



BOARD OF DIRECTORS MEETING

Tuesday, June 1, 2021 @ 4:00 P.M.

IGU Office: 3408 International Street, Fairbanks, AK

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

DRAFT AGENDA

*To participate via teleconference, call 1-253-215-8782;
when prompted, enter meeting ID 858 2690 0833, Password 380076*

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

Join Zoom Meeting

<https://us02web.zoom.us/j/85826900833?pwd=TDI3SVNyR1dpemlwYktUTDJqeCtRZz09>

1-253-215-8782

Meeting ID: 858 2690 0833

Password: 380076

I. CALL TO ORDER

- Roll call
- Approval of Agenda & Consent Agenda*
(Items marked with * are approved under consent agenda)
- * • *Approval of Minutes – 5/4/2021
- * • *Approval of Financials – 5/25/2021
- Public Comment – *limited to three minutes*

II. NEW BUSINESS (Board Discussion & Possible Action)

- Resolution 2021-10
A RESOLUTION APPROVING THE FISCAL YEAR 2022 BUDGET AND REQUIRING VARIANCE REPORTING.....Page 29
- IGU Procurement Policy RevisionPage 46

III. REPORTS

- Marketing ReportPage 49
- General Manager Report.....Page 55
- IGU Attorney Report.....Page 57

IV. DIRECTOR REQUESTS FOR IGU INFORMATION

V. CLOSING COMMENTS

- General Manager
- IGU Attorney
- Directors

VI. 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

5/4/2021



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

DRAFT MINUTES

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

Tuesday May 4, 2021
IGU Board Chair, Steve Haagenon presiding.

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

I. CALL TO ORDER 4:01 pm

- Roll call
Steve Haagenon
Mike Miller
Gary Wilken
Mary Nordale
Pamela Throop – *Signed off at 6:43pm*
Luke Hopkins
Bert Bell
- Approval of Agenda & Consent Agenda*
(Items marked with * are approved under consent agenda)
- Approval of Minutes – 4/6/2021*
- Approval of Financials – 4/27/2021*

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

00:00:55 Moved by Vice Chair Miller to approve the Agenda & Consent Agenda, 2nd by Director Hopkins.

Motion approved without objection.

- Public Comment **00:01:16**

Patrice Lee –Addressed the topic of the Finance Committee, capability, and role. Believes the role of the Finance Committee should be expanded, and the Board could benefit from their experience. I think that everyone on the Board should have a full understanding the compensation paid to the general manager and all employees including lowest paid employee

versus highest paid employee and compare to other entities across the country. I hope everyone has all the information they need before taking action on Resolution 2021-08. Thank you.

II. NEW BUSINESS

- Fiscal Year 2022 Draft Budget July 1, 2021 - June 30, 2022 **00:03:22**

General Manager Dan Britton introduces IGU Controller Wes Smith to present the FY2022 Draft Budget. The Draft Budget was presented to the Finance Committee on 4/27/2021 for review and comments. IGU management recommends that the Board approves the FY2022 Draft Budget and allows IGU Management to use independent discretion for inter department expense adjustments causing a \$0 increase to the overall Budget. General discussion on shifting budgeted amounts between categories and timing of budget approval. . Wes Smith continues his presentation of the FY2022 Draft Budget including a summary, conclusions, detailed reports of estimated revenues, expenditures, key assumptions, and rates. Chair Haagenson recