SS IV - Mnte of LNG Tank 1	0	83	83	F		0	667	667	F
SS IV - Mnte of LNG Tank 2	0	83	83	F		0	667	667	F
SS IV - Mnte Vapor Equip	0	125	125	F		330	1,000	670	F
SS IV - Mnte of Meter - Main	0	125	125	F		80	1,000	920	F
SS IV - Mnte of Odorant	0	542	542	F		446	4,333	3,887	F
SS IV - Maint Other Equip	0	208	208	F		638	1,667	1,029	F
SS IV - Maint Testing Equip	0	21	21	F		669	167	(502)	U
SS IV - Salaries & Wages	462	0	(462)	U		7,253	0	(7,253)	U
SS IV - Maint OT Labor	0	0	0	F		68	0	(68)	U
Total storage & vaporization maintenance	45,989	21,224	(24,765)	U		197,924	165,293	(32,631)	U
<b>Talkeetna maintenance</b>									
Maint - Equip Materials	323	500	177	F		6,307	4,000	(2,307)	U
Maint - Small Tools	0	21	21	F		0	167	167	F
Maint - Salaries & Wages	0	0	0	F		1,350	0	(1,350)	U
Total Talkeetna maintenance	323	521	198	F		7,657	4,167	(3,490)	U

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

	Feb 2023 (Actual)	Feb 2023 (Budget)	Feb 2023 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2023 (Actual)	YTD 2023 (Budget)	YTD 2023 (Variance)	Fav (F)/ Unfav (U)
<b>COST OF SALES</b>									
<b>Engineering</b>									
Eng Office & Computers	2,203	583	(1,620)	U		5,303	4,667	(636)	U
Eng - Outside Services - General	0	2,083	2,083	F		5,578	16,667	11,089	F
Eng - Travel	0	1,167	1,167	F		1,681	9,333	7,653	F
Eng - Training & Seminars	0	938	938	F		1,555	7,500	5,945	F
Eng - Dues & Subscriptions	833	1,083	250	F		6,767	8,667	1,900	F
Eng - Salaries & Wages	8,785	28,376	19,591	F	(12)	80,132	227,007	146,875	F
Eng - OT Labor	173	604	432	F		1,825	4,834	3,009	F
Total engineering	11,994	34,834	22,840	F		102,840	278,674	175,834	F
<b>Customer Service</b>									
Cust Accts - Billing General Expense	12,274	9,716	(2,558)	U		55,657	77,728	22,072	F
Cust Accts - Doubtful Accounts	4,167	4,167	0	F		33,333	33,333	0	F
Cust Accts - Public Awareness Expense	1,606	1,042	(564)	U		7,283	8,333	1,050	F
Cust Accts - Sales Expense - Materials	0	417	417	F		1,246	3,333	2,088	F
Cust Accts - Sponsorships and Donations	0	417	417	F		0	3,333	3,333	F
Cust Accts - Office Supplies & Expense	0	292	292	F		50	2,333	2,284	F
Cust Accts - Employee Benefits - Appreciation	4,126	2,500	(1,626)	U		11,455	20,000	8,545	F
Cust Accts - Travel	1,006	625	(381)	U		3,632	5,000	1,368	F
Cust Accts - Dues and Memberships	0	250	250	F		0	2,000	2,000	F
Cust Accts - Meals & Entertainment	8	375	367	F		1,752	3,000	1,248	F
Cust Accts - Training & Seminars	0	417	417	F		1,490	3,333	1,843	F
Cust Accts - Salaries & Wages	16,684	15,250	(1,434)	U		130,381	126,087	(4,293)	U
Total customer services	39,871	35,466	(4,405)	U		246,279	287,816	41,537	F
<b>Depreciation</b>	419,756	420,201	445	F		3,398,683	3,361,609	(37,074)	U
<b>Amortization</b>	38,529	38,529	0	F		308,234	308,235	1	F
Total cost of sales	2,786,484	2,756,776	(29,708)	U		17,907,037	18,559,870	652,833	F
<b>Administration &amp; General</b>									
Administrative Salaries	70,951	70,951	0	F		578,578	567,611	(10,967)	U
Administrative Wages	12,608	13,892	1,283	F		100,663	111,133	10,470	F
Administrative PTO Salaries and Wages	2,305	572	(1,734)	U		18,182	4,573	(13,608)	U
Administrative Holiday Salaries and Wages	0	0	0	F		6,086	4,116	(1,970)	U
Administrative OT Wages	1,458	1,884	426	F		8,185	15,071	6,885	F
Taxes Other than Income Taxes	19,184	20,233	1,048	F		137,900	161,861	23,961	F
Administrative Employee Benefits	4,844	7,315	2,471	F		62,766	58,522	(4,243)	U
Admin & general expenses									
Office Supplies & Expense	4,297	2,846	(1,451)	U		27,583	22,764	(4,819)	U
Postage & Mailing Exp	900	767	(133)	U		10,448	6,133	(4,315)	U
Outside Services - General	6,546	8,333	1,788	F		45,498	66,667	21,169	F
Outside Services - Legal	5,171	6,250	1,079	F		76,348	50,000	(26,348)	U
Outside Services - Accounting	1,213	461	(751)	U		39,297	44,289	4,992	F
Property Insurance - Equipment	51,918	55,552	3,634	F		415,343	444,417	29,074	F
Property Insurance - Auto	4,470	4,340	(130)	U		34,798	34,719	(79)	U
General Liability Insurance	17,643	18,878	1,235	F		141,143	151,023	9,880	F
Workers Compensation Insurance	3,289	6,570	3,281	F		29,935	52,558	22,622	F
Employee Benefits - Health Insurance	28,715	19,745	(8,971)	U	(13)	221,781	157,957	(63,824)	U
Employee Benefits - Union	1,392	1,375	(17)	U		6,461	11,000	4,539	F
Telephone & Communication	3,294	2,964	(330)	U		25,245	23,715	(1,529)	U
Misc General Expenses	0	722	722	F		(55)	5,772	5,827	F
Travel	0	2,500	2,500	F		9,338	20,000	10,662	F
Advertising - Public Notices	923	527	(397)	U		3,759	4,212	453	F
Dues and Subscriptions	1,579	1,720	141	F		17,345	13,762	(3,583)	U
Property Tax	1,042	959	(83)	U		8,333	8,322	(11)	U
Meals & Entertainment	225	467	242	F		6,663	3,733	(2,930)	U
Utilities - Office	3,718	5,238	1,520	F		26,159	29,618	3,459	F
Training & Seminars - Admin	1,075	1,042	(33)	U		5,024	8,333	3,309	F
General Maintenance Building	3,297	625	(2,672)	U		28,018	5,000	(23,018)	U
Maintenance of Computers	5,943	3,086	(2,857)	U		36,307	24,691	(11,616)	U
Total administration & general	258,001	259,812	1,811	F		2,127,133	2,111,574	(15,559)	U
Total cost of sales and administration & general	3,044,485	3,016,588	(27,897)	U		20,034,170	20,671,444	637,274	F



**Variance to Budget Footnotes  
February 28, 2023**

- (1) - Gas liquefaction expenses - Maint - BTB 2, Amine & Glycol, Cascade, Boost Compressor and Feed Gas Compressor was \$5K lower, collectively, than budget due to timing difference between actual and budgeted maintenance expense. During the budget process, best efforts are made to estimate the time when major overhauls and services will be preformed. In some cases, the time of services is not estimated and as a result the budgeted cost is evenly distributed across the entire fiscal year. These situations causes what we classify as a timing difference.
- (2) - Gas liquefaction expenses - Maint - Trans Trailer T-9 expense was \$20K higher than budgeted. The cost is related to shipping cost, return trip, related to warranty work on the trailer. The shipping was not covered by the warranty.
- (3) - Gas liquefaction expenses - Liquefaction Gas Usage expense was \$29K higher than budget due to higher cost per Mcf. See below table. The higher cost was caused by lower efficiency at the plant during January. All liquefaction gas used during a month is added to inventory as a cost of inventory, and when inventory is used the cost is allocated, on a First In First Out basis, to those sales. For the month of February, costs from December and January were allocated.

	Mcf's	\$ Mcf	Actual Cost	Mcf's	\$ Mcf	Budget Cost	Differences
Total Sales	145,884	\$1.16	\$ 169,590	144,958	\$0.96	\$ 138,611	\$ (30,979)
Gasification (Site I, III, IV)	3,291	\$1.16	\$ 3,826	4,349	\$0.96	\$ 4,159	\$ 332
Company Use	172	\$1.16	\$ 200	165	\$0.96	\$ 158	\$ (42)
Unaccounted for gas	(1,701)	\$1.16	\$ (1,978)				\$ 1,978
<b>Charged to COGS</b>	<b>147,646</b>	<b>\$1.16</b>	<b>\$ 171,639</b>	<b>149,472</b>	<b>\$0.96</b>	<b>\$ 142,927</b>	<b>\$ (28,712)</b>

- (4) - Gas liquefaction - Salaries & Wages - expense was \$16K lower than budget largely due to operator vacancies.
- (5) - Distribution operations - Common - Salaries & Wages expense was \$13K lower than budget due to labor being allocated to other departments.
- (6) - Fairbanks distribution maintenance - Common - Light Truck expense was \$6K higher than budget largely due to an engine repair to service truck #26. The repair was not budgeted.
- (7) - Storage & vaporization operations - SS I, SS III, SS IV - gas usage expense, collectively, was \$13K lower than budget largely due to better efficiency than budgeted. The budget anticipated 3% of the total sendout to the distribution system was needed for vaporization gas, the actual vaporization gas needed was 2.3% of the total sendout for February.
- (8) - Storage & vaporization operations - SS III - Outside Ser. - General expense was \$7K higher than budget due to timing difference between actual and budgeted expenses.
- (9) - Storage & vaporization operations - SS III - Salaries & Wages expense was \$8K higher than budget due to the budget allocations for Storage Site III operations wages is not consistent with how the operators are now coding their wages. Currently three operators and one supervisor are assigned to the storage site and code to SS III as their primary. The budget assumes only a small portion of the operators and supervisors time is spent at the storage sites and the primary wage code is distribution. We expect this trend to continue throughout the remainder of the year. This will be addressed in the next budget cycle.



**Variance to Budget Footnotes**  
**February 28, 2023**

- (10) - Storage & vaporization maintenance - SS I - Maint of Boiler Rm expense was \$12K higher than budget due to inspection, tear down, and replacement of a boiler section.
  
- (11) - Storage & vaporization maintenance - SS III - Salaries & Wages expense was \$7K higher than budget due to increase maintenance activities relating to the tank and vaporization equipment.
  
- (12) - Engineering - Salaries & Wages expense was \$20K lower than budget due to a portion of wages being capitalized for mains and services construction, and a vacant process engineer position.
  
- (13) - Administration & General - Employee Benefits - Health Insurance expense was \$9K higher than budget due to employees opting to enroll in a higher costing plan (family vs single), 3 employees, and 2 additional employees, new hires, opting to enroll in health insurance that was not budgeted. It is anticipated that this variance will continue throughout the year.

Interior Alaska Natural Gas Utility  
Financial and Operating Report  
Year to Date as of  
February 28, 2023

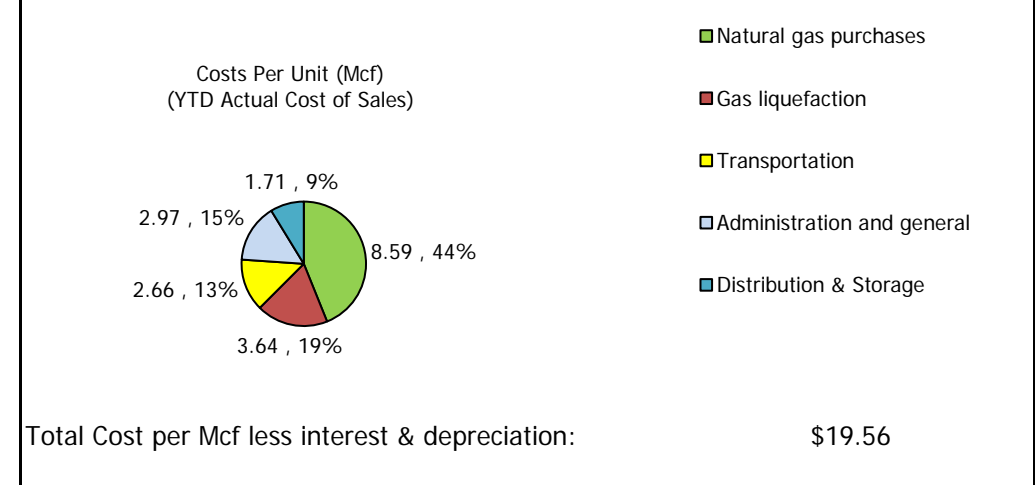
**Statement of Revenues, Expenses and Change in Net Position**

	YTD Actual	\$Mcf	YTD Budget	\$Mcf	Notes	% Difference Mcf
1 Mcf's Sales	834,753		814,785			2.5%
2 Revenues	18,477,716	22.14	18,133,246	22.26		-0.54%
3						
4 Cost of sales:						
5 Natural gas purchases	7,172,026	8.59	7,998,972	9.82		-12.5%
6 Gas liquefaction	1,896,105	2.27	2,162,254	2.65		-14.4%
7 Liquefaction electricity	1,138,993	1.36	935,128	1.15		18.9%
8 Transportation	2,221,830	2.66	1,841,564	2.26		17.8%
9 Cost of Sales	12,428,953	14.89	12,937,919	15.88		-6.2%
10 <b>Gross Margin</b>	6,048,763	7.25	5,195,327	6.38		13.6%
11						
12 Operating expenses:						
13 Distribution	380,484	0.46	516,904	0.63		-28.2%
14 Storage	1,041,565	1.25	868,713	1.07		17.0%
15 Engineering	102,840	0.12	278,674	0.34		-64.0%
16 Customer service	246,279	0.30	287,816	0.35		-16.5%
17 Administration and general	2,127,133	2.55	2,111,574	2.59		-1.7%
18 Interest expense	430,770	0.52	431,217	0.53		-2.5%
19 Depreciation and amortization	3,706,917	4.44	3,669,844	4.50		-1.4%
20 Total operating expenses	8,035,987	9.63	8,164,742	10.02		-3.9%
21 <b>Operating income (loss)</b>	(1,987,224)	(2.38)	(2,969,415)	(3.64)		34.7%
22						
23 Non operating income (expense)						
24 Interest and dividend income	67,894	0.08	3,001	0.00		2162.6%
25 Net proceeds of bond financing	0	0.00	0	0.00		NA
26 Other income (expense)	10,603	0.01	0	0.00		NA
27 Total non operating income (expense)	78,497	0.09	3,001	0.00		NA
						% Difference
28 <b>Change in net position</b>	(1,908,727)		(2,966,414)			35.7%
29 EBIDA	2,150,463	2.58	1,131,646	1.39	(1)	90.0%

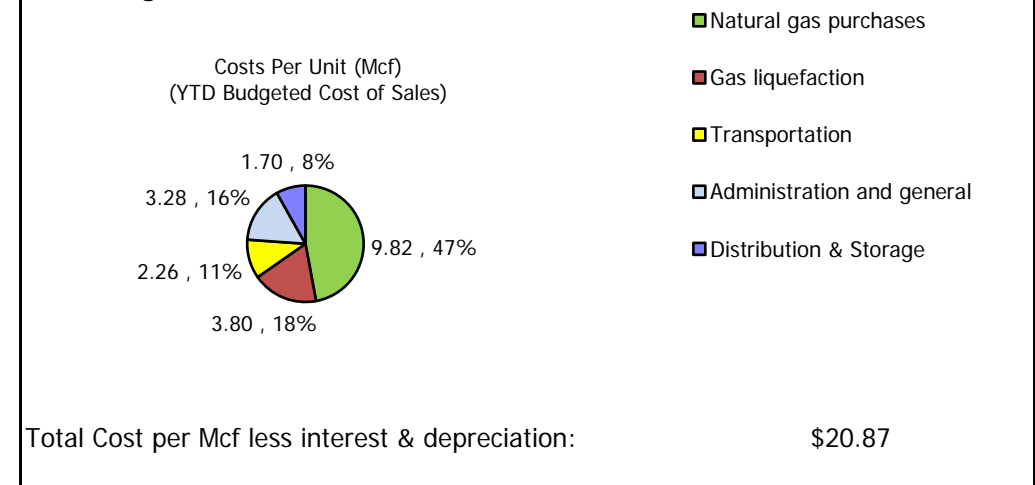
Notes:

(1) Earnings Before Interest, Depreciation and Amortization (EBIDA)

**YTD Actual**



**YTD Budget**

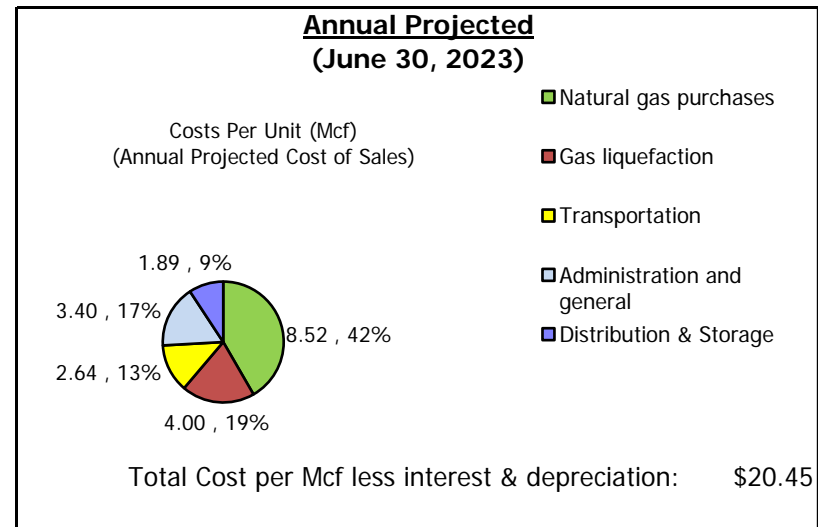
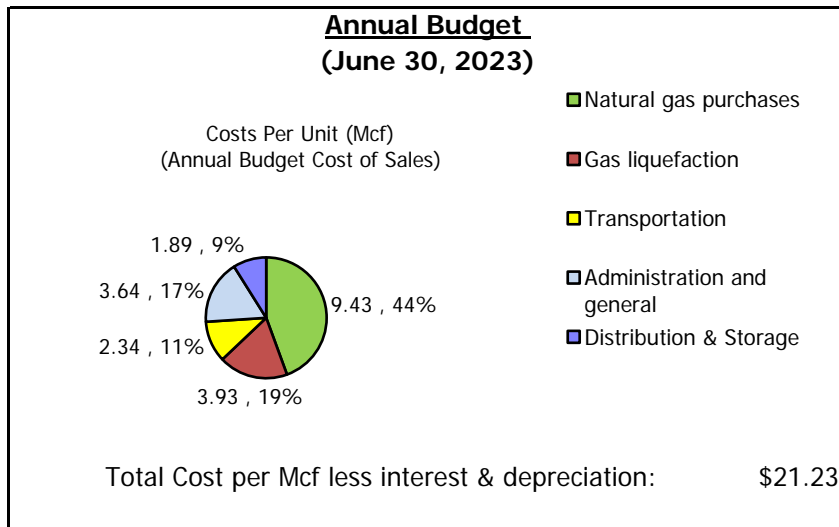
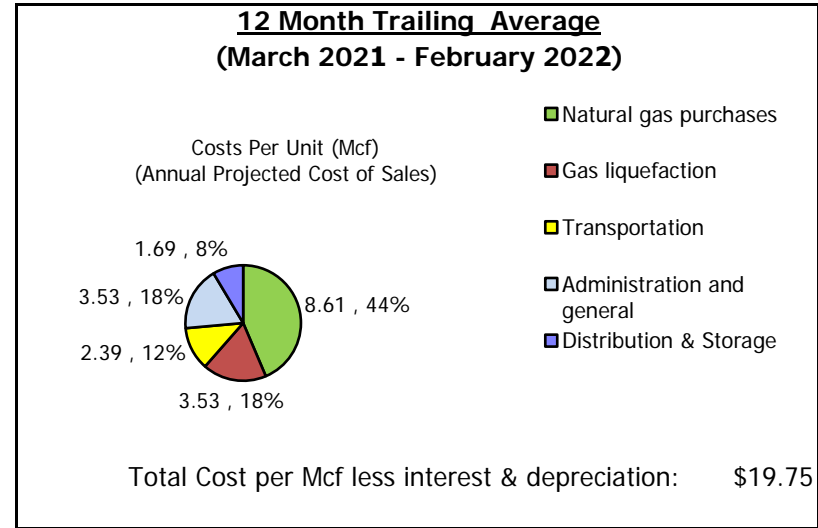
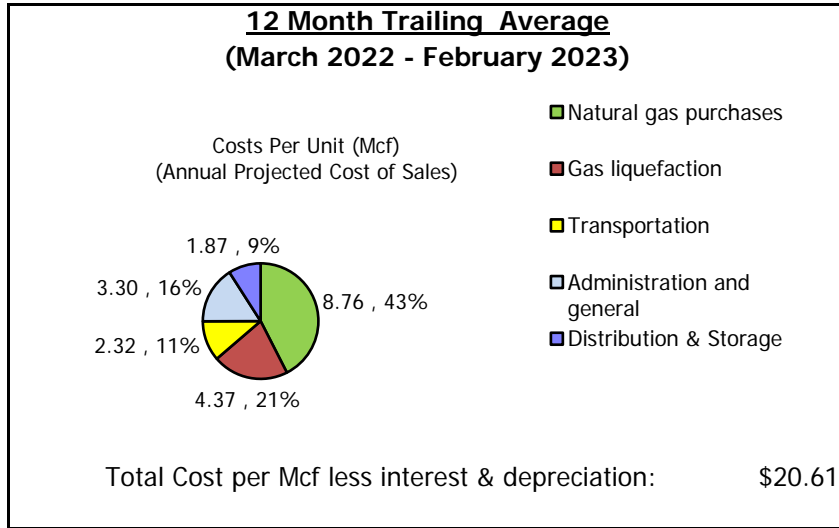


**LNG Inventory**

	1/31/2023	2/28/2023
Storage Site I	58,770	54,734
Storage Site III	2,477,873	2,100,822
Storage Site IV	26,169	33,106
<b>Total Gals LNG</b>	<b>2,562,812</b>	<b>2,188,662</b>

(374,150)

Interior Alaska Natural Gas Utility  
 Financial and Operating Report  
 Year to Date as of  
 February 28, 2023



	Actual	Budgeted		% Difference
<b>Key Financial Metrics:</b>				
Working capital cash balance	\$ 3,962,948	\$ 2,988,356	●	32.6%
Current ratio (Working capital)	3.9	4.8	●	-18.8%
Quick ratio	2.4	2.6	●	-5.7% (Cash+A/R)/Current Liabilities)
Debt coverage ratio (Annual)	3.5	1.9	●	77.1% (Loan Covenants 1.2/Future Financing 1.35)

Interior Alaska Natural Gas Utility  
 IGU Financial Summary:  
 Income Statement and Funds Available for  
 Debt Service  
 Base Case - 07/27/2020 (Last Board Review)

Line No.	ITEM	FY 2023 (Proforma)	FY 2023 (Projected)	Difference
			(Unaudited)	
	Total Customers	2143	2358	215
1	Gas Sales (MCF)	1,426,188	1,117,950	(308,238)
2				
3	Average Rate Revenue per MCF (\$/MCF)	\$ 18.99	\$ 22.11	\$ 3.12
4				
5	Operating Revenues			
6	Sales/Charges for Service	\$ 27,078,316	\$ 24,719,108	\$ (2,359,208)
7	Other Income	-	-	-
8	Total Operating Revenues	\$ 27,078,316	\$ 24,719,108	\$ (2,359,208)
9				
10	Operating Expenses			
11	Cost of Gas (delivered to Fairbanks)*	21,417,107	16,945,330	(4,471,777)
12	ST - Revenues less Cost of Gas [1]	\$ 5,661,209	\$ 7,773,779	\$ 2,112,570
13				
14	Distribution			
15	Storage & Vaporizing	756,741	1,475,587	718,846
16	Distribution Operations	933,309	638,936	(294,373)
17	Customer Accounts	296,589	398,014	101,425
18	Administrative & General/Engineering*	2,225,824	3,407,787	1,181,963
19	ST - Distribution	\$ 4,212,463	\$ 5,920,324	\$ 1,707,861
20				
21	Operating Margin [2]	\$ 1,448,746	\$ 1,853,454	\$ 404,708
22				
23	Non Operating (Revenues) Expenses			
24	Depreciation and Amortization	7,452,553	5,541,839	(1,910,714)
25	Interest Expenses (Excludes Capitalized Interest)	96,147	156,365	60,218
26	Interest/Investment Earnings/Other Income	(265,705)	(203,326)	62,379
27	ST - Non-Operating Items	\$ 7,282,995	\$ 5,494,878	\$ (1,788,117)
28				
29	Net Income [3]	\$ (5,834,249)	\$ (3,641,424)	\$ 2,192,825
30				
31	Funds Available for Debt Service [4]	\$ 1,714,451	\$ 2,056,780	\$ 342,329
32				
33	Debt Service			
34	SETS			
35	Bonds			
36	Commercial Debt	454,201	595,749	141,548
37	Total Debt Service	\$ 454,201	\$ 595,749	\$ 141,548
38				
39	Debt Service Coverage - SETS [5]	-	-	
40	Debt Service Coverage - Bonds [6]	-	-	
41	Debt Service Coverage - Commercial [7]	3.77	3.45	
42	Total Debt Service Coverage - Combined [8]	3.77	3.45	
43				
44	Depreciable Assets	\$ 221,078,977	\$ 179,409,003	\$ (41,669,974)

Footnotes:

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

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

\* The Proforma includes the LNG Plant Administrative & General expenses of approximately \$530K in the Cost of Gas while the Projection includes Administrative & General expenses inclusive in Administrative & General/Engineering expense line.

# Public Comment

*Limited to 3 minutes*

# Tariff Review

**Suggested Motion:** move to approve the Tariff as presented.

## Summary of management-recommended changes to the IGU Tariff

**Tariff page and section:** 1 | Cover page

**Old Text:** 3408 International Way, Fairbanks, AK 99701

**New Text:** 2525 Phillips Field Road Fairbanks, AK 99709

**Rationale for Changes:** Updating the address

**Tariff page and section:** 7 | Service area map

**Old Text:** NA - map

**New Text:** NA - map

**Rationale for Changes:** Updated the service area map to a better, higher visibility version. No changes were made to the service territory.

**Tariff page and section:** 11 | 201

**Old Text:** Company (definition of)

**New Text:** Company or Utility

**Rationale for Changes:** IGU is referred to as “Company” or as “Utility” throughout the document. Bringing clarity to the definition.

**Tariff page and section:** 14 | 303

**Old Text:** “For domestic purposes, the average pressure normally maintained at a meter on the Customer's service is seven (7) inches of water column (w.c.) and gas will be supplied at not less than two (2) inches and at not more than eight (8) inches of w.c. pressure.

**New Text:** The gas pressure provided to the meter on the Customer's gas service piping is seven (7) inches of water column (w.c.) or two (2) psi. Gas may be supplied at higher pressure at request of a Customer upon approval of the Company.

**Rationale for Changes:** Clarifying that IGU provides two standard pressures – 7 inch WC or 2 psi, with higher pressure available per request.

**Tariff page and section:** 16 | 401

**Old Text:** Application for service may be made at any business office of the Company, electronically or by mail: Interior Alaska Natural Gas Utility; 3408 International Way; Fairbanks, AK 99701

**New Text:** Application for service may be made at any business office of the Company, electronically or by mail: Interior Alaska Natural Gas Utility; 2525 Phillips Field Road; Fairbanks AK 99709; info@interiorgas.com

**Rationale for Changes:** Allowing for electronic applications; changing the address; including an email address.

**Tariff page and section:** 16 | 401 (e)

**Old Text:** e. Use to be made of service and description of appliances.

**New Text:** e. Description and BTU load of appliances.

**Rationale for Changes:** To clarify the requirements for the application.

**Tariff page and section:** 17 | 401

**Old Text:** The application is only a request for services and does not bind the Company to serve, nor does it bind the Customer to take service for a longer period than the minimum requirements of the Agreement for Service.

**New Text:** : The application is only a request for services and does not bind the Company to serve, nor does it bind the Customer to take service.

**Rationale for Changes:** IGU does not currently have a minimum requirement of the agreement for service. The change deletes the language suggesting we do.

**Tariff page and section:** 17 | 403 (a)

**Old Text:** <has limited ways for a customer to establish credit>

**New Text:** <adds additional ways for a customer to establish credit, to include two additions: ownership of the real property to be served or the presence of a Landlord Tenant Agreement>

**Rationale for Changes:** To simplify customer experience without exposing the utility to additional risk.

**Tariff page and section:** 17 | 403 (b) and (c)

**Old Text:** The amount of deposit required to establish or re-establish credit shall “not exceed twice the estimated maximum average monthly for the premises for which service is requested.”

**New Text:** The amount of deposit required to establish or re-establish credit shall not exceed \$100.

**Rationale for Changes:** (1) this is consistent with or comparable to the practice of other utilities in the area, and (2) keeping the deposit amount under \$100 keeps it under the threshold under which IGU would be required to pay interest on deposits per AS 42.05.365.

**Tariff page and section:** 20 | 405

**Old Text:** The Customer shall give the Company ninety (90) days’ advance notice of intention to increase Customer’s gas requirements materially so that adequate facilities may be provided.

**New Text:** The Company will furnish equipment of such size and type that it determines will adequately serve the expected deliverability requirements of the premise at the time of installation based upon the information supplied by the Customer. The Customer shall give the Company ninety (90) days’ advance notice of intention to increase Customer’s gas requirements materially so that adequate facilities may be provided. The Company may charge the customer for costs associated with any such work performed.

**Rationale for Changes:** To better delineate the responsibilities for installing natural gas equipment of such size that will satisfy customers’ requirements. To establish a way for the company to charge for upsizes.

**Tariff page and section:** 23 | 408 (a) (4) (i)

**Old Text:** None

**New Text:** (i) The Company shall not be liable to the Customer for any damage caused by the discontinuance of service.

**Rationale for Changes:** To clarify that the company will not be liable for damages caused by discontinuance of service

**Tariff page and section:** 25 | 408 (h)

**Old Text:** A re-connection charge of fifty dollars (\$50.00) may be made and collected by the Company before service is renewed where service has been discontinued for non-payment of bills...

**New Text:** A re-connection charge of one hundred dollars (\$100.00) may be made and collected by the Company before service is renewed where service has been discontinued for non-payment of bills...

**Rationale for Changes:** To change the amount charged to one that better covers the company's expenses incurred during a reconnect.

**Tariff page and section:** 25-26 | 409

**Old Text:** The Company shall not be liable for any injury, casualty or damage resulting in any way from the supply or use of gas or from the presence or operation of the Company's structures, pipes, or devices on Customer's premises, except for injuries or damages that result from gross negligence by the Company.

**New Text:** The Company shall not be liable for any injury, casualty or damage resulting in any way from the supply or use of gas or from the presence or operation of the Company's structures, pipes, or devices on Customer's premises.

**Rationale for Changes:** To decrease company liability

**Tariff page and section:** 26 | 412

**Old Text:** Payment for the full amount of the statement, including taxes or fees applicable thereon, will be made to Interior Alaska Natural Gas Utility at its office, on or before the 1st business day after the 25th calendar day following the billing date.

**New Text:** Payment for the full amount of the statement, including taxes or fees applicable thereon, will be made to Interior Alaska Natural Gas Utility, on or before the 1st business day after the 25th calendar day following the billing date.

**Rationale for Changes:** To create language inclusive of electronic, mailed in, or other payments where the transaction does not happen in person.

**Tariff page and section:** 28 | 601 (a) (2)

**Old Text:** <describes the fees for excess footage>

**New Text:** <makes reference to the Schedule of Non-Recurring Fees and Charges for the list of excess forage fees>

**Rationale for Changes:** To remove duplicative information

**Tariff page and section:** 30 | 601 (d)

**Old Text:** All meters will be installed by the Company in some convenient place approved by the Company upon the Customer's premises, and so placed as to be at all times accessible for inspection, reading and testing.

**New Text:** All meters will be installed by the Company in some convenient place approved by the Company upon the Customer's premises, and so placed as to be at all times accessible for inspection, reading and testing. While the Company will approve the location of and install the Company-owned facilities located on the Customer's premises, it is the responsibility of the Customer to exercise reasonable care to prevent damage to the facilities (including damage by snow and ice from roofs or vehicular damage). The Customer may be held responsible for any such injury or damage as further provided in Section 606 below. The Customer must notify the Company immediately if any damage, defect or leakage of gas is discovered.

**Rationale for Changes:** To further clarify that, while the meter is the property of the Company, it is the customers' responsibility to prevent damage and to immediately notify the Company if damage is detected. To note that the Customer may be held responsible for damages.

**Tariff page and section:** 45 | 802

**Old Text:** The Company shall not be liable for any loss, damage, or expense to any Customer occasioned by any suspension, curtailment, or discontinuance by the Company for any of the reasons set forth in these Rules and Regulations, or occasioned by any failure to supply gas according to the terms of the Agreement for Service or by interruption of the supply if such failure or interruption is due to storm, lightning, fire, flood, drought, strike, act of God, or any cause beyond the control of the Company, or any cause.

**New Text:** The Company shall not be liable for any loss, damage, or expense to any Customer occasioned by any suspension, curtailment, or discontinuance of gas supply by the Company for any reason or cause, or occasioned by any failure to supply gas according to the terms of the Agreement for Service for any reason or cause or by interruption of the gas supply for any reason or cause.

**Rationale for Changes:** To clarify language and limit the Company's liability.

**Tariff page and section:** 46 | 901

**Old Text:** [...] may be given by written notice, either delivered at the address hereinafter described in these Rules and Regulations, or properly enclosed in a sealed envelope and deposited in any United States Post Office in the territory served by the Company [...]

**New Text:** [...] may be given by mail, electronic mail, message service, telephone, facsimile, personal visit, or by leaving a notice (door tag) at the service address, or as specifically provided by the rule, agreement, contract, or rate schedule. If mailed, the notice must be properly enclosed in a sealed envelope and deposited in any United States Post Office in the territory served by the Company [...]

**Rationale for Changes:** To include other ways of communicating with customers.

**Tariff page and section:** 46 | 902

**Old Text:** Any notice from any Customer to the Company under any of the Company's schedules of rates, or under and pursuant to the effective Rules and Regulations of the Company may be given to the Company by delivering written notice in person, or by an authorized agent, at the Company's office, or by written notice properly enclosed in a sealed envelope and addressed to the Company's office, postage prepaid, and deposited in any United States Post Office in the territory served by the Company.

**New Text:** Any notice from any Customer to the Company under any of the Company's schedules of rates, or under and pursuant to the effective Rules and Regulations of the Company may be given to the Company by delivering written notice in person, or by an authorized agent, at the Company's office, or by mail, electronic mail, telephone, facsimile, as available via the Customer's web self service account, or as specifically provided by the rule, agreement, contract, or rate scheduled. If mailed, the notice must be properly enclosed in a sealed envelope and addressed to the Company's office, postage prepaid, and deposited in any United States Post Office in the territory served by the Company. Unless otherwise directed, electronic mail should be addressed to: customerservice@interiorgas.com

**Rationale for Changes:** To include other ways for the customers to communicate with the Company

**Tariff page and section:** 56 | Schedule F | 9.1 *and* 68 | Schedule G | 9.1

**Old Text:** Interior Alaska Natural Gas Utility | 3408 International Way | Fairbanks, Alaska, 99701

**New Text:** 2525 Phillips Field Road | Fairbanks, Alaska, 99709 | info@interiorgas.com | Fax: (907) 457-8111

**Rationale for Changes:** To update the address; to include an email address

**Tariff page and section:** 73 | 601 (a) (1)

**Old Text:** Old application fees: \$225 for residential lines and \$350 for commercial lines

**New Text:** New application fees: \$350 for residential lines and \$500 for commercial lines

**Rationale for Changes:** While IGU experienced price pressure for all areas related to new service installations, to include materials, labor, equipment cost, materials cost, etc., the fees have not been adjusted to reflect that. An average residential line costs \$4,700. An average commercial line costs \$6,500. The new proposed costs would cover approximately 7.5% of total construction costs, and IGU would continue to significantly subsidize the cost of installation. Note: management recommends the new fees, if approved, to be effective for the 2024 construction season.

**Tariff page and section:** 73 (a) (2)

**Old Text:** Old excess footage fees

**New Text:** New excess footage fees

**Rationale for Changes:** To record actual expenses incurred by the company for excess footage. Note: management recommends the new fees, if approved, to be effective for the 2024 construction season.

**Tariff page and section:** 74 | Schedule A

**Old Text:** This rate applies to natural gas service to any Customer for all domestic purposes in individual private residences and in separately metered individual family apartments, but not for any other application.

**New Text:** This rate applies to natural gas service to any Customer for all domestic purposes in individual private residences or properties and in separately metered individual family apartments, but not for any other application.

**Rationale for Changes:** To add language inclusive of residential properties that are not homes, but serve a residential purpose (i.e. storage units)


**Tariff page and section:** 74 | Schedule A; 75 | Schedule B; 76 | Schedule C; 79 | Schedule F; 80 | Schedule G

**Old Text:** Old Rates

**New Text:** New Rates

**Rationale for Changes:** To record the new rates and service charges adopted by IGU Board of Directors on June 7, 2022.

**Deleted:** January 1, 2021

 IGU INTERIOR ALASKA NATURAL GAS UTILITY

# TARIFF

INTERIOR ALASKA NATURAL GAS UTILITY

[2525 Phillips Field Road](#)  
[Fairbanks, AK 99709](#)  
(907) 452-7111  
(907) 457-8111 Fax

**Deleted:** 3408 International Way¶  
Fairbanks, AK 99701¶

RULES AND REGULATIONS

RATE SCHEDULES

Governing the transportation and sale of natural gas pursuant to  
RCA Certificate of Public Necessity No. 753

**Interior Alaska Natural Gas Utility**


Rules and Regulations

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IGU INTERIOR ALASKA NATURAL GAS UTILITY

Schedule F – Large Volume Interruptible Service Rules

Schedule G – Small Volume Interruptible Service Rules

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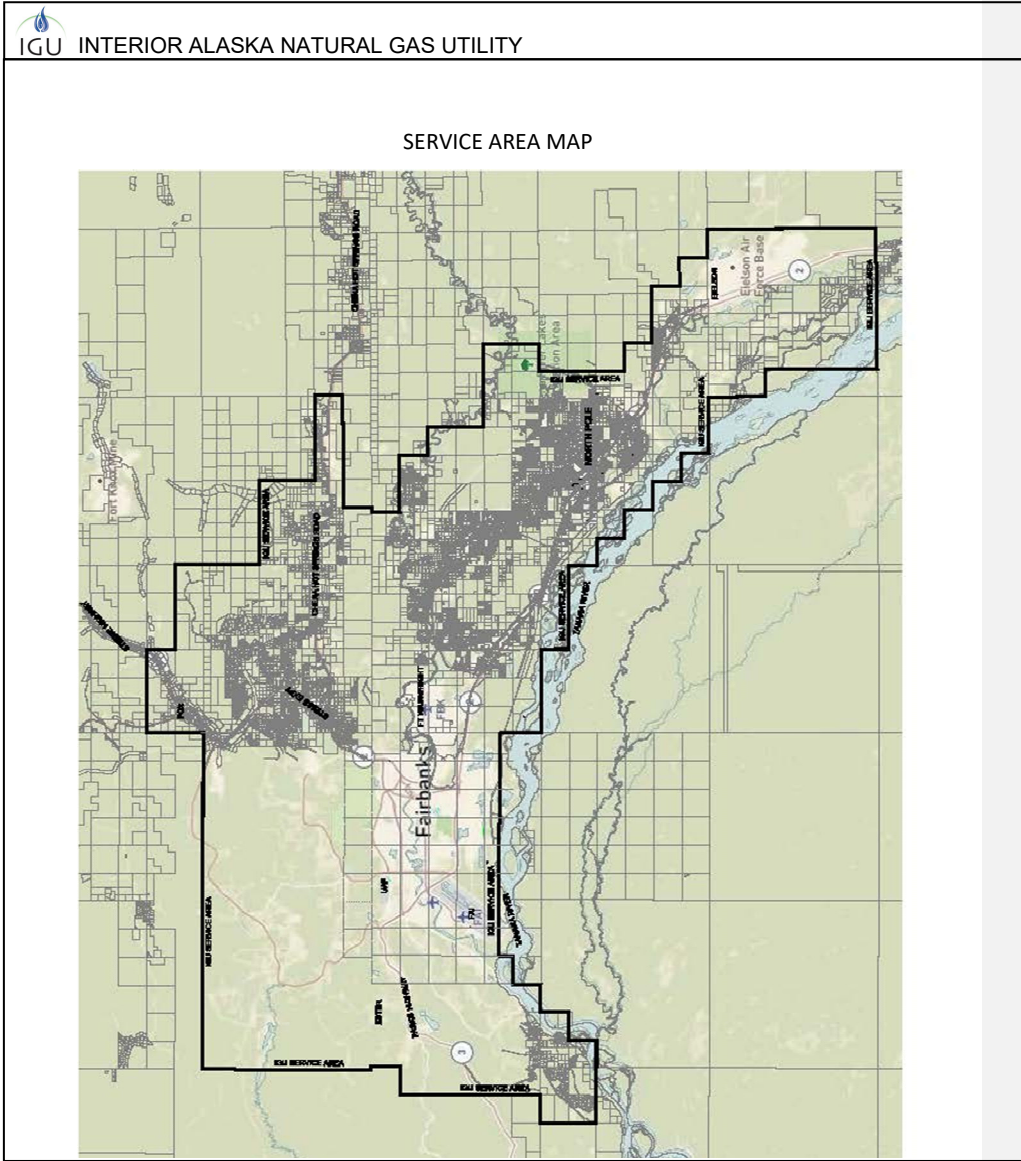
Schedule C – Large Commercial Service

Schedule D – Transportation Service

Schedule F – Large Volume Interruptible Service

Schedule G – Small Volume Interruptible Service

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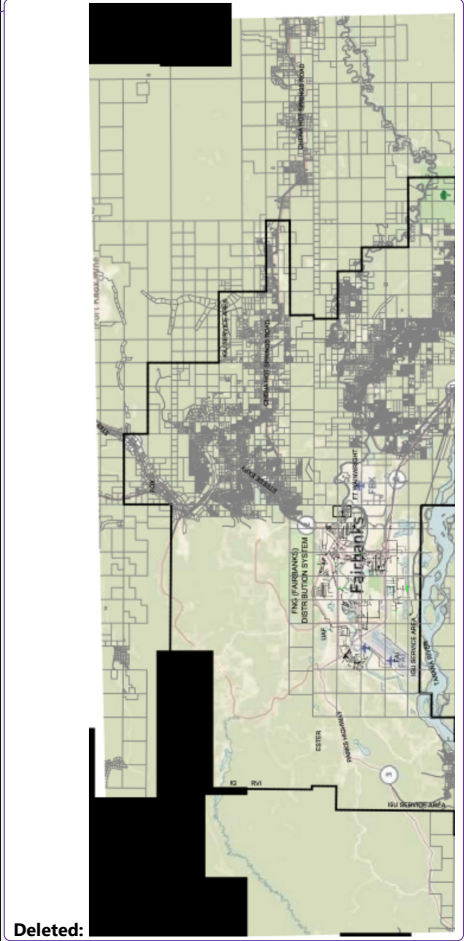
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IGU INTERIOR ALASKA NATURAL GAS UTILITY

DESCRIPTION OF SERVICE AREA

TOWNSHIP	RANGE	SECTION OR PORTION OF SECTION
T1N	R1W	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36
T1N	R2W	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36
T1S	R1W	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, N $\frac{1}{2}$ of 25 - 30
T1S	R2W	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, N $\frac{1}{2}$ 25 N $\frac{1}{2}$ 26, 27, 28, 29, 30, 31, 32, 33
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T2S	R3W	1, 2, 11, 12,
T1N	R1E	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36
T1N	R2E	16, 17, 18, 19, 20, 21, 25, 26, 27, 28, 29, 30, 31, 32

DESCRIPTION OF SERVICE AREA (continued):



 IGU INTERIOR ALASKA NATURAL GAS UTILITY

<u>TOWNSHIP</u>	<u>RANGE</u>	<u>SECTION OR PORTION OF SECTION</u>
T2N	R1E	28, 29, 30, 31, 32, 33, 34, 35, 36
T1S	R1E	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36
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T1S	R3E	29, 30, 31, 32
T2S	R1E	1, 2, 3
T2S	R2E	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 21, 22, 23, 24, 25, 26, 27, 35, 36
T2S	R3E	6, 7, 18, 19, 20, 27, 28, 29, 30, 31, 32, 33, 34, 35
T3S	R3E	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 32, 33, 34, 35, 36

(All the above with reference to the Fairbanks Meridian)

**Deleted:** January 1, 2021



IGU INTERIOR ALASKA NATURAL GAS UTILITY

### Rules and Regulations

#### Section 100 - Territory

These Rules and Regulations shall be applicable to all Customers within the area covered by Interior Alaska Natural Gas Utility's Certificate of Public Convenience and Necessity Number 753 from the Regulatory Commission of Alaska.



IGU INTERIOR ALASKA NATURAL GAS UTILITY

Section 200 - Definitions

The definitions set forth below apply throughout these Rules and Regulations:

201 Company or Utility -

Interior Alaska Natural Gas Utility; its successors and assigns.

202 Customer -

Any individual, partnership, association, public or private corporation or governmental agency being served with or applying for gas service at a specific location or locations on the Company's system.

203 Point of Delivery –

The point of connection between the outlet connection of the Company's meter and the Customer's piping, unless otherwise specified in the Agreement for Service.

204 Service Connection -

Company's pipes and equipment (including regulator and meter) for delivering gas to the Customer from the Company's gas distribution system. Service connection terminates at point of delivery.

205 Customer's Installation -

In general, all pipes, utilization equipment and apparatus of any kind or nature on Customer's side of the point of delivery (from the outlet connection of the regulating and metering equipment) for receiving gas from Company and for applying or utilizing gas.

 IGU INTERIOR ALASKA NATURAL GAS UTILITY

206 Agreement for Service -

The written agreement or contract between Company and Customer pursuant to which service is supplied and received.

207 British Thermal Unit (BTU) -

The amount of heat required to raise the temperature of one (1) pound of water from fifty-nine degrees (59 degrees F) Fahrenheit to sixty-degrees (60 degrees F) Fahrenheit at a pressure of 14.65 pounds per square inch absolute.

208 Heat Content –

The number of British Thermal Units produced by the combustion, at constant pressure, of one (1) cubic foot of gas at a temperature of sixty degrees (60 degrees F) Fahrenheit and pressure of 14.65 pounds per square inch absolute with air at the same temperature and pressure.

209 MCF-

One thousand (1,000) cubic feet.

210 CCF-


One hundred (100) cubic feet.

211 Deposit-

Funds paid to the Company by a Customer and held by the Company for a certain time and later returned to the Customer if all requirements for a refund are met.

212 Contribution in Aid of Construction-

Funds paid or services provided by the Customer for making additions or modifications to facilities used in the provision of gas service which become the property of the Company. Generally non-refundable.

 IGU INTERIOR ALASKA NATURAL GAS UTILITY

213 Firm Service-

Supply of natural gas to a Customer that will not be interrupted other than for a period of gas shortages as described in Section 801.

214 Interruptible Service-

Supply of natural gas to a Customer that may be interrupted, at the sole discretion of the Company, if the Company believes it has insufficient gas supplies to meet its Firm Service obligations. Interruptible Service is subject to the conditions contained in the rules for Schedule F Service and Schedule G Service.

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Section 300 - Character of Service

301 Type of Gas -

All gas supplied by the Company is natural, as described in paragraphs 302, 303 and 304 below. In case of emergency or for economy of operation, manufactured gas, or a mixture of natural and manufactured gas, or a mixture of methane, propane and air may be supplied.

302 Heating Value-

Company's rates are based on the supplying of natural gas having a heating value of approximately 1,000 British thermal units per cubic foot when such gas is at a temperature of sixty degrees (60°) Fahrenheit and at a pressure of 14.65 pounds per square inch absolute (psia).

The Company reserves the right to designate a higher or lower monthly average heating value. Thereafter, the standard shall be the monthly average until the same is modified in a similar manner.

303 Pressures -

The gas pressure provided to the meter on the Customer's gas service piping is seven (7) inches of water column (w.c.) or two (2) psi. Gas may be supplied at higher pressure at request of a Customer and upon approval of the Company.

**Deleted:** For domestic purposes, the average

**Deleted:** normally maintained at a

**Deleted:** and gas will be supplied at not less than two (2) inches and at not more than eight (8) inches of w.c. pressure

The metered number of cubic feet will be corrected to the volume at a pressure of 14.65 pounds per square inch absolute (psia) and a temperature of sixty degrees (60 degrees F) Fahrenheit before applying the applicable rate.

304 Odorization -

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IGU INTERIOR ALASKA NATURAL GAS UTILITY

The Company will add a standard odorant so that the gas will possess a distinctive odor to the extent that its presence in the atmosphere is readily detectable at concentrations of approximately one fifth, by volume, of that required to produce an explosive mixture.

**Deleted:** January 1, 2021

Section 400 - Customer / Company Relations  
Regarding Service

401 Application for Service -

Application for service may be made at any business office of the Company, [electronically](#) or by mail:

Interior Alaska Natural Gas Utility  
[2525 Phillips Field Road](#)  
[Fairbanks AK 99709](#)  
[info@interiorgas.com](mailto:info@interiorgas.com)

The Company will require each prospective Customer to sign an application for the service desired, and to establish credit.

**Deleted:** 3408 International Way¶  
Fairbanks, AK 99701 ¶

The application should show the following information:

- a. Name, Address and phone number of Applicant.
- b. Location of the premises to be served and phone number.
- c. Date applicant desires service.
- d. Whether or not the premises have previously been supplied.
- e. [Description and BTU load](#) of appliances.
- f. Address for billing and phone number.
- g. Whether the applicant is owner, agent or tenant of the premises.
- h. Such other information as the Company may reasonably require.

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 INTERIOR ALASKA NATURAL GAS UTILITY

The application is only a request for services and does not bind the Company to serve, nor does it bind the Customer to take service.

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402 Service Agreement –

An Agreement for Natural Gas Service or contract for service may be required by the Company, to be signed by the Customer when the Customer signs the application for service. No agreement or service contract is required except:

- a. where such contract is required as set forth in the rate schedule.
- b. to document Section 603, Temporary Service.
- c. where such contract is for Interruptible Service.

Additionally, the Company may offer landlords and property managers a “Landlord Tenant Agreement” where responsibility for the gas service reverts to the landlord or property manager when 1) the tenant refuses to satisfy a delinquency after proper notification, or 2) when a tenant vacates a property and a new tenant has not applied for service.

403 Credit Establishment and Re-establishment -

Each applicant for service will be required to establish or re-establish their credit to the satisfaction of the Company before service will be rendered.

a. Establishment of Credit

The applicant's credit will be deemed established:

- (1) If the applicant makes a cash deposit to secure the payment of any bills for service to be furnished by the Company as provided in paragraph 403 (c), or
- (2) If the applicant has a record of prompt payment for service satisfactory to the Company for twenty-four (24) months or more for previous use at the Company or another utility company, provided such service

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¶  
(2) If Customer furnishes a bond or an undertaking satisfactory to the Company, or ¶

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 INTERIOR ALASKA NATURAL GAS UTILITY

occurred within four (4) years from date of new application for service, or

(3) If the applicant does not have a sufficient payment history with the Company or another utility, the Company will consider credit established if the applicant is the record owner of the real property to be served by the Company (provided the real property is of sufficient value), the Customer is not in bankruptcy or receivership, and the Customer agrees to pay all future bills for service to the location, or

(4) If the applicant is a tenant and the property location has on file with the Company a signed "Landlord Tenant Agreement" by the owner of the property.

b. Re-establishment of Credit

(1) A Customer who fails to pay their bills for gas after a second notice, or after service has been discontinued for non-payment, may be required to pay their bills and re-establish credit by making a cash deposit as established in 403 (c) (1).

**Deleted:** equal to twice the estimated monthly bill for service.

(2) A Customer who pays their bill with a check that is subsequently returned to the Company unpaid by the bank will be deemed to have never paid that bill and subject to the provisions of paragraph 403 (b)(1). The Company shall charge the Customer a \$35.00 handling fee for each such returned check.

c. Amount of Deposit

(1) The amount of the deposit required to establish the credit of an applicant for gas service shall be \$100.

**Deleted:** not exceed twice the estimated maximum average monthly for the premises for which service is requested or being provided. bill for two (2) months' consumption.

(2) Re-establishment of Credit

The amount of the deposit to establish the credit for the same class of gas service, to a Customer whose service has been discontinued for

 IGU INTERIOR ALASKA NATURAL GAS UTILITY

failure to pay bills for such service, shall not exceed twice the estimated average periodic bill for that service.

d. Return of Deposit

The Company will refund the deposit as set forth below:

- (1) When the service is terminated, the Company will refund to the extent the amount held exceeds any balance due the utility for service. All refunds generated by discontinuing service will be returned to the Customer within twenty-five (25) working days after the date of discontinuance.
- (2) Refunds to Customers who have established their credit will be made automatically, in the normal course of business, in the form of a refund check or as a credit to the Customer's account. Under no circumstances shall the utility retain a Customer's deposit longer than two (2) years, provided that the Customer:
  - (a) Has not been delinquent in payment (as stated in section 705) more than once in any twelve (12) consecutive months.
  - (b) Has not been delinquent in the previous six (6) month period.
  - (c) Is not past due at time of review.

These refunds will be made within thirty (30) working days of expiration of the two (2) year period.

404 Rates and Optional Rates -

Complete schedules of all rates in effect will be kept at all times in the Company's offices where they will be available for Customer inspection.

In the event of the adoption by the Company of new or optional schedules or rates, the Company will take such measures as may be practicable to advise those of its Customers who may be affected that such new or optional rates are

 IGU INTERIOR ALASKA NATURAL GAS UTILITY

available.

In the event that a Customer desires to take service under a different rate schedule than that under which Customer is being served, the Customer must submit written notice to the Company at least 15 days prior to the next meter reading date that the Customer desires the new schedule to apply. The new rate will become effective for service rendered after the next regular meter reading.

The Company will not be liable for any refunds for failure of the Customer to take advantage of an optional rate which might reduce Customers cost for service.

405 Changes in Customer's Requirements -

The Company will furnish equipment of such size and type that it determines will adequately serve the expected deliverability requirements of the premise at the time of installation based upon the information supplied by the Customer. The Customer shall give the Company ninety (90) days' advance notice of intention to increase Customer's gas requirements materially so that adequate facilities may be provided. The Company may charge the customer for costs associated with any such work performed.

406 Access to Premises -

Authorized agents of the Company shall, at all times, have free access to Customer's premises to read meters, to inspect, test, repair and replace meters and other property of the Company, to inspect the Customer's gas piping and utilization equipment, to remove Company property, and for any other purposes directly related to the supply of gas service.

407 Connection of Service -

Only duly authorized employees of the Company will be allowed to connect the Customer's facilities or disconnect the same from the Company's service connection and/or gas mains.

408 Discontinuance and Restoration of Service -

a. Nonpayment of Bills

(1) Delinquent Bills

- (a) A bill for gas service is delinquent (past due) if not paid within twenty-five (25) days of the billing date.
- (b) It is the responsibility of the Customer to make prepayment or other satisfactory arrangements with the Company if absence from the community or other reasons will preclude timely payment of the Customer's bill.

(2) Deferred Payment Arrangements

The Company may offer a deferred payment plan to a delinquent Customer if the Company determines that the deferred payment plan will assist the Company in collecting the delinquent account. When considering such arrangements, the Company shall consider the length of service, the amount of the delinquency, the amount of the deposit held, adherence to prior payment arrangements, and prior payment history.

(3) Notice Before Discontinuance of Service for Non-Payment

- (a) When a bill for gas service has become delinquent, the Company shall give the Customer at least ten (10) days' notice before discontinuing service. The written notice will state the Company's intent to discontinue service if the bill is not paid.

Such notice may be included with the Customer's regular monthly billing or with a separate mailing Customer

At the end of the ten (10) day notice period, if the bill remains delinquent, the Company will proceed with the noticing specified in Section 408a(3)(b) below.



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- (b) At least three (3) days prior to discontinuing service for non-payment, the Company will make a reasonable attempt to contact the Customer either by mail, telephone, personal visit or by leaving a notice at the service location.
- (4) Discontinuance of Service for Non-Payment (Delinquency)
  - (a) When a bill for gas service has become delinquent and the discontinuance notices as provided for in 408a(3) above have been issued, service may be discontinued if the delinquent bill is not paid within the time required by the last notice. A Customer's service, however, will not be discontinued until the amount of any deposit made to establish credit for that service has been fully absorbed.
  - (b) A Customer's gas service may be discontinued for non-payment of a bill owed to the Company by the Customer for service at a previous location, provided such bill is not paid within ten (10) days after presentation of a discontinuance of service notice similar to that provided in 408a(3)(a) above. In no case will service be discontinued within less than thirteen (13) days after establishment of service at the new location and service being supplied under the Company's Schedule A (Residential Service) service may not be discontinued because of nonpayment of bills for other classes of service.
  - (c) If a Customer is receiving service at more than one location, service at any or all locations may be discontinued for non-payment of any one bill in accordance with the time and noticing procedures specified in Section 408a(3) above. However, service being supplied under the Company's Schedule A (Residential Service) service may not be discontinued because of nonpayment of bills for other classes of service.
  - (d) A Customer who pays a bill with a check, credit union share draft or bank draft that is returned to the Company will be deemed to be delinquent. Once the original bill is past due, the Company may discontinue service after giving three (3) days' notice of



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discontinuance, similar to that provided in Section 408a(3)(b) above, once the original bill is past due. The Customer may also be required to re-establish credit subject to the provisions of Section 403b(1) above. The Company shall charge a handling fee of twenty-five dollars (\$25.00) for each returned check or draft.

- (e) A Customer's gas service may be discontinued by the Company for failure to fulfill the terms of a deferred payment arrangement, written or verbal, after three (3) days' notice similar to that provided in Section 408a(3)(b) above.
- (f) The Company may delay discontinuance of service to domestic space heating Customers during winter periods where the Company believes severe weather conditions exist.
- (g) The Company will not discontinue service under this Section 408a(4) (that is, for non-payment) on a Friday, a week-end, or on a day preceding a Company-recognized holiday.
- (h) If the Company postpones discontinuance beyond ten (10) days from the date of discontinuance indicated by the last notice as provided in Section 408a(3)(b) or Sections 408a(4)(b)-(e) above, then the Company will make a reasonable effort to contact the Customer in the manner provided for in Section 408a(3)(b) above at least one (1) day prior to actual discontinuance.

[\(i\) The Company shall not be liable to the Customer for any damage caused by the discontinuance of service.](#)

b. Unsafe Apparatus

The Company shall have the right of refusing or ceasing to deliver gas to a Customer if any part of the Customer's service, appliances, or apparatus shall at any time be deemed unsafe by the Company or any of its employees, or if the utilization of gas by means thereof shall be prohibited or forbidden under the authority of any law or regulation (until such law or regulation shall be declared invalid by a court of competent jurisdiction), and may refuse to serve



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until the Customer shall put such service, appliance, or apparatus in good and safe condition and comply with all laws and regulations applicable thereto.

The Company does not assume the duty of inspecting the Customer's service, appliances or apparatus, or any part thereof, and assumes no liability therefore. In the event the Customer finds the gas service to be defective, the Customer shall immediately notify the Company to this effect.

c. Fraud

The Company shall have the right to refuse to serve gas or to discontinue gas service to any location and at any time to discontinue service if found necessary to do so in order to protect itself against abuse or fraud.

d. Non-Compliance with Company's Rules

If a Customer should fail to comply with any of the Company's Rules and Regulations from time to time in force, the Company will advise the Customer of such failure. If the Customer does not remedy same within five (5) working days, the Company shall have the right, after giving due notice, to discontinue service to the Customer.

Except in cases of emergency, or as otherwise provided in these Rules and Regulations, the Company will not discontinue the service of any Customer for violation of any of these Rules or Regulations except on written notice of at least five (5) days, advising the Customer of the Rule or Regulation violated for which service will be discontinued if the violation is not remedied. This notice may be waived in the event of discovery of an unsafe condition on a Customer's premises or in case of a Customer utilizing the service in such a manner as to make it unsafe for occupants of the premises, thus rendering the immediate discontinuance of service to the premises, imperative.

e. Customer Wishing to Discontinue Service

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Each Customer about to vacate any premises or otherwise discontinue service by the Company shall give written notice of Customers intended discontinuance at least five (5) days prior thereto, specifying the date service is desired discontinued; otherwise, Customer will be held responsible for all gas furnished to such premises until the Company shall have notice of such discontinuance.

f. Usage of Service Detrimental to Other Customers

The Company will not furnish service to gas apparatus or appliances, the operation of which will be detrimental to the gas service being furnished by the Company to its other Customers in their immediate vicinity, or to service supplied from the same distribution system, and the Company will refuse to continue furnishing gas to any Customer who shall, after being notified by the Company to discontinue the use of gas for such apparatus or appliances, continue to so use the same.

g. Failure to Establish Credit After Institution of Service

If, for the convenience or at the request of the Customer, the Company institutes gas service prior to credit having been established (as provided in Section 403) and if, within five (5) days from such institution of service, such Customer shall not have so established credit, the Company shall thereupon have the right, upon five (5) days' notice and continued failure to establish credit, to discontinue service of gas to such Customer.

h. Re-connection Service Charge

A re-connection charge of one hundred dollars (~~\$100.00~~) may be made and collected by the Company before service is renewed where service has been discontinued for non-payment of bills as required by these Rules and Regulations, or to protect the Company against fraud, or for other noncompliance with the Rules and Regulations of the Company.

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409 Liability for Damages -

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The Company shall not be liable for any injury, casualty or damage resulting in any way from the supply or use of gas or from the presence or operation of the Company's structures, pipes, or devices on Customer's premises.

**Deleted:** , except for injuries or damages that result from gross negligence by the Company

410 Customer Complaints -

Customer complaints may be registered at our office in person or by telephone during regular business hours, or by mail. Such complaints will be promptly handled on an individual basis and appropriate steps taken to resolve the situation.

411 Non-Warranty for Customer Equipment -

Neither by inspection nor nonrejection, nor in any other way, does the Company give any warranty, expressed or implied, as to the adequacy, safety, or other characteristics of any structures, equipment, wires, conduit, appliances, or devices owned, installed, or maintained by the Customer or leased by the Customer from third parties.

412 Payment and Late Payment Charge -

Payment for the full amount of the statement, including taxes or fees applicable thereon, will be made to Interior Alaska Natural Gas Utility, on or before the 1<sup>st</sup> business day after the 25<sup>th</sup> calendar day following the billing date. If the Customer fails or neglects to make any payment required under this Schedule, or any portion thereof, to Interior Alaska Natural Gas Utility when due, Interior Alaska Natural Gas Utility will include in the next bill to the Customer a late payment charge of 0.875% per month (10.5% per annum) on the outstanding amount.

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### Section 500 - Customer's Installation

#### 501 Customer's Facilities -

The Company will determine the location of Company's service connection, regulating and metering equipment. The Customer will, at Customer's own expense, furnish, install, and keep in good and safe condition, all piping, appliances, fixtures and apparatus which may be required for receiving gas from the Company, or for utilizing such gas, including all necessary protective appliances.

The Company shall not be responsible for any loss or damage due to the neglect or wrongful act of the Customer or any of Customer's employees in installing, maintaining, using or operating Customer's equipment.

The Company reserves the right to inspect and approve of all construction by the Customer related to gas service.

No inspection by the Company, or failure of it to object to the Customer's installation or construction, nor the fact that it made connection to the Customer's installation, will cause the Company to become liable for any damage or injury resulting from any defective installation or construction by the Customer.

All of the piping and gas appliances upon the Customer's premises shall be installed and maintained in accordance with the applicable laws and rules of any governmental authority having jurisdiction, the National Board of Fire Underwriters, and the Company.

#### 502 Notice of Gas Leak -

The Customer shall give the Company immediate notice of any leakage or escape of gas. However, all repairs to and maintenance of the Customer's piping and equipment shall be made by the Customer.

### Section 600 - Company's Installation

#### 601 Service Connections and Facilities on Customer's Premises -

##### a. Service Connections

- (1) Upon a completed application for service, the Company will make service piping extensions on the following basis:

Under Normal Conditions, when a service line is run from the street mains adjacent to a Customer's property, starting at the Customer's property line, the Company will install up to one hundred (100) feet of service piping from the property line to the meter location, or to each meter if more than one (in separate billing only) for which the Customer will pay a service installation fee of two hundred twenty-five dollars (\$225.00) for residential services and three hundred fifty dollars (\$350.00) for commercial services.

If, in the Company's judgment, the installation of a service line will entail costs in excess of the Company's normal service line installation cost to satisfy a request of the Customer, those costs will be considered excess costs. The Customer will pay the Company for the excess costs. Excess costs may include, but are not limited to, costs incurred for difficult construction problems such as rock, excessive pavement or frost.

Definition of Normal Conditions: Construction of a service line along a cleared unobstructed route and the placement of the facilities as determined by the Company constitute normal conditions. Clearing, underground obstructions, special equipment or construction under hazardous conditions are not considered normal construction conditions.

- (2) If more than one hundred (100) feet of service piping is required, the Customer shall pay the sum of two hundred twenty-five dollars (\$225.00) (Residential) or three hundred fifty dollars (\$350.00) (Commercial) plus [the excess footage fees as described in the](#)

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[Schedule of Nonrecurring Fees and Charges.](#)

Payments made by Customers under this provision shall be nonrecoverable contributions. Once installed, the Company will fully maintain the service facility at no cost to the Customer, and may at its option abandon any underground piping in the event service is discontinued.

- (3) The Company may accommodate a Customer's request for a service connection during periods in which the ground is frozen by installing a temporary service line and assessing the Customer for the cost of installation and removal pursuant to Section 603 below, or by constructing a permanent service and assessing the Customer the excess installation costs as provided in Section 601a(1) above.

b. Maintenance of Service Connections

The materials furnished by the Company, at its own expense, in the construction or operation of such service extension will at all times be and remain the sole property of the Company, which will have the right, by its agents or employees, to enter upon the property of the Customer and remove such materials after the Customer shall cease taking service from the Company.

The service connection materials furnished by the Company and for which the Customer was charged a nonrecoverable contribution for the construction of such service connection will at all times be and remain the sole property of the Company. The Company will make all repairs thereon and have sole control of the same.

c. Meters and Appliances

All meters, regulators, service pipe, appliances, fixtures, etc., installed by the Company at its expense upon the Customer's premises for the purpose of delivering gas to the Customer shall continue to be the property of the Company, and may be repaired, replaced or removed by the Company at

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Trenching - \$15.00 per foot for ¾" service piping over 100 feet.¶

¶

Drilling - \$45.00 per foot for ¾" service piping over 100 feet.¶

¶

Trenching - \$18.50 per foot for 2" service piping over 100 feet.¶

¶

Drilling - \$46.00 per foot for 2" service piping over 100 feet.¶

¶

Trenching - Cost per foot for 4" to 8" service piping over 100 feet will be determined at the time of service installation.¶

¶

Drilling - Cost per foot for 4" to 8" service piping over 100 feet will be determined at the time of service installation.¶

any time.

No rent or other charge whatsoever will be required of the Company, by the Customer for placing or maintaining said meters, regulators, service pipe, appliances, fixtures, etc., upon the Customer's premises. All meters may be sealed or soldered by the Company, and no such seal or solder shall be tampered with or broken except by a representative of the Company appointed for that purpose. The Customer shall exercise extreme care to prevent the meters, regulators, service pipe, appliances, fixtures, etc., of the Company upon said premises from being damaged or destroyed, and shall refrain from interfering with the same, and, in the case any defect therein shall be discovered, the Customer shall notify the Company thereof.

The Company shall have the right to remove any and all of its facilities installed on Customer's premises at the termination of service.

d. Meter Installation

All meters will be installed by the Company in some convenient place approved by the Company upon the Customer's premises, and so placed as to be at all times accessible for inspection, reading and testing. [While the Company will approve the location of and install the Company-owned facilities located on the Customer's premises, it is the responsibility of the Customer to exercise reasonable care to prevent damage to the facilities \(including damage by snow and ice from roofs or vehicular damage\). The Customer may be held responsible for any such injury or damage as further provided in Section 606 below. The Customer must notify the Company immediately if any damage, defect or leakage of gas is discovered.](#)

e. Company's Right of Ingress to and Egress from Customer's Premises.

The Company shall at all times have the right of ingress to and egress from the Customer's premises at all hours for any purpose reasonably connected with the furnishing of gas, and the exercise of any and all rights secured to it by law, or by these Rules and Regulations.

f. Customer Responsibility for Equipment for Receiving Gas

The Customer shall, at Customers own risk and expense, furnish, install and keep in good and safe condition all regulators, gas piping, appliances, fixtures and apparatus, of any kind or character, which may be required for receiving gas from the Company, and for applying and utilizing such gas, including all necessary protective appliances and suitable housing thereof, and the Company shall not be responsible for any loss or damage occasioned or caused by the negligence, or wrongful act of the Customer or of any of his agents, employees or licensees in installing, maintaining, using, operating or interfering with any such regulators, service pipes, gas piping, appliances, fixtures or apparatus.

All gas piping, appliances, equipment and apparatus downstream of the meter are the responsibility of the Customer.

g. Service Connections Made by Company's Employees

Only duly authorized employees or contractors of the Company shall be allowed to connect service piping to the Company's gas mains and/or install service connections and meters, or to unlock meters.

h. Excess Flow Valve Installation -

Effective April 14, 2017, the Company is required by Federal Pipeline Safety Regulations 49 CFR 192.383 to install an Excess Flow Valve (EFV) or shut off valve in all new and renewed service lines.

(1) An Excess Flow Valve (EFV) is a device placed inside the natural gas service line near the gas main that shuts off the flow of natural gas automatically if the Company's service line is broken or otherwise has excessive flow, thereby restricting the flow of gas and mitigating the potential for property damage. Such excessive flow can be caused by damage due to excavation, damage caused by a natural disaster such as an earthquake, or excessive flow due to additional gas-fired equipment



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being added to the service line that exceeds the design capacity of the EFV. EFV's are designed for a specific flow range with some tolerance for additional load, and will be sized based on information provided by the Customer at the time application is made for a new or renewed service line. Installation of an EFV will not protect against Customer appliance gas leaks, small service line punctures or gas meter leaks. An EFV may not protect against damages due to earthquakes or flooding.

(2) It is critical that the Customer inform the Company before any additional gas-fired equipment is added to the service line. Failure to do so could cause the EFV to close, disrupting natural gas service to the home. If a larger EFV needs to be installed to handle the Customer's increased load, the Customer will be responsible for the Company's cost to replace the EFV.

(3) Should a Customer increase the load on the service line without notifying the Company causing the EFV to close, the Customer will be responsible for any and all costs and damages associated with the closed EFV, including but not limited to Company's cost to repair and/or replace the EFV.

(4) If a Customer requests the installation of an EFV in an existing service line, the Customer will be responsible for the Company's cost to install the EFV.

602 Extension of Mains

a. General

(1) Base System of Distribution Mains - The Company has designed a base system of distribution mains which will best serve the current service area. This system may be constructed without being subject to extension policy. This base system is designed to serve Customers within the certificated area. Main extensions will be approved if they are economically feasible and do not cause an unreasonable added cost burden to be borne by existing Customers.



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Any main extension beyond the base system will be subject to the provisions set forth below. Each extension to a Customer or group of Customers must be considered individually.

- (2) Easements and Right-of-Way - The Customer shall grant the Company specific easements and rights-of-way necessary for a proper gas service connection to that Customer's location. Failure on the part of the Customer to grant such easements and right-of-way constitutes grounds for the Company to refuse service.
- (3) Initiation of Main Construction - No main construction or clearing of right-of-way shall be initiated under this provision until all required advances, contributions, applicable fees, deposits, easements, permits, and related documents have been received by the Company, properly signed and executed.
- (4) Cost Estimates - A Cost estimate is good for thirty (30) days. The Company will calculate the costs to construct each extension of gas distribution main. These costs are based on the facilities necessary to provide service and include distribution mains, underground service pipes, meters, regulators, etc. as well as the engineering and supervision necessary in constructing said facilities to meet all legal and safety requirements.

The Company may include charges in excess of standard costs in its calculation of the cost to construct an extension for items which are particularly unique to that extension and which could cause an undue additional cost burden to be borne by existing Customers if only standard costs are used. Examples of such unique charges would include, but are not limited to, the construction costs of: river or stream crossings; construction in swamp, hard rock, or frozen ground areas; construction and permitting in ecologically fragile areas; road bores, open cut crossings, asphalt right-of-way of a limited access highway. Charges for these items will be based on the Company's current cost estimates.

- (5) Payment of Advances - The initial advance required of a Customer will be based on a cost estimate. If the actual costs of construction are less than the written estimate, the Customer will receive a refund of the difference between the advance and the actual costs. If the actual costs of construction are more than the written estimate, the Customer will be required to advance additional funds sufficient to cover the actual costs except no charges in excess of the written estimate plus ten (10) percent will be collected from the Customer unless the additional charges are the result of additional construction work requested or caused by the Customer subsequent to the initial written estimate. Other than additional costs necessitated by the Customer, actual costs in excess of one hundred ten (110) percent will be borne by the Company.

No interest will be paid on advances or main extension deposits.

- (6) Customer Construction - The Company may, at its discretion, allow Customers, or their appointed agents, to perform a portion of the trenching and backfilling of a main extension. The Company will establish, in writing, standards of performance, safety, inspection, insurance and bonding which must be complied with prior to commencement and acceptance of any Customer trenching and backfilling. These standards will be substantially equivalent to the Company's standard for Company installed main extensions. Failure of a Customer, or the Customer's appointed agent, to comply with the standards as set forth by the Company may result in additional charges by the Company. The Company is not obligated to accept or provide gas service through any facilities which do not meet its construction standards. In the event additional Customers receive service from this main extension the constructor (Customer) shall receive refunds, consistent with Section 602 b., based on actual cost,

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not exceeding the Company's written estimated cost. The Customer's costs eligible for refund would include Customer construction costs and required advances to the Company, net of any free allowance.

- (7) Ownership - At all times the Company shall own, operate and maintain all gas distribution facilities up to the point of delivery regardless of whether the facilities have been constructed using Customer-supplied trenching and backfilling or through Customer advances.
- (8) Cost of System Upgrade - Charges in excess of standard costs may include cost of system upgrade if it is incidentally the result of a Customer's addition to the system and the Customer has a load requirement that is not comparable to those in the area being served by the facilities requiring the upgrade.

b. Individual Main Extensions

- (1) Free Allowance - Each applicant will receive a free allowance equal to \$0.206 times the estimated annual gas usage in CCF of the applicant. The free allowance will be applied before any advances or contributions are required from the applicant. The estimated billing will be confirmed by either a take-or-pay contract or a minimum bill schedule for 1 year of service. A payment by a Customer pursuant to Section 602 a. is an advance which may be subject to refund as additional Customers receive service from the applicant's extension.
- (2) Principles and Objectives
  - (a) After the Company has determined the costs of an applicant's extension, the Company will pay those costs up to the free allowance. The applicant will pay the costs that exceed the free allowance. Under most conditions, these additional payments are advances which may be subject to refund as additional Customers receive service from the applicant's extension.



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- (b) When an applicant requires a main extension and that extension is directly connected to a main extension constructed by advances from earlier applicants, the new applicant will be required to share in the costs of the earlier extension if there are advances associated with the earlier main extension which have not been refunded and the applicant begins to receive service either in the year of construction of the earlier main extension or during the next five years.
- (3) In determining how advances are to be shared when more than one Customer is using facilities constructed through advances, the general principle to be applied is that each Customer should have equal advances for commonly used facilities. In applying this principle each Customer should only share in the costs of those facilities actually used. For example, if a Customer built a one-mile extension and the next year a new applicant began to receive service one-half mile into the original extension, the new applicant must share in the costs of one-half mile of the original extension.
- (4) Beginning on January 1 of the sixth calendar year following the construction of an individual main extension, new applicants are not required to share in the costs of that main extension, and any remaining advances associated with that main extension will become contributions (non-refundable).
- (5) For administrative efficiency, the Company may elect to make the refunds in a single annual payment. All such refunds will be made by March 1 of the year following the year the refundable amounts were established.
- (6) Determination of Advance Amounts and Refunds
  - (a) After the Company has applied the applicant's free allowance as described above, the applicant must pay as an advance



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(potentially refundable) any remaining costs of the main extension being constructed for the Customer.

- (b) If a part of the applicant's free allowance was used to reduce the advances of a prior main extension to which the applicant's new main extension directly connects, that part of the free allowance used to reduce those advances will be refunded to the Customer(s) who previously made those advances for the portion of the facilities now used by the new applicant. This rule is applied in the same manner as in Section 602 b (3).
- (c) To calculate how the cost of the earlier main extension are to be shared, the advances for that portion of the earlier main extension will be totaled and divided by the total number of Customers, including the new applicant, who share the use of those facilities. The applicant will pay this amount as an advance which will be refunded on an equal basis to the individuals who previously made advances for the earlier main extension.
- (d) In no case may the amount of the refund or the amount totally refunded exceed the amount of the original deposit.

603 Temporary Service -

Temporary service, as herein considered, refers to service of a temporary nature, and to operations of a speculative character or of questionable permanency.

The Company will, furnish temporary service under the following conditions:

- a. If in its opinion the furnishing of such service will not impose an undue hardship upon it or its then existing Customers.
- b. The applicant for such temporary service shall be required to pay to the Company in advance or otherwise, as the Company may elect, the net cost of installing and removing any facilities necessary in connection with the furnishing



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of such service by the Company.

- c. Each applicant for temporary service shall be required to deposit with the Company a sum of money equal to the estimated amount of the Company's bill for such service, not to exceed the estimated maximum bill for two (2) months' consumption.
- d. Nothing in these Rules and Regulations shall be construed as limiting or in any way affecting the right of the Company to collect from the Customer an additional sum of money which may become due and payable to the Company from the Customer by reason of the temporary service furnished hereunder.
- e. In the event that a Customer shall have operated the gas equipment or apparatus originally installed by Customer, or its equivalent, for a period of twelve (12) consecutive months from the date service is first delivered under this rule, and, provided the Customer's business has proved its permanency to the entire satisfaction of the Company, the payment made by Customer pursuant to Section 603 a hereof, shall be adjusted to the basis of Sections 601a and 602 above and provided the Customer complies with the rules applicable to gas service.

604 Change in Location of Existing Service Facilities -

Any change requested by the Customer in the point of delivery or location of the service pipe, provided such change is approved by the Company, will be made at the expense of the Customer. The Customer shall pay the Company's estimated cost of such change in advance. In the event the actual cost is more or less than the estimated cost then the Company will charge or refund to the Customer any difference between the actual and estimated cost.

605 Delayed-Use Facilities -

Whenever, at the request of a Customer, a main extension and/or service pipe is provided under Sections 601 and 602 above, through which service is not immediately desired, said Customer shall bear the entire reasonable expense of providing, placing, and constructing these facilities.



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Any Customer who does not begin using gas within six months of service line installation will be considered a "delayed use Customer."

606 Protection by Customer -

Customer shall protect all of Company's property on Customer's premises. Customer shall not tamper with or remove any of such property and shall permit no one but Company's authorized employees or agents to inspect or handle same. In the case of loss or damage to Company property caused by or arising from carelessness, neglect, or misuse by the Customer or Customer agents or employees or third parties, the Customer shall pay Company the amount of such loss or damage to the property.

### Section 700 - Metering and Billing

#### 701 Measurement of Gas -

The measurement of gas by Company's meter shall be considered conclusive and binding upon the Customer and the Company, except when such meter ceases to register, prove to be defective, or is found by test not to be accurate within the limits prescribed in Section 702 of these Rules and Regulations. Company may seal or lock its meter or enclosures containing meters and associated equipment. No person, except a duly authorized employee or agent of the Company, shall be permitted to break or replace a seal or lock, or to alter or change a meter or its connections or location, or to alter a gas pressure regulator.

#### 702 Meter Tests and Adjustment of Bills for Meter Error -

##### a. Meter Tests

Any Customer may, upon not less than fifteen (15) days' notice, require the Company to test Customer's gas meter. No payment or deposit will be required from the Customer for such tests except:

When a Customer whose average monthly bill for gas service is less than five hundred dollars (\$500.00) requests a meter test within twelve (12) months after date of installation of the meter, or more often than once in twelve (12) months thereafter, a deposit to cover the reasonable cost of the test will be required of the Customer, in accordance with the following:

- (1) For meters of rated capacities not exceeding 250 cubic feet per hour, \$150.00 per meter
- (2) For meters of rated capacities in excess of 250 cubic feet per hour, but not exceeding 750 cubic feet per hour, \$200.00 per meter
- (3) For meters of rated capacities in excess of 750 cubic feet per hour, \$500.00 per meter



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The amount so deposited will be returned to the Customer only if the meter is found, upon test, to register more than two percent (2%) fast under conditions of normal operation.

A Customer shall have the right to require the Company to conduct the test in Customer's presence, or if Customer so desires in the presence of an expert or other representative appointed by Customer. A report giving the result of the test will be supplied to the Customer within a reasonable time after completion of the test.

b. Adjustment of Bills for Meter Error -

- (1) When, as the result of any test, a meter is found to be more than two percent (2%) fast, the Company shall refund to the Customer the overcharge, based on the corrected meter readings for the period in which the meter was in use, not exceeding six (6) months, unless it can be shown that the error was due to some cause, the date of which can be fixed. In this case, the overcharge shall be computed back to, but not before such time.
- (2) If, in the case of domestic or residential service, the meter, upon test as herein provided, is found not to register, or to register less than seventy-five percent (75%) of the actual consumption, an average bill, or a bill for the gas consumed but not covered by the bills previously rendered for a period not to exceed three (3) months, may be rendered to the Customer by the company.
- (3) If a meter for service other than residential service, upon test as herein provided, is found to register more than two percent (2%) slow, the Company may render a bill for gas consumed but not covered by bills previously rendered for a period not to exceed three (3) months, provided that the actual period of error exceeds three (3) months. In the event the rate the error commenced can be definitely determined, the correction to be made, as herein provided, shall cover such actual period.

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- (4) If the metering adjustments amount to less than five dollars (\$5.00) no refund or billing will be made.

703 Estimated Usage -

Where the Company is unable to read meter on Customer's service, the Company may estimate the amount of gas supplied and submit a bill to Customer. The estimated usage will be based on actual consumption over similar periods and under similar conditions, preceding or subsequent thereto, or over corresponding periods in previous years.

Adjustment of the estimated billing to actual use will be made when the next actual meter reading is obtained.

704 One Meter Per Service -

The rate schedules of the Company are based on service to the same Customer at the same premises being supplied through a single meter. If service to the same Customer at the same premises is taken through more than one meter for the convenience of Customer, separate bills will be rendered for service received through each meter. Where such service is taken through more than one meter for the convenience of the Company, the gas registered by the meters shall be added for billing purposes. Such installations must be approved in advance by the Company's General Manager.

Gas service used by the same Customer at different premises will be delivered, measured, and billed separately.

Gas service taken by the same Customer at the same premise but under different Service Schedules will be delivered, measured and billed separately.

705 Billing Procedure -

Bills for gas service ordinarily are rendered at regular monthly intervals. A Customer's first billing may be for a period longer or shorter than a month to



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accommodate the Company's meter reading and billing schedules.

Meters are normally read by the Company at regular monthly or bi-monthly intervals, though some meters may be read more frequently than monthly. Where meters are read at intervals greater than monthly, the Company may estimate the meter reading for the month the meter was not actually read and indicate so on the bill. Estimated meter readings will be based upon established calculation procedures. An adjustment of estimated meter readings to actual use will be made when the next actual meter reading is obtained. Meter reading periods shall in no case cover service for more than four (4) months. The Company reserves the right to modify its meter reading and billing schedules as required by changing conditions.

Bills are due upon presentation and are payable at any office of the Company, any collection agency duly approved by the Company, or by mail to the address designated by the Company.

A bill will be considered past due and delinquent if not paid within Twenty-Five (25) days from the date billed, except by separate agreement.

Failure to receive a bill that has been properly addressed and mailed to the Customer does not prevent the bill from becoming delinquent (past due) or excuse the Customer's responsibility from payment. If a Customer does not receive a monthly bill at the time of the month the Customer would normally receive a bill, the Customer should immediately notify the Company.

706 Discontinuance of Service Notice -

The Company will notify Customers by mail, telephone, personal visit, or by leaving a notice at the service address in the event of delinquency requiring discontinuance of service, in accordance with Section 408 of these Rules and Regulations.

707 Adjustment for Delivery Pressure - Volume of gas registered shall be corrected for billing purposes by the application of a proper correction factor.



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708 Resale of Service -

Gas will not be supplied for submetering for resale by or to any owner, tenant, or occupant of any premises without prior written approval from the Company. The supply of gas by Company for the use of a Customer will be furnished directly to them through Company's meters.

The renting of premises with the cost of gas service included in the rental as an incident of tenancy will not be considered a resale of service.

709 Tax Adjustments-

All bills will detail as line items applicable sales taxes collected.

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Section 800 - Continuity of Supply

801 Shortages and Interruption -

The Company will use reasonable diligence to supply steady and continuous service, but does not guarantee the service against irregularities or interruptions.

In case of shortage of supply and during the period of such shortage, the Company will apportion its available supply of gas among all Customers in the most reasonable manner possible under law. The supply of gas for commercial and industrial purposes may be curtailed or discontinued at any time when it shall be necessary to do so in order to supply domestic Customers.

Under no circumstances will Customers under Interruptible Service receive any priority of gas supply during periods of supply shortages.

802 Liability –

The Company shall not be liable for any loss, damage, or expense to any Customer occasioned by any suspension, curtailment, or discontinuance of gas supply by the Company for any reason or cause, set forth in these Rules and Regulations, or occasioned by any failure to supply gas according to the terms of the Agreement for Service for any reason or cause or by interruption of the gas supply for any reason or cause.

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Section 900 - Notices

901 Company Notices to Customers -

Any notice the Company may give to any Customer supplied with gas by the Company under [this tariff](#) may be given by [mail, electronic mail, message service, telephone, facsimile, personal visit, or by leaving a notice \(door tag\) at the service address, or as specifically provided by the rule, agreement, contract, or rate schedule. If mailed, the notice must be](#) properly enclosed in a sealed envelope and deposited in any United States Post Office in the territory served by the Company, postage prepaid, addressed to the Customer at the Customer's place of address specified in the Customer's application for service of gas, or in the Customer's contract for gas service, if applicable, or at such address as may be subsequently given in writing therefore by the Customer to the Company at its office.

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902 Customer's Notices to Company -

Any notice from any Customer to the Company under any of the Company's schedules of rates, or under and pursuant to the effective Rules and Regulations of the Company may be given to the Company by delivering written notice in person, or by an authorized agent, at the Company's office, [or by mail, electronic mail, telephone, facsimile, as available via the Customer's web self service account, or as specifically provided by the rule, agreement, contract, or rate scheduled. If mailed, the notice must be](#) properly enclosed in a sealed envelope and addressed to the Company's office, postage prepaid, and deposited in any United States Post Office in the territory served by the Company. [Unless otherwise directed, electronic mail should be addressed to: customerservice@interiorgas.com](#)

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Section 1000 - Application of, Conflicts with, and Changes  
and Additions to Rules & Regulations and Rate Schedules

1001 Application of Rules and Regulations and Rate Schedules -

All Agreements for Service presently in effect, or that may be entered into in the future, are made expressly subject to these Rules and Regulations, and any modifications hereto that may be lawfully made and subject to all applicable existing Rate Schedules, and any lawfully made changes therein, substitutions therefore and additions thereto.

1002 Conflicts -

In case of conflict between any provision of the Rules and Regulations, Agreements for Service, and Rate Schedules, the provisions of the Agreement for service take precedence, followed by the provisions of the Rate Schedule.

1003 Changes -

The Rules and Regulations, Agreements for Service, and Rate Schedules may be changed or revised from time to time in accordance with the rules of procedure of authorities having jurisdiction.

No promise, agreement, or representation inconsistent with the Rules and Regulations, shall be binding upon the Company unless in writing signed by a duly authorized officer of the Company.

**Deleted:** January 1, 2021

**SCHEDULE F  
LARGE VOLUME INTERRUPTIBLE SERVICE**

Schedule F - Large Volume Interruptible Service

**1. Definitions**

1.1. **Definitions** - Except where the context requires otherwise, all words and phrases defined below or in the Rules and Regulations of Interior Alaska Natural Gas Utility and used in this Schedule or in a Service Agreement have the meanings set out below or in the Rules and Regulations of Interior Alaska Natural Gas Utility (Company). Where any of the definitions set out below conflict with the definitions in the Rules and Regulations of Company, the definitions set out below govern.

- a) **Commencement Date** - means the day specified as the Commencement Date in the Service Agreement.
- b) **Contract Year** - means a period of 12 consecutive Months, starting on the Commencement Date.
- c) **Day** - means any period of twenty-four consecutive hours beginning and ending at 8:00 a.m. Alaska Standard Time.
- d) **Delivery Point** - means the points specified in a Service Agreement where Company delivers Gas to a Customer.
- e) **Force Majeure** - means any acts of God, strikes, lockouts, or other industrial disturbances, civil disturbances, arrests and restraints of rulers or people, interruptions by government or court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blackouts, insurrections, failure or inability to secure materials or labor by reason of regulations or orders of government, serious epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to machinery or lines of pipes, or freezing of wells or pipelines, or the failure of gas supply, temporary or otherwise, from a Supplier of gas, which act of Force Majeure was not due to negligence of the party claiming Force Majeure. Further, Force Majeure will also include a declaration of Force Majeure by a Transporter that results in Gas being unavailable for delivery.



Schedule F - Large Volume Interruptible Service (Continued)

- f) **Gas** – means natural gas being a gaseous hydrocarbon material.
- g) **Interruption Period** - means the period or periods during which the Customer is required pursuant to section 4.2 (Curtailement), section 4.3 (Notice of Curtailement) or section 11 (Force Majeure) to interrupt or curtail the receipt of Gas.
- h) **Month** – means a period beginning at 8:00 a.m. Alaska Standard Time on the first day of a calendar month and ending at 8:00 a.m. Alaska Standard Time on the first Day of the next calendar month.
- i) **Service Agreement** – means an Agreement between Interior Alaska Natural Gas Utility and a Customer to provide service pursuant to this Schedule.
- j) **Table of Charges** – means the Schedule F rate schedule.
- k) **Unauthorized Ovrerrun Gas** – means the quantity of gas used by the Customer after Company has properly notified the Customer to Curtail Gas usage as per section 4.3 (Notice of Curtailement).

**2. Applicability**

This Schedule applies to the sale of interruptible Gas, no portion of which may be resold, through individual meter stations to one Customer. For greater certainty, interruptible Gas sales under this Schedule means the sale by Company to a Customer which may be interrupted or curtailed by Company pursuant to sections 4.2 (curtailement), 11 (Force Majeure) and the Rules and Regulations Company.

Schedule F - Large Volume Interruptible Service (Continued)

**3. Conditions of Service**

- 3.1. **Conditions** – Company will only sell Gas under this Schedule to Customers in the area served by Company under Company Rules and Regulations of which this Schedule is a part, subject to the following conditions:
- a) the Customer has entered into a Large Volume Interruptible Service Agreement. Company is, and continues to be, reasonably assured that the Customer is willing and able to consume a total of at least 500,000 CCF per year at one or more locations;
  - b) adequate Gas volumes for such service are available;
  - c) adequate capacity exists on the Company system;
  - d) at all times when adequate quantities of Gas are available for sale by Company to the Customer at the locations and facilities specified in the Service Agreement, the Customer will use such Gas as the only Gas for all such locations and facilities;
  - e) the Customer must maintain its ability to operate on an alternate fuel completely independent of the supply of natural gas from the Company system;
  - f) the Customer must be able to switch to an alternate fuel within two hours of receiving notice from Company that Gas service is to be interrupted; and,
  - g) the Customer is required to maintain an adequate supply of alternate fuel at all locations and premises receiving interruptible service.

Schedule F - Large Volume Interruptible Service (Continued)

**3.2. Warning Relating to Firm Sales or Firm Transportation Schedule** – A Customer wishing to switch at the end of the term of an Interruptible Service Agreement to a firm Gas sales or firm Transportation Schedule must comply with the requirements set out in the applicable Schedule, including the following:

- a) give 12 months prior notice to Company of the Customer's desire to do so.

Notwithstanding section 3.2, Company may reject such request, in its sole discretion, if Company does not have adequate Gas Supply or Distribution Capacity to accommodate the increased demand.

**3.3. Access to Gas Meter and Equipment** – The Customer must provide adequate access to the gas meter and any related equipment owned by Company on a 24 hour a day basis. In addition, the Customer must allow Company to install and maintain any telemetry and related instruments as required in order to monitor the consumption and use of natural gas under this Schedule.

**4. Sales**

**4.1. Sale of Gas** – Subject to section 801 of the Rules and Regulations of Company (Shortages and Interruption), Company will sell to the Customer and the Customer will buy and pay for gas from Company at the Delivery Point such quantity of Gas as is required by the Customer for the operation of the Customer's facilities specified in the Service Agreement, estimated to be a maximum quantity per Day set out in the Service Agreement, for the charges and all of the terms and conditions set out in either this Schedule or the Service Agreement.

**4.2. Curtailment** – If at any time Company determines that it does not have capacity, or adequate Gas volumes to accommodate the Customer's request for Interruptible Gas service under this Schedule, Company may, for any length of time, interrupt or curtail the delivery of Gas to the Customer at any or all Delivery Point under this Schedule.



Schedule F - Large Volume Interruptible Service (Continued)

- 4.3 Notice of Curtailment** – Each notice from Company to the Customer with respect to the interruption or curtailment by Company of deliveries of Gas to the Delivery Point will be by telephone and/or fax or email and will specify the quantity of Gas to which the Customer is curtailed and the time at which this curtailment is to be made. Company will make reasonable efforts to give the Customer as much notice as possible with respect to such curtailment, not to be less than 2 hours' prior notice unless prevented by Force Majeure.
- 4.4 Default Regarding Curtailment** – The Customer will comply with each notice from Company to interrupt or curtail the Customer's take. If the Customer at any time fails or neglects to comply with a notice from Company to interrupt or curtail the Customer's take, Company may, in addition to any other remedy that it may then or thereafter have, at its option, without liability therefore and without any prior notice to the Customer
- a) turn off the valve at the Delivery Point, or
  - b) deliver such Gas and charge the Customer for such Gas consumed on that Day the charge for Unauthorized Overrun Gas set out in the Table of Charges.
- 4.5 Failure to Comply** – If during any one Contract Year the Customer fails or neglects to comply with two notices from Company to interrupt or curtail the Customer's take, Company may, in addition to any other remedy that it may then or thereafter have, at its option and without liability therefore, switch the Customer to a firm Gas sales Schedule or suspend service delivery of Gas, beginning at the commencement of the next following Month.
- 4.6 Maximum Hourly Quantities** – Company will not be obliged to deliver in any one Hour more than 5% of the maximum quantity per Day set out in the Service Agreement.
- 4.7 Notice to Resume** – Once the Customer has been instructed to curtail consumption of Gas, Company will provide notification to the Customer as to when consumption of Gas may resume under this Schedule.

Schedule F - Large Volume Interruptible Service (Continued)

**5. Table of Charges**

5.1. **Charges** – In respect of all quantities of Gas delivered to the Delivery Point pursuant to this Schedule and the Service Agreement, the Customer will pay to Company all of the charges set out in the Table of Charges.

**6. Unauthorized Gas Use**

- 6.1. **Charge for Unauthorized Service** – On any Day the Customer takes Unauthorized Overrun Gas, the Customer will pay to Company the unauthorized overrun charge set out in the Table of Charges.
- 6.2. **Payments Not License** – Payments made by the Customer to Company for Unauthorized Overrun Gas neither gives the Customer the right to take Unauthorized Overrun Gas, nor exclude or limit any other remedies available to Company for the Customers' taking of Unauthorized Overrun Gas.

**7. Term of Service Agreement**

- 7.1. **Term** – The initial term of the Service Agreement will begin on the Commencement Date and will expire at 8:00 a.m. Alaska Standard Time at the end of one Contract Year.
- 7.2. **Automatic Renewal** – Except as specified in the Service Agreement, the term of the Service Agreement will continue from year to year after the expiry of the initial term unless cancelled by either Company or the Customer, subject to section 3.3, upon not less than 30 days' notice prior to the end of the Contract Year then in effect.
- 7.3. **Statements to be Provided** – Company will, on or about the 15<sup>th</sup> day of each month, deliver to the Customer a statement for the preceding month showing the Gas quantities delivered to the Customer and the amount due. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one year after the date of the statement.



Schedule F - Large Volume Interruptible Service (Continued)

**7.4. Payment and Late Payment Charge** - Payment for the full amount of the statement, including taxes or fees applicable thereon, will be made to Company at its Fairbanks office, on or before the 1<sup>st</sup> business day after the 25<sup>th</sup> calendar day following the billing date. If the Customer fails or neglects to make any payment required under this Schedule, or any portion thereof, to Company when due, Company will include in the next bill to the Customer a late payment charge of 0.875% per month (10.5% per annum) on the outstanding amount.

**8. Default or Bankruptcy**

**8.1. Default** - If the Customer at any time fails or neglects to make any payment due to Company under this Schedule or the Service Agreement within 30 days after payment is due, or to correct any default of any of the other terms, covenants, agreements, conditions or obligations imposed upon it under this Schedule or the Service Agreement, within 30 days after Company gives to the Customer notice of such default or, in the case of a default that cannot with due diligence be corrected within a period of 30 days, the Customer fails to proceed promptly after the giving of such notice with due diligence to correct the same and thereafter to prosecute the correcting of such default with all due diligence, then Company may in addition to any other remedy that it has, including the rights of Company set out in section 4.4 (Default Regarding Curtailment), 4.5 (Failure to Comply) and 6 (Unauthorized Gas Use), at its option and without liability therefore

- a) suspend further service to the Customer and may refuse to deliver Gas to the Customer until the default has been fully remedied, and no such suspension or refusal will relieve the Customer from any obligation under this Schedule or the Service Agreement, or,
- b) terminate the Service Agreement, and no such termination of the Service Agreement pursuant hereto will exclude the right of Company to collect any amount due to it from the Customer for what would otherwise have been the remainder of the term of the Service Agreement.

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Schedule F - Large Volume Interruptible Service (Continued)

**9. Notice**

9.1. **Notice** - Any notice, request, statement or bill that is required to be given or that may be given under this Schedule or under the Service Agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered or sent by fax to the other in accordance with the following:

if to Company:

Interior Alaska Natural Gas Utility  
[2525 Phillips Field Road](#)  
Fairbanks, Alaska, 99709  
[info@interiorgas.com](mailto:info@interiorgas.com)  
Fax: (907) 457-8111

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if to the Customer: as set out in the Service Agreement

9.2. **Specific Notices** – Notwithstanding section 9.1 (Notice), notices with respect to Force Majeure will be sufficient if given by either party in writing by fax, or orally in person, or by telephone (to be confirmed in writing) to the person or persons designated from time to time by either party as authorized to receive such notices.

**10. Indemnity and Limitation on Liability**

10.1 **Limitation on Liability** – Company, its employees, contractors or agents are not responsible or liable for any loss or damages for or on account of any interruption or curtailment of Gas service permitted under the Rules and Regulations of Company or this Schedule.

Schedule F - Large Volume Interruptible Service (Continued)

**11. Force Majeure**

- 11.1 **Force Majeure** - Subject to the other provisions of this section 11, if either party is unable or fails by reason of Force Majeure to perform in whole or in part any obligation or covenant set out in this Schedule under which service is rendered or in the Service Agreement, the obligations of both Company and the Customer will be suspended to the extent necessary for the period of the Force Majeure condition.
- 11.2 **Curtailed Notice** - If Company claims suspension pursuant to this section 11, Company will be deemed to have issued to the Customer a notice of curtailment.
- 11.3 **Exceptions** - Neither party will be entitled to the benefit of the provisions of section 11.1 under any of the following circumstances
- a) to the extent that the failure was caused by the negligence or contributory negligence of the party claiming suspension,
  - b) to the extent that the failure was caused by the party claiming suspension having failed to diligently attempt to remedy the condition and to resume the performance of the covenants or obligations with reasonable dispatch, or
  - c) unless as soon as possible after the happening of the occurrence relied on or as soon as possible after determining that the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under the Schedule or the Service Agreement, the party claiming suspension will have given to the other party notice to the effect that the party is unable by reason of Force Majeure (the nature of which will be specified) to perform the particular covenants or obligations.
- 11.4 **Notice to Resume** - The party claiming suspension will likewise give notice, as soon as possible after the Force Majeure condition has been remedied, to the effect that it has been remedied and that the party has resumed, or is then in a position to resume, the performance of the covenants or obligations.



Schedule F - Large Volume Interruptible Service (Continued)

- 11.5 **Settlement of Labor Disputes** - Notwithstanding any of the provisions of this section 11, the settlement of labor disputes or industrial disturbances will be entirely within the discretion of the particular party involved and the party may make settlement of it at the time and on terms and conditions as it may deem to be advisable and no delay in making settlement will deprive the party of the benefit of section 11.1.
- 11.6 **No Exemption for Payments** - Notwithstanding any of the provisions of this section, Force Majeure will not relieve or release either party from its obligations to make payments to the other.
- 11.7 **Periodic Repair by Company** - Company may temporarily shut off the delivery of Gas for the purpose of repairing or replacing a portion of the Company System or its equipment and Company will make reasonable efforts to give the Customer as much notice as possible with respect to such interruption, not to be less than 8 hours' prior notice except when prevented by Force Majeure. Company will make reasonable efforts to schedule repairs or replacements to minimize interruption of Gas service to the Customer and to restore service as quickly as possible.

**12. Interpretation**

- 12.1 **Interpretation** - Except where the context requires otherwise or except as otherwise expressly provided in this Schedule or in a Service Agreement all references to a designated section are to the designated section of this Schedule unless otherwise specifically stated. The singular of any term includes the plural, and vice versa, and the use of any term is equally applicable to any gender and, where applicable, body corporate. Any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity. All words, phrases and expressions used in this Schedule or in a Service Agreement that have a common usage in the gas industry and that are not defined in the Rules and Regulations of Company, the Definitions or in the Service Agreement have the meanings commonly ascribed thereto in the gas industry. The headings of the sections set out in this Schedule or in the Service Agreement are for convenience of reference only and will not be considered in any interpretation of this Schedule or the Service Agreement.

Schedule F - Large Volume Interruptible Service (Continued)

**13. Miscellaneous**

- 13.1. **Waiver** - No waiver by either Company or the Customer of any default by the other in the performance of any of the provisions of this Schedule or the Service Agreement will operate or be construed as a waiver of any other or future default or defaults, whether of a like or different character.
- 13.2. **Successors** - The Service Agreement will be binding upon the parties and their respective successors and permitted assigns, including without limitation successors by merger or consolidation.
- 13.3. **Assignment** - The Customer will not assign the Service Agreement or any of its rights or obligations thereunder without the prior written consent of Company, which consent will not be unreasonably withheld or delayed. No assignment will release the Customer from its obligations under this Schedule or under the Service Agreement that existed prior to the date on which the assignment takes effect. This provision applies to every proposed assignment by the Customer.
- 13.4. **Amendments to be in Writing** - Except as set out in this Schedule, no amendment or variation of the Service Agreement will be effective or binding upon the parties unless such amendment or variation is set out in writing and duly executed by the parties.
- 13.5. **Proper Law** - The Service Agreement will be construed and interpreted in accordance with the laws of the State of Alaska and the laws of the United States applicable therein.
- 13.6. **Time is of Essence** - Time is of the essence of this Schedule, the Service Agreement and of the terms and conditions thereof.
- 13.7. **Subject to Legislation** - Notwithstanding any other provision hereof, this Schedule and the Service Agreement and the rights and obligations of Company and the Customer under this Schedule and the Service Agreement are subject to all present and future laws, rules, regulations and orders of any legislative body, governmental agency or duly constituted authority now or hereafter having jurisdiction over Company or the Customer.

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**SCHEDULE G  
SMALL VOLUME INTERRUPTIBLE SERVICE**

Schedule G - Small Volume Interruptible Service

**1. Definitions**

- 1.1. **Definitions** - Except where the context requires otherwise, all words and phrases defined below or in the Rules and Regulations of Company and used in this Schedule or in a Service Agreement have the meanings set out below or in the Rules and Regulations of Company. Where any of the definitions set out below conflict with the definitions in the Rules and Regulations of Company, the definitions set out below govern.
- a) **Commencement Date** - means the day specified as the Commencement Date in the Service Agreement.
  - b) **Contract Year** - means a period of 12 consecutive Months, starting on the Commencement Date.
  - c) **Day** – means any period of twenty-four consecutive hours beginning and ending at 8:00 a.m. Alaska Standard Time.
  - d) **Delivery Point** – means the point specified in a Service Agreement where Company delivers Gas to a Customer.
  - e) **Force Majeure** - means any acts of God, strikes, lockouts, or other industrial disturbances, civil disturbances, arrests and restraints of rulers or people, interruptions by government or court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blackouts, insurrections, failure or inability to secure materials or labor by reason of regulations or orders of government, serious epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to machinery or lines of pipes, or freezing of wells or pipelines, or the failure of gas supply, temporary or otherwise, from a Supplier of gas, which act of Force Majeure was not due to negligence of the party claiming Force Majeure. Further, Force Majeure will also include a declaration of Force Majeure by a Transporter that results in Gas being unavailable for delivery.

Schedule G - Small Volume Interruptible Service (Continued)

- f) **Gas** – means natural gas being a gaseous hydrocarbon material.
- g) **Interruption Period** - means the period or periods during which the Customer is required pursuant to section 4.2 (Curtailment), section 4.3 (Notice of Curtailment) or section 11 (Force Majeure) to interrupt or curtail the receipt of Gas.
- h) **Month** – means a period beginning at 8:00 a.m. Alaska Standard Time on the first day of a calendar month and ending at 8:00 a.m. Alaska Standard Time on the first Day of the next calendar month.
- i) **Service Agreement** – means an Agreement between Company and a Customer to provide service pursuant to this Schedule.
- j) **Table of Charges** – means the Schedule G rate schedule.
- k) **Unauthorized Overrun Gas** – means the quantity of gas used by the Customer after Company has properly notified the Customer to Curtail Gas usage as per section 4.3 (Notice of Curtailment).

**2. Applicability**

This Schedule applies to the sale of interruptible Gas, no portion of which may be resold, through individual meter stations to one Customer. For greater certainty, interruptible Gas sales under this Schedule means the sale by Company to a Customer which may be interrupted or curtailed by Company pursuant to sections 4.2 (curtailment), 11 (Force Majeure) and the Rules and Regulations of Company.



Schedule G - Small Volume Interruptible Service (Continued)

**3. Conditions of Service**

3.1. **Conditions** – Company will only sell Gas under this Schedule to Customers in the area served by Company under Company Rules and Regulations of which this Schedule is a part, subject to the following conditions:

- a) the Customer has entered into a Small Volume Interruptible Service Agreement (Service Agreement);
- b) Company is, and continues to be, reasonably assured that the Customer is willing and able to consume at least 10,000 CCF per year at a single location;
- c) adequate Gas volumes for such service are available;
- d) adequate capacity exists on the Company system;
- e) at all times when adequate quantities of Gas are available for sale by Company to the Customer at the facilities specified in the Service Agreement, the Customer will use such Gas as the only Gas for such facilities;
- f) the Customer must maintain its ability to operate on an alternate fuel completely independent of the supply of natural gas from the Company system;
- g) the Customer must be able to switch to an alternate fuel within six hours of receiving notice from Company that Gas service is to be interrupted; and,
- h) the Customer is required to maintain an adequate supply of alternate fuel at the premises receiving interruptible service.

Schedule G - Small Volume Interruptible Service (Continued)

**3.2. Warning Relating to Firm Sales or Firm Transportation Schedule** – A Customer wishing to switch at the end of the term of an interruptible Service Agreement to a firm Gas sales or firm transportation Schedule must comply with the requirements set out in the applicable Schedule, including the following:

- a) give 12 months prior notice to Company of the Customer's desire to do so.

Notwithstanding section 3.2, Company may reject such request, in its sole discretion, if Company does not have adequate Gas Supply or Distribution Capacity to accommodate the increased demand.

**3.3. Access to Gas Meter and Equipment** – The Customer must provide adequate access to the gas meter and any related equipment owned by Company on a 24 hour a day basis. In addition, the Customer must allow Company to install and maintain any telemetry and related instruments as required in order to monitor the consumption and use of natural gas under this Schedule.

**4. Sales**

**4.1. Sale of Gas** – Subject to section 801 of the Rules and Regulations of Company (Shortages and Interruption), Company will sell to the Customer and the Customer will buy and pay for gas from Company at the Delivery Point such quantity of Gas as is required by the Customer for the operation of the Customer's facilities specified in the Service Agreement, estimated to be a maximum quantity per Day set out in the Service Agreement, for the charges and all of the terms and conditions set out in either this Schedule or the Service Agreement.

**4.2. Curtailment** – If at any time Company determines that it does not have capacity, or adequate Gas volumes to accommodate the Customer's request for interruptible Gas service under this Schedule, Company may, for any length of time, interrupt or curtail the delivery of Gas to the Customer at any or all Delivery Point under this Schedule.



Schedule G - Small Volume Interruptible Service (Continued)

- 4.3 **Notice of Curtailment** – Each notice from Company to the Customer with respect to the interruption or curtailment by Company of deliveries of Gas to the Delivery Point will be by telephone and/or fax and will specify the quantity of Gas to which the Customer is curtailed and the time at which this curtailment is to be made. Company will make reasonable efforts to give the Customer as much notice as possible with respect to such curtailment, not to be less than 6 hours' prior notice unless prevented by Force Majeure.
- 4.4 **Default Regarding Curtailment** – The Customer will comply with each notice from Company to interrupt or curtail the Customer's take. If the Customer at any time fails or neglects to comply with a notice from Company to interrupt or curtail the Customer's take, Company may, in addition to any other remedy that it may then or thereafter have, at its option, without liability therefore and without any prior notice to the Customer
- c) turn off the valve at the Delivery Point, or
  - d) deliver such Gas and charge the Customer for such Gas consumed on that Day the charge for Unauthorized Overrun Gas set out in the Table of Charges.
- 4.5 **Failure to Comply** – If during any one Contract Year the Customer fails or neglects to comply with two notices from Company to interrupt or curtail the Customer's take, Company may, in addition to any other remedy that it may then or thereafter have, at its option and without liability therefore, switch the Customer to a firm Gas sales Schedule or suspend service delivery of Gas, beginning at the commencement of the next following Month.
- 4.6 **Maximum Hourly Quantities** – Company will not be obliged to deliver in any one Hour more than 5% of the maximum quantity per Day set out in the Service Agreement.
- 4.7 **Notice to Resume** – Once the Customer has been instructed to curtail consumption of Gas, Company will provide notification to the Customer as to when consumption of Gas may resume under this Schedule.

Schedule G - Small Volume Interruptible Service (Continued)

**5. Table of Charges**

5.1. **Charges** – In respect of all quantities of Gas delivered to the Delivery Point pursuant to this Schedule and the Service Agreement, the Customer will pay to Company all of the charges set out in the Table of Charges.

**6. Unauthorized Gas Use**

6.1. **Charge for Unauthorized Service** – On any Day the Customer takes Unauthorized Overrun Gas, the Customer will pay to Company the unauthorized overrun charge set out in the Table of Charges.

6.2. **Payments Not License** – Payments made by the Customer to Company for Unauthorized Overrun Gas neither gives the Customer the right to take Unauthorized Overrun Gas, nor exclude or limit any other remedies available to Company for the Customers' taking of Unauthorized Overrun Gas.

**7. Term of Service Agreement**

7.1. **Term** – The initial term of the Service Agreement will begin on the Commencement Date and will expire at 8:00 a.m. Alaska Standard Time at the end of one Contract Year.

7.2. **Automatic Renewal** – Except as specified in the Service Agreement, the term of the Service Agreement will continue from year to year after the expiry of the initial term unless cancelled by either Company or the Customer, subject to section 3.3, upon not less than 30 days' notice prior to the end of the Contract Year then in effect.

7.3. **Statements to be Provided** – Company will, on or about the 15<sup>th</sup> day of each month, deliver to the Customer a statement for the preceding month showing the Gas quantities delivered to the Customer and the amount due. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one year after the date of the statement.

Schedule G - Small Volume Interruptible Service (Continued)

**7.4. Payment and Late Payment Charge** - Payment for the full amount of the statement, including taxes or fees applicable thereon, will be made to Company at its office, on or before the 1<sup>st</sup> business day after the 25<sup>th</sup> calendar day following the billing date. If the Customer fails or neglects to make any payment required under this Schedule, or any portion thereof, to Company when due, Company will include in the next bill to the Customer a late payment charge of 0.875% per month (10.5% per annum) on the outstanding amount.

**8. Default or Bankruptcy**

- 8.1. Default** - If the Customer at any time fails or neglects to make any payment due to Company under this Schedule or the Service Agreement within 30 days after payment is due, or to correct any default of any of the other terms, covenants, agreements, conditions or obligations imposed upon it under this Schedule or the Service Agreement, within 30 days after Company gives to the Customer notice of such default or, in the case of a default that cannot with due diligence be corrected within a period of 30 days, the Customer fails to proceed promptly after the giving of such notice with due diligence to correct the same and thereafter to prosecute the correcting of such default with all due diligence, then Company may in addition to any other remedy that it has, including the rights of Company set out in section 4.4 (Default Regarding Curtailment), 4.5 (Failure to Comply) and 6 (Unauthorized Gas Use), at its option and without liability therefore
- c) suspend further service to the Customer and may refuse to deliver Gas to the Customer until the default has been fully remedied, and no such suspension or refusal will relieve the Customer from any obligation under this Schedule or the Service Agreement, or,
  - d) terminate the Service Agreement, and no such termination of the Service Agreement pursuant hereto will exclude the right of Company to collect any amount due to it from the Customer for what would otherwise have been the remainder of the term of the Service Agreement.

Deleted: January 1, 2021

Schedule G - Small Volume Interruptible Service (Continued)

**9. Notice**

9.1. **Notice** - Any notice, request, statement or bill that is required to be given or that may be given under this Schedule or under the Service Agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered or sent by fax to the other in accordance with the following:

if to Company:

Interior Alaska Natural Gas Utility  
[2525 Phillips Field Road](#)  
[Fairbanks, Alaska, 99709](#)  
Fax: (907) 457-8111

Deleted: 3408 International Way  
Fairbanks, Alaska, 99701

if to the Customer: as set out in the Service Agreement

9.2. **Specific Notices** – Notwithstanding section 9.1 (Notice), notices with respect to Force Majeure will be sufficient if given by either party in writing by fax, or orally in person, or by telephone (to be confirmed in writing) to the person or persons designated from time to time by either party as authorized to receive such notices.

**10. Limitation on Liability**

**Limitation on Liability** – Company, its employees, contractors or agents are not responsible or liable for any loss or damages for or on account of any interruption or curtailment of Gas service permitted under the Rules and Regulations of Company or this Schedule.



Schedule G – Small Volume Interruptible Service (Continued)

**11. Force Majeure**

11.1 **Force Majeure** - Subject to the other provisions of this section 11, if either party is unable or fails by reason of Force Majeure to perform in whole or in part any obligation or covenant set out in this Schedule under which service is rendered or in the Service Agreement, the obligations of both Company and the Customer will be suspended to the extent necessary for the period of the Force Majeure condition.

11.2 **Curtailement Notice** - If Company claims suspension pursuant to this section 11, Company will be deemed to have issued to the Customer a notice of curtailment.

11.3 **Exceptions** - Neither party will be entitled to the benefit of the provisions of section 11.1 under any of the following circumstances

- d) to the extent that the failure was caused by the negligence or contributory negligence of the party claiming suspension,
- e) to the extent that the failure was caused by the party claiming suspension having failed to diligently attempt to remedy the condition and to resume the performance of the covenants or obligations with reasonable dispatch, or
- f) unless as soon as possible after the happening of the occurrence relied on or as soon as possible after determining that the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under the Schedule or the Service Agreement, the party claiming suspension will have given to the other party notice to the effect that the party is unable by reason of Force Majeure (the nature of which will be specified) to perform the particular covenants or obligations.

11.4 **Notice to Resume** - The party claiming suspension will likewise give notice, as soon as possible after the Force Majeure condition has been remedied, to the effect that it has been remedied and that the party has resumed, or is then in a position to resume, the performance of the covenants or obligations.



Schedule G – Small Volume Interruptible Service (Continued)

- 11.5 **Settlement of Labor Disputes** - Notwithstanding any of the provisions of this section 11, the settlement of labor disputes or industrial disturbances will be entirely within the discretion of the particular party involved and the party may make settlement of it at the time and on terms and conditions as it may deem to be advisable and no delay in making settlement will deprive the party of the benefit of section 11.1.
- 11.6 **No Exemption for Payments** - Notwithstanding any of the provisions of this section, Force Majeure will not relieve or release either party from its obligations to make payments to the other.
- 11.7 **Periodic Repair by Company** - Company may temporarily shut off the delivery of Gas for the purpose of repairing or replacing a portion of the Company System or its equipment and Company will make reasonable efforts to give the Customer as much notice as possible with respect to such interruption, not to be less than 8 hours' prior notice except when prevented by Force Majeure. Company will make reasonable efforts to schedule repairs or replacements to minimize interruption of Gas service to the Customer and to restore service as quickly as possible.

**12. Interpretation**

- 12.2 **Interpretation** - Except where the context requires otherwise or except as otherwise expressly provided in this Schedule or in a Service Agreement all references to a designated section are to the designated section of this Schedule unless otherwise specifically stated. The singular of any term includes the plural, and vice versa, and the use of any term is equally applicable to any gender and, where applicable, body corporate. Any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity. All words, phrases and expressions used in this Schedule or in a Service Agreement that have a common usage in the gas industry and that are not defined in the Rules and Regulations of Company, the Definitions or in the Service Agreement have the meanings commonly ascribed thereto in the gas industry. The headings of the sections set out in this Schedule or in the Service Agreement are for convenience of reference only and will not be considered in any interpretation of this Schedule or the Service Agreement.

Schedule G - Small Volume Interruptible Service (Continued)

**13. Miscellaneous**


- 13.1. **Waiver** - No waiver by either Company or the Customer of any default by the other in the performance of any of the provisions of this Schedule or the Service Agreement will operate or be construed as a waiver of any other or future default or defaults, whether of a like or different character.
- 13.2. **Successors** - The Service Agreement will be binding upon the parties and their respective successors and permitted assigns, including without limitation successors by merger or consolidation.
- 13.3. **Assignment** - The Customer will not assign the Service Agreement or any of its rights or obligations thereunder without the prior written consent of Company, which consent will not be unreasonably withheld or delayed. No assignment will release the Customer from its obligations under this Schedule or under the Service Agreement that existed prior to the date on which the assignment takes effect. This provision applies to every proposed assignment by the Customer.
- 13.4. **Amendments to be in Writing** - Except as set out in this Schedule, no amendment or variation of the Service Agreement will be effective or binding upon the parties unless such amendment or variation is set out in writing and duly executed by the parties.
- 13.5. **Proper Law** - The Service Agreement will be construed and interpreted in accordance with the laws of the State of Alaska and the laws of the United States applicable therein.
- 13.6. **Time is of Essence** - Time is of the essence of this Schedule, the Service Agreement and of the terms and conditions thereof.
- 13.7. **Subject to Legislation** - Notwithstanding any other provision hereof, this Schedule and the Service Agreement and the rights and obligations of Company and the Customer under this Schedule and the Service Agreement are subject to all present and future laws, rules, regulations and orders of any legislative body, governmental agency or duly constituted authority now or hereafter having jurisdiction over Company or the Customer.

**Deleted:** January 1, 2021

 IGU INTERIOR ALASKA NATURAL GAS UTILITY

## RATE SCHEDULES

Deleted: January 1, 2021

 INTERIOR ALASKA NATURAL GAS UTILITY

### SCHEDULE OF NONRECURRING FEES AND CHARGES

<u>Rule</u>	<u>Service or Charge</u>	<u>Amount</u>
601 a(1)	Basic Service Line Installation Fee - Residential	<del>\$350.00</del>
	Basic Service Line Installation Fee - Commercial	<del>\$500.00</del>

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601 a(2) Excess Footage Charge [by method of install](#)

<u>Size</u>	<u>Trenched</u>	<u>Trenchless</u>
<a href="#">3/4 inch</a>	<a href="#">\$22</a>	<a href="#">\$54</a>
<a href="#">2 inch</a>	<a href="#">\$23</a>	<a href="#">\$55</a>
<a href="#">4 inch</a>	<a href="#">\$24</a>	<a href="#">\$64</a>
<a href="#">6 inch</a>	<a href="#">\$35</a>	<a href="#">\$87</a>
<a href="#">8 inch</a>	<a href="#">\$40</a>	<a href="#">\$115</a>

Deleted: January 1, 2021

### Schedule A - Residential Service

#### APPLICATION

This rate applies to natural gas service to any Customer for all domestic purposes in individual private residences or properties and in separately metered individual family apartments, but not for any other application.

This rate may also be applied to service supplied to two or more apartments or dwelling units served through one meter.

#### CHARACTER OF SERVICE

Natural gas having a heating value of approximately 1,000 BTUs per cubic foot, but not less than 950 BTUs per cubic foot.

#### MONTHLY CHARGES

Customer charge: \$15.00

Volumetric rate: \$2.185per hundred cubic feet (CCF)

Service hereunder may be discontinued at any time at the request of the Customer when the premises are vacated, or the service is no longer required.

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Deleted: January 1, 2021



IGU INTERIOR ALASKA NATURAL GAS UTILITY

### Schedule B - Small Commercial Service

#### APPLICATION

This rate applies to natural gas service to any commercial Customer through a single meter for any purpose including that used for domestic purposes where two or more apartments are supplied through the same meter.

#### CHARACTER OF SERVICE

Natural gas having a heating value of approximately 1,000 BTUs per cubic foot, but not less than 950 BTUs per cubic foot.

#### MONTHLY CHARGES

Customer charge: \$28.00

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Volumetric rate: \$ 2.180 per hundred cubic feet (CCF)

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Service hereunder may be discontinued at any time at the request of the Customer when the premises are vacated or the service is no longer required.

Deleted: January 1, 2021

### Schedule C- Large Commercial Service

#### APPLICATION

This rate applies to natural gas service to any commercial Customer supplied through a single meter for any purpose including that used for domestic purposes where multi-unit apartments are supplied through the same meter.

#### CHARACTER OF SERVICE

Natural gas having a heating value of approximately 1,000 BTUs per cubic foot, but not less than 950 BTUs per cubic foot.

#### MONTHLY CHARGES

Customer charge: \$90.00

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Volumetric charge: \$2.174 per hundred cubic feet (CCF)

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#### CONTRACT FOR SERVICE

The minimum period for service for a Customer requiring the construction of a service line and a service connection shall be not less than twelve (12) consecutive months. Customers desiring service under this schedule shall make written application to the Company and execute contracts for such service on an annual basis.



IGU INTERIOR ALASKA NATURAL GAS UTILITY

## Schedule D – Transportation Service

### APPLICATION

This rate applies to the transportation, within the Company's system, of Customer owned natural gas for any residential or commercial use.

### CHARACTER OF SERVICE

Transportation of natural gas having a heating value of approximately 1,000 BTUs per cubic foot, but not less than 950 BTUs per cubic foot.

### TRANSPORTATION SERVICE RATE


The charges for transportation service will be established at the time service is requested.

### TERMINATION OF SERVICE AND UNAUTHORIZED GAS

This service is discontinued any time the Customer does not tender Customer-owned natural gas for transportation. Any natural gas received by the Customer from the Company after this service is discontinued would be under the terms and conditions of the Company's Schedule A, Schedule B or Schedule C for Gas Sales Service as applicable.

**Schedule E – Unused**

Deleted: January 1, 2021

 IGU INTERIOR ALASKA NATURAL GAS UTILITY

**SCHEDULE F**  
**LARGE VOLUME INTERRUPTIBLE SERVICE**  
**TABLE OF CHARGES**

MONTHLY CUSTOMER CHARGE: \$625.00

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VOLUMETRIC CHARGE: The rate per hundred cubic feet (CCF) will be set out in the Large Volume Interruptible Service Agreement, and may be changed upon 30 days' notice by Company to the Large Volume Interruptible Customer.

UNAUTHORIZED OVERRUN GAS: Two times the effective Volumetric Rate at the time of curtailment.

Deleted: January 1, 2021

**SCHEDULE G**  
**SMALL VOLUME INTERRUPTIBLE SERVICE**  
**TABLE OF CHARGES**

**CUSTOMER CHARGE:** The monthly Customer charge for each month during the term of a small volume interruptible service agreement is the Customer charge for large commercial Customers set out in Schedule C.

**VOLUMETRIC RATE:** [\\$2.103](#) per hundred cubic feet (CCF).

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**UNAUTHORIZED OVERRUN GAS:** Two times the effective Volumetric Rate at the time of curtailment.

## RESOLUTION 2023-03

**Suggested Motion:** Move to approve Resolution 2023-03  
A RESOLUTION APPROVING THE CONTRACT AWARD FOR RFB  
01-2023 LNG TRANSPORTATION, TOTALLING APPROXIMATELY  
\$3.5MM PER YEAR



Considered on: April 4, 2023  
Approved on: \_\_\_\_\_

1 **RESOLUTION No. 2023-03**

2 **A RESOLUTION APPROVING THE CONTRACT AWARD FOR RFB 01-2023 LNG**  
3 **TRANSPORTATION, TOTTALLING APPROXIMATELY \$3.5MM PER YEAR**

4 **WHEREAS**, the Interior Gas Utility (IGU) has Liquefied Natural Gas (LNG) at  
5 various gas liquefaction facilities in Alaska and wishes to have LNG transported in IGU  
6 supplied LNG trailers from such LNG production facilities to various IGU designated storage  
7 sites for unloading; and

8 **WHEREAS**, the transportation contractor will provide and manage a fleet of trucks  
9 and trained drivers to safely transport and unload LNG trailers from the IGU’s LNG production  
10 facility, located at 25849 W. Ayrshire Road, Big Lake Alaska to designated LNG storage sites  
11 at Big Lake, Talkeetna, Fairbanks, and North Pole; and

12 **WHEREAS**, concurrent with this agreement, the transportation contractor will lease  
13 two LNG powered trucks from IGU in accordance with the LNG truck lease agreement; and

14 **WHEREAS**, IGU issued RFB 01-2023 LNG Transportation, and received two responses  
15 to RFB 01-2023; IGU recommends an award to Helzer Logistics, Inc. as the lowest priced  
16 bidder; and

17 **WHEREAS**, the Agreement term is two years from July 1, 2023 to June 30, 2025. The  
18 Agreement shall automatically renew thereafter for successive additional periods of one (1)  
19 Contract Year unless terminated by written termination notice of either party to the other party;  
20 and

21 **NOW, THEREFORE, BE IT RESOLVED:** that the IGU Board of Directors authorizes the  
22 IGU General Manager to execute an agreement with Helzer Logistics, Inc. in accordance with  
23 RFB 01-2023 and complete all necessary documents to award the contract for LNG  
24 Transportation.

25 Approved:

26 \_\_\_\_\_  
27 Gary Wilken - Chair, IGU Board of Directors Date \_\_\_\_\_

28 \_\_\_\_\_  
29 Heather Thomas, Secretary to the IGU Board of Directors Date \_\_\_\_\_

## RESOLUTION 2023-04

**Suggested Motion:** Move to approve Resolution 2023-04  
A RESOLUTION OF THE INTERIOR GAS UTILITY AUTHORIZING  
THE GENERAL MANAGER TO EXECUTE CONTRACT RENEWAL  
FOR DISTRIBUTION GAS MAIN EXTENSIONS AND SERVICE LINE  
INSTALLATIONS IN THE FAIRBANKS NORTH STAR BOROUGH  
PER RFB 01-2021



Considered on: April 4, 2023  
Approved on:

**RESOLUTION No. 2023-04**

**A RESOLUTION OF THE INTERIOR GAS UTILITY AUTHORIZING THE GENERAL MANAGER TO EXECUTE CONTRACT RENEWAL FOR DISTRIBUTION GAS MAIN EXTENSIONS AND SERVICE LINE INSTALLATIONS IN THE FAIRBANKS NORTH STAR BOROUGH PER RFB 01-2021**

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

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

**WHEREAS**, gas main extensions and service connections are required to provide service to additional customers in Fairbanks and North Pole; and

**WHEREAS**, in accordance with IGU procurement policy Article VI, Section D.1, and Article VII, Section D.2.b) IGU management recommends renewal of the construction contract be awarded to Utilities Technologies Inc. for the 2023 construction season; and

**WHEREAS**, in accordance with IGU procurement policy, a public notice was completed through IGU RFB 01-2021. IGU received three bids; and

**WHEREAS**, the proposed FY24 budget is expected to include over \$3MM for installation of new gas mains and service connections.

**NOW, THEREFORE, BE IT RESOLVED BY THE INTERIOR ALASKA NATURAL GAS UTILITY AS FOLLOWS:** IGU authorizes the General Manager (GM) to negotiate and execute the renewal of this construction contract, purchase orders, and other agreements necessary or convenient to completing construction for new gas mains and service lines in the 2023 season; limited to the approved total project budget.

**Attachments:**

Attachment A: Contract No. 01-2021-01, 2023 Renewal Evaluation

Approved:

\_\_\_\_\_  
Gary Wilken - Chair, IGU Board of Directors

\_\_\_\_\_  
Date

\_\_\_\_\_  
Heather Thomas, Secretary to the IGU Board of Directors

\_\_\_\_\_  
Date



March 29, 2023

Interior Gas Utility  
2525 Phillips Field Road  
Fairbanks, Alaska 99709

Attention:  
Dan Britton, General Manager  
Interior Gas Utility

Subject: **Contract No. 01-2021-01, 2023 Renewal Evaluation**

Dan,

This letter concerns the evaluation of the renewal unit prices of the UTI contract number No. 01-2021-01, for the 2023 construction season.

1. The method I used to evaluate was to compare the proposed 2023-unit prices against unit pricing from 2021 and 2022. The quantities used in these calculations were derived from the data from the 2022 construction, and modified to IGU's goals to reduce contractor reliance for new construction.
2. UTI is proposing a flat 6% increase from the 2022 line items for both Schedule A and Schedule B. This results in the following costs based on the 2023 unit estimation:
  - a. 2021 Pricing: Schedule A  
Schedule A: \$783,765.54  
Schedule B: \$819,916.70
  - b. 2022 Pricing: Schedule A  
Schedule A: \$795,398.30  
Schedule B: \$887,080.20
  - c. 2023 Pricing: Schedule A  
Schedule A: \$843,122.20  
Schedule B: \$940,314.25
3. This information was compared to reported inflation rates from from February 2021 - 2023
  - a. Schedule A 2021-2023:  
National inflation: 15.6%  
Contract inflation: 7%
  - b. Schedule B 2021-2023:  
National Inflation: 15.6%  
Contract inflation: 12.8%



4. Justifications from UTI justifying increased costs from 2022 to 2023:
  - a. Additional administration personnel cost to meet more timely billing and reporting criteria.
  - b. Wage increase from department of labor of 2.4%
  - c. Substantial material cost increases to include asphalt, gravel, concrete, and topsoil.
  - d. Increase costs to travel and incidental expenses.
  - e. Increased equipment costs due to manufacturing delays
  
5. It is my recommendation to proceed/execute the renewal contract. This recommendation is in compliance with IGU Procurement Manual for contract renewal.
  - a. Article V, Paragraph B.4
  - b. Article VII, Paragraph D.1

If you have any questions or concerns on this matter, please contact me at your earliest convenience.

Thank you,

George Deal

FIXED SERVICE LINE UNIT PRICE SCHEDULE A										
Item No.	Description	Pay Unit	2021 Bid Unit Price	2022 Bid Unit Price	2023 Bid Unit Price	QTY	2021 Bid Price	2022 Bid Price	2023 Bid Price	
021-100	¾"-2" trench method	LF	\$ 18.73	\$ 20.98	\$ 22.24	6,500	\$ 121,745.00	\$ 136,370.00	\$ 144,552.20	
021-101	¾" plow method	LF	\$ 14.27	\$ 15.98	\$ 16.94	750	\$ 10,702.50	\$ 11,985.00	\$ 12,704.10	
021-102	¾"-2" Directional Drill	LF	\$ 47.88	\$ 52.67	\$ 55.83	7,200	\$ 344,736.00	\$ 379,224.00	\$ 401,977.44	
021-104	Gas Pipe Tie In, 4-8 FT Excavation	EA	\$ 1,647.80	\$ 1,647.80	\$ 1,746.67	15	\$ 24,717.00	\$ 24,717.00	\$ 26,200.02	
021-105	Gas Pipe Tie In, 8-12 FT Excavation	EA	\$ 2,714.02	\$ 2,714.02	\$ 2,876.86	10	\$ 27,140.20	\$ 27,140.20	\$ 28,768.61	
021-108	Meter Bar/Regulator Set	EA	\$ 504.03	\$ 120.00	\$ 127.20	180	\$ 90,725.40	\$ 21,600.00	\$ 22,896.00	
021-109	2" Asphalt Replacement	SF	\$ 20.35	\$ 24.42	\$ 25.89	4,050	\$ 82,417.50	\$ 98,901.00	\$ 104,835.06	
021-110	4" Asphalt Replacement	SF	\$ 25.62	\$ 30.74	\$ 32.58	800	\$ 20,496.00	\$ 24,592.00	\$ 26,067.52	
021-111	4" Concrete walk / pad replacement	SF	\$ 54.86	\$ 65.83	\$ 69.78	750	\$ 41,145.00	\$ 49,372.50	\$ 52,334.85	
021-112	Std Concrete curb / Gutter Replacement	LF	\$ 66.49	\$ 79.79	\$ 84.58	100	\$ 6,649.00	\$ 7,979.00	\$ 8,457.74	
021-113	Bollards	EA	\$ 188.04	\$ 225.65	\$ 239.19	6	\$ 1,128.24	\$ 1,353.90	\$ 1,435.13	
021-114	2" In Line Ball Valve	EA	\$ 387.72	\$ 387.72	\$ 410.98	5	\$ 1,938.60	\$ 1,938.60	\$ 2,054.92	
021-115	Ground Vault with Lid	EA	\$ 252.02	\$ 252.02	\$ 267.14	5	\$ 1,260.10	\$ 1,260.10	\$ 1,335.71	
021-116	Aggregate Paving Substitute	CY	\$ 35.86	\$ 35.86	\$ 38.01	250	\$ 8,965.00	\$ 8,965.00	\$ 9,502.90	
	3 <sup>rd</sup> Party Services				Cost + 10%					
<b>A</b>	<b>Total of All Fixed Service Line Unit Price per Bid Items</b>							\$ 783,765.54	\$ 795,398.30	\$ 843,122.20

FIXED GAS MAIN EXTENTIONS UNIT PRICE SCHEDULE B										
Item No.	Description	Pay Unit	2021 Bid Unit Price	2022 Bid Unit Price	2023 Bid Unit Price	QTY	2021 Bid Price	2022 Bid Price	2023 Bid Price	
022-200	2" - 4" trench method	LF	\$ 18.71	\$ 21.52	\$ 22.81	2000	\$ 37,420.00	\$ 43,040.00	\$ 45,620.00	
022-201	6" - 8" trench method	LF	\$ 25.56	\$ 29.40	\$ 31.16	3000	\$ 76,680.00	\$ 88,200.00	\$ 93,480.00	
022-202	2" Directional Drill	LF	\$ 46.28	\$ 50.91	\$ 53.96	2000	\$ 92,560.00	\$ 101,820.00	\$ 107,920.00	
022-203	4" Directional Drill	LF	\$ 55.80	\$ 61.38	\$ 65.06	400	\$ 22,320.00	\$ 24,552.00	\$ 26,024.00	
022-204	6" Directional Drill	LF	\$ 81.36	\$ 81.36	\$ 86.24	400	\$ 32,544.00	\$ 32,544.00	\$ 34,496.00	
022-205	8" Directional Drill	LF	\$ 104.25	\$ 104.25	\$ 110.51	3000	\$ 312,750.00	\$ 312,750.00	\$ 331,530.00	
022-207	4-8 FT Excavation	EA	\$ 1,420.04	\$ 1,420.04	\$ 1,505.24	20	\$ 28,400.80	\$ 28,400.80	\$ 30,104.80	
022-208	8-12 FT Excavation	EA	\$ 2,338.89	\$ 2,338.89	\$ 2,479.22	10	\$ 23,388.90	\$ 23,388.90	\$ 24,792.20	
022-211	Electro Fusion Tap to Existing Gas Main	EA	\$ 218.18	\$ 217.18	\$ 230.21	55	\$ 11,999.90	\$ 11,944.90	\$ 12,661.55	
022-212	Gas Fittings Butt / Electro Fusion, all sizes	EA	\$ 80.69	\$ 80.69	\$ 85.53	100	\$ 8,069.00	\$ 8,069.00	\$ 8,553.00	
022-214	In line Ball Valves, all sizes	EA	\$ 210.50	\$ 210.50	\$ 223.13	5	\$ 1,052.50	\$ 1,052.50	\$ 1,115.65	
022-218	Utility Ground Vault with Lid	EA	\$ 233.89	\$ 233.89	\$ 247.92	5	\$ 1,169.45	\$ 1,169.45	\$ 1,239.60	
022-219	Smart Post Installation	EA	\$ 158.71	\$ 158.71	\$ 168.23	15	\$ 2,380.65	\$ 2,380.65	\$ 2,523.45	
022-220	Carsonite Marker Installation	EA	\$ 17.57	\$ 17.57	\$ 19.22	50	\$ 878.50	\$ 1,378.50	\$ 1,461.00	
022-221	2" Topsoil and Seed	SY	\$ 21.05	\$ 21.05	\$ 22.31	250	\$ 5,262.50	\$ 5,262.50	\$ 5,577.50	
022-222	Aggregate Paving Substitute	SY	\$ 30.91	\$ 35.86	\$ 38.01	250	\$ 7,727.50	\$ 8,965.00	\$ 9,502.50	
022-223	2" Asphalt Replacement	SF	\$ 20.35	\$ 24.42	\$ 25.89	4900	\$ 99,715.00	\$ 119,658.00	\$ 126,861.00	
022-224	4" Asphalt Replacement	SF	\$ 25.62	\$ 30.74	\$ 32.58	600	\$ 15,372.00	\$ 18,444.00	\$ 19,548.00	
022-225	4" Concrete walk / pad replacement	SF	\$ 49.28	\$ 65.83	\$ 69.78	700	\$ 34,496.00	\$ 46,081.00	\$ 48,846.00	
022-226	Std Concrete curb / Gutter Replacement	LF	\$ 57.30	\$ 79.79	\$ 84.58	100	\$ 5,730.00	\$ 7,979.00	\$ 8,458.00	
	3 <sup>rd</sup> Party Services				Cost + 10%					
<b>B</b>	<b>Total of All Fixed Gas Main Extensions Unit Price Bid Items</b>							\$ 819,916.70	\$ 887,080.20	\$ 940,314.25

# 2023 GM Goals

# Part Three

## Next Year Goals 2024

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*Note by IGU staff: below is a compilation of all the comments received from the board. Some may be repetitive, but all were included for board deliberations. They have been submitted as follows:*

*Blue, underlined – Chair Wilken*

*Purple, underlined – Director Shefchik*

*Gray, underline – Director Bell*

*Green, underlined – Director Haagenson*

*Black, no underline – Unchanged from last 2023*

The Board and GM should agree to a set of goals that include the FY 2024 GM goals established following employment of the new General Manager in 3<sup>rd</sup> quarter 2023.

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Develop and record ideas below for consideration:

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**Goal # 1 BOARD**

- Continue to develop board policy, prioritized by importance and need
- Develop a strategic plan with action items for the FY24 budgets.

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**Goal # 2 PROCESSES** Complete the following list of capital project providing optimum, secure, utility grade service within the constraints of the approved scope of work, schedule, and budget.

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- New Service Connections are Top Priority
- Plan for gas and plant expansion of service to Ft. Wainwright
- Identify and achieve financial and business targets
- Establish "Last Mile" tracking and evaluation
- Contingency planning for winter 2023-24 and 2024-25 gas supply.
- Create oversight of North Slope Development and make sure milestones are being met
- Look into doing our own trucking
- Create strategy and team to interface and plan for Fort Wainwright converting to gas
- Monitor and manage the Hilcorp North Slope, LLC and Harvest Alaska, LLC Gas Supply and Manufacturing Contracts

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**Goal # 3 CUSTOMER**

➤ **Existing customers**

- Increase the percentage of customers who pay their bills online or by using autopay. What is GVEA's online payment %, if better than ours, maybe evaluate their methodology. Target % for Autopay enrolled customers (Research Utility Average)
- Implement emergency communication procedures that allow for fast, timely communication to the entire customer base
- Keep the website and social media channels relevant, concentrating on ways IGU can differentiate from competitors (oil, coal, who?)
- Conduct a customer satisfaction survey
- Prioritize customer survey
- Target % for Autopay enrolled customers (Research Utility Average)

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➤ **New customers**

- Develop effective marketing campaigns within the allotted budget
- Continue working on conversion financing options to increase the availability of grants and loans
- Install 600 new service lines
- Summer 2023 expansion and new customer hookup
- Continue conversations with GVEA with continued attempts to secure a gas sales contract and a "good neighbor" relationship.
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- \_\_\_\_\_
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**Goal # 4 FINANCIAL**

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

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- Evaluate capital costs for doing our own trucking (maintenance facility garage, trucks, tanks, etc.)
- Plan for capital costs associated with the Fort Wainwright gas conversion.

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**Goal # 5 INTERRELATIONS**

- Seek input and participation from the public.
- Advance utility project needs and goals with the public, local, state, and federal officials.
- Establish and maintain relations with:
  1. Local and state media
  2. Local clubs and organizations
  3. Local Governments and Interior Delegation

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Seek input and participation from the public

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**Goal # 6 SAFETY**

- Perpetuate an ongoing safety culture.
- Partner with OSHA if we are not already.
- Find root cause of high use multiplier and bring down the average.

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**Goal # 7 HUMAN RESOURCES**

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

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➤ Promote innovation and creativity to maintain competitive position.

➤ Transition plan for Titan plant and employee security

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### Goal #8 UTILITY SPECIAL PROJECTS

1. Ft. Wainwright gasification

2. Initial planning for Ft Wainwright conversion to distributed gas heating.

3. Opportunity planning for excess capacity in NS plant.

4. GVEA partnership / integration

5. Natural gas fuel cells

6. Is there a propane play with new LNG plant?

7. Manage Hilcorp construction. Creating and maintaining a process to keep Board informed of major milestones and progress/delays.

8. Arrange for transport services for the North Slope. Creating a process to keep Board informed of major milestones and progress/delays/costs.

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# Reports

- Finance Committee Report
- GM Recruitment Report
- Marketing Report
- General Manager Report
- Attorney Report

# Marketing Report

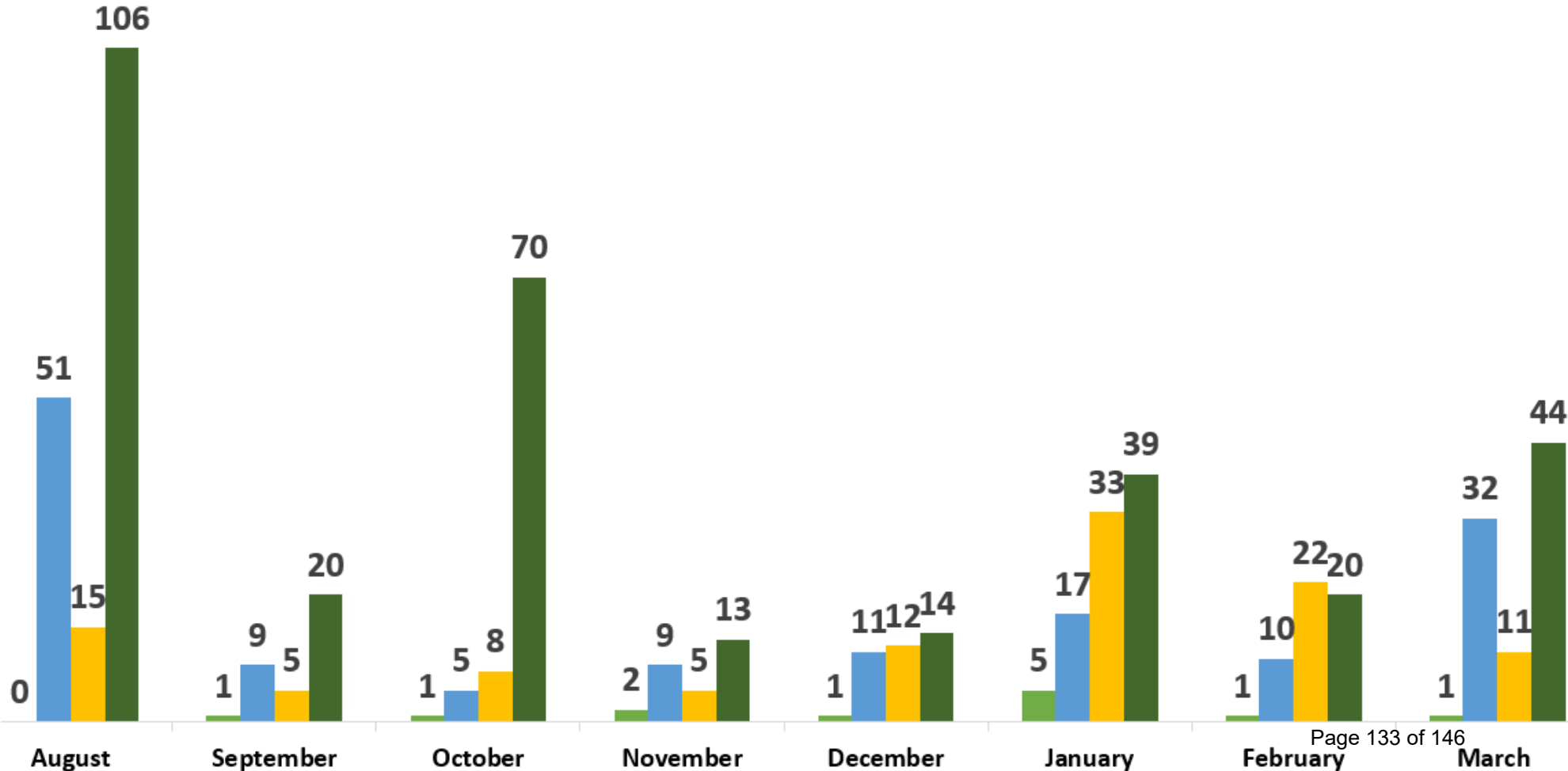
Prepared by: Elena Sudduth  
Director of Public Relations and Customer Service



# Gas service requests received past 2022 deadline

**Total: 593**

- North Pole Commercial: 12
- North Pole Residential: 144
- Fairbanks Commercial: 111
- Fairbanks Residential: 326

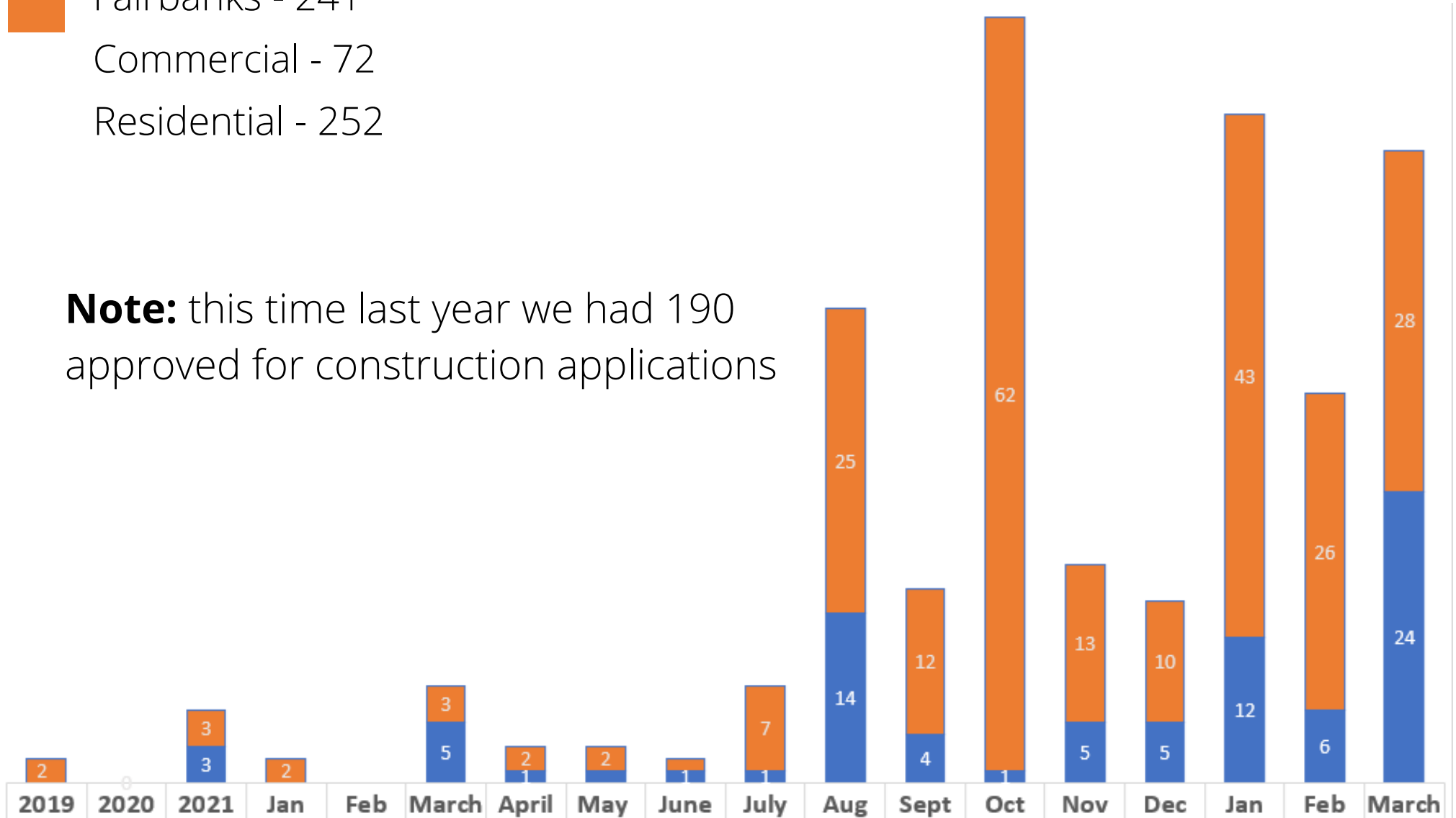


# Approved for 2023 construction by application date

**Total: 324**

- North Pole - 83
- Fairbanks - 241
- Commercial - 72
- Residential - 252

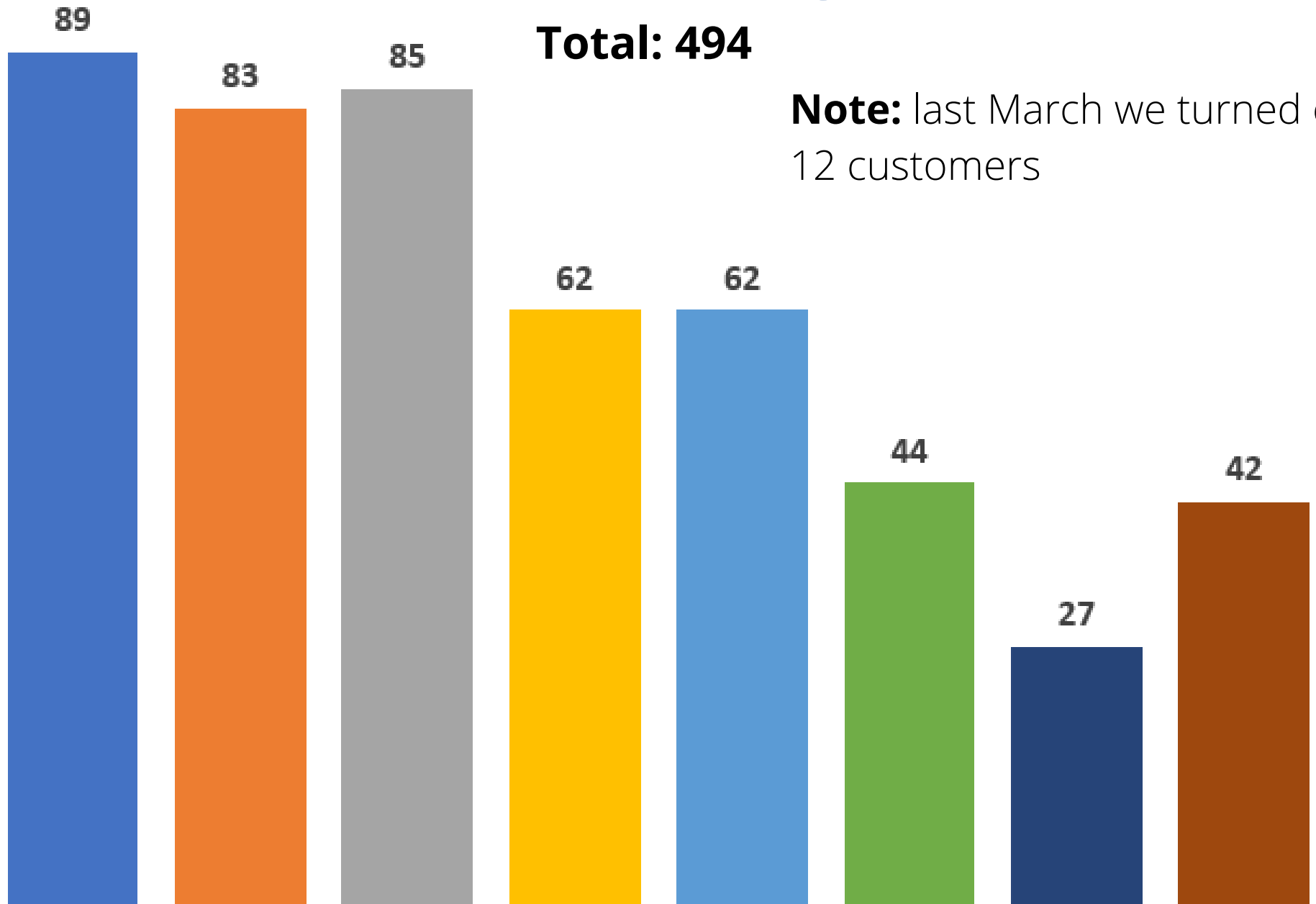
**Note:** this time last year we had 190 approved for construction applications



# Turn Ons since August 2022

**Total: 494**

**Note:** last March we turned on 12 customers



■ August ■ September ■ October ■ November ■ December ■ January ■ February ■ March

# Turn on analysis

<b>Install Month</b>	<b>Total installed</b>	<b>Total not turned on</b>	<b>6 month expiration</b>
<b>June</b>	<b>104</b>	<b>11</b>	<b>December</b>
<b>July</b>	<b>169</b>	<b>31</b>	<b>January</b>
<b>August</b>	<b>189</b>	<b>47</b>	<b>February</b>
<b>September</b>	<b>146</b>	<b>53</b>	<b>March</b>
<b>October</b>	<b>29</b>	<b>4</b>	<b>April</b>
<b>Total</b>	<b>635</b>	<b>146</b>	

# Turn on analysis

Reason not turned on	Total installed
Turn on imminent	12
Contractor busy; on the schedule	36
Equipment issues	9
Waiting for FNSB grant approval	23
Too cold	6
Sold house	4
Other	27
No contractor	12
Financial issues	8
Couldn't reach - sent bills	9
Will pay	1
<b>Total over 6 months past installation</b>	<b>146</b>



High degree of confidence that they will become customers before May 31



Low degree of confidence that they will become customers before May 31

# Other updates

- IGU submitted comments to the EPA regarding the SIP, indicating that natural gas is a big part of the solution
- IGU sponsored the Fairbanks Chamber of Commerce luncheon where DEC presented on their response to EPA's rejection of the FNSB's SIP
- IGU had a booth at the Home Show March 24-25
- We will have a booth at the Outdoors Show April 21-23
- Second 2022 Open House is scheduled for April 26
- IGU will participate in Earth Day on Fort Wainwright
- Training with IGU staff from FNSB Air Quality staff is scheduled for April 7
- Received emailed reply from Robert Wallace, North Pole Director of City Services regarding fuel gas permit fees. They are not finalized, but will likely be similar to the ones the City of Fairbanks has. The city of Fairbanks fees are attached below.

**TABLE 3E  
FUEL GAS PERMIT FEES**

<u>Permit Issuance Fee:</u>	
1. For the issuance of each permit	\$35.00
2. For the issuance of each supplemental permit	\$20.00
<u>Plan Review Fee:</u>	
When plans are required to be submitted prior to the issuance of a fuel gas permit a plan check fee shall be charged at a rate of 75% of the fuel gas permit fee.	
Code Research (per hour with a one-hour minimum)	\$85.00
<u>Unit Fee Schedule:</u>	
1. Hydronic Heating Systems including boilers, piping, terminal units and fuel and flue systems \$0.03 per sq. ft. of area served with a minimum fee	\$85.00
2. Ducted Heating, Ventilation and/or Air Conditioning Systems including furnaces, HRVs ductwork, terminal devices and respective fuel and flue systems \$0.03 per square of area served with a minimum fee	\$85.00
3. Fuel gas tanks, cylinders and piping for fuel-burning appliances not solely a part of #1 or #2 above, per tank and cylinder	\$25.00
4. Gas piping systems and alterations min fee including (first 4 outlets) each additional outlet \$10.00 including min fee	\$85.00
5. Conversion from one fuel to another fuel (min fee includes first 4 outlets, each additional outlet \$10.00 including min fee	\$85.00
6. Other mechanical installations not specifically identified above	\$85.00
7. Temporary Gas to portable equipment, each outlet	\$20.00
8. Minimum Unit Permit Fee	\$85.00
9. Inspections for which no fee is specifically designated	\$85.00
10. Inspections outside of normal business hours – per hour (two-hour minimum - \$170.00)	\$85.00
11. Additional plan review required by changes, additions or revisions or code research	\$85.00
12. Work Without Required Permit Penalty (in addition to permit fee)	\$750.00
13. Permit Refund. The full amount of any fee paid which was erroneously paid or collected shall be refunded. Not more than 80% of the permit fee paid when no work has been completed under a permit issued in accordance with the code.	



## General Manager Report – March 2023

### General

- Continued Cook Inlet Gas Group Discussions.
- IGU Juneau Legislative Update March 8<sup>th</sup> & 9<sup>th</sup>. IGU will provide an update to the Senate Resource Committee on April 5<sup>th</sup>.
- Natural Gas Utility Worker’s Day March 18<sup>th</sup> celebrated with all employees.
- RFB 01 – 2023 LNG Transportation closed March 9<sup>th</sup> ; Intent to Award issued to Helzer Logistics Inc.

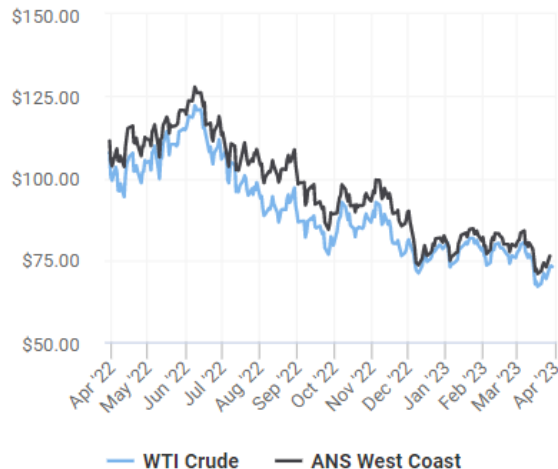
### Financial / Accounting

- Finance Committee met on March 28, 2023, and recommended IGU Board acceptance of the February 2023 financials as presented.
- IGU is preparing the Fiscal Year 2024 Budget.

### **Oil Markets**

Date	West Texas Intermediate	ANS West Coast
3/29/2023	\$72.97	\$76.21

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



Residential Heating Oil Average Price as of 3/29/2023 - \$4.07/ gallon

Natural Gas Oil Equivalent\* - \$2.95

Residential oil price is 38 % greater than natural gas

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

## Operations

### **PHMSA Notice of Probable Violation (NOPV)**

On March 1, 2023, IGU received a Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance Order (NOPV) from the U.S. Department of Transportation, Pipeline Hazardous Materials Safety Administration, as a result of PHMSA inspections completed on the distribution system from August 2 through 6, 2021.

As a result of the inspection, PHMSA alleges IGU committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR).

There were 12 issues identified resulting in the probable violations. PHMSA is proposing civil fines associated with 3 of the alleged violations. The total of the three proposed civil penalties is \$107,400.00. The remainder of the identified issues are subject to a proposed compliance order.

IGU had 30 days from the date of receipt of the letter to respond and has responded. IGU is requesting elimination of the proposed civil penalties and has provided updates on IGU's corrective actions completed prior to receipt of the NOPV, plan of corrective action for any outstanding issues related to the Proposed Compliance Order and disputed 1 of the probable violations.

### **LNG Plant**

- For March, the plant produced approximately 1.4 MM gallons of LNG. LNG production was maintained at maximum production levels.
- Zero Lost Time Injuries or Vehicle Accidents.
- Zero Third Party Damage.

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

- 100% delivery reliability with no firm supply interruptions. As expected, LNG Inventory has decreased in March from 2,160,000 gallons as of March 01, 2023, to 1,855,000 gallons as of March 29, 2023. Inventory levels remained above 30 days (Inclusive of Interruptible Customer Usage).
- North Pole Storage Site and distribution in continuous uninterrupted operation.
- Fairbanks Storage Site 1 and Site 3 in continuous uninterrupted operation.
- Zero Lost Time Injuries or Vehicle Accidents.
- Zero Third-Party Damage.


## Capital Projects

IGU continues procurement of materials and planning needed for 2023 installation of new gas mains and services.

## North Slope LNG Supply

- RFP 01-2023 – LNG Transport Trailers, was issued on February 15<sup>th</sup> for new trailers designed for use on the North Slope haul. The RFP closes on April 14, 2023.
- IGU is developing Request for Bid for North Slope Trucking. The issuance has been delayed until after the LNG Transport Trailer RFP closes, so we may include pertinent trailer design items if needed.
- Harvest continues permitting and project engineering.

**PHMSA MEMORANDUM**

TO: IGU Board  
FROM: Zane Wilson   
SUBJECT: Summary of Activity  
DATE: March 28, 2023

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

1. General Manager recruitment.
2. PHMSA.
3. IGU Board meeting.

# Director Requests for IGU Information

# Closing Comments

- General Manager
- IGU Attorney
- Directors

# ADJOURNMENT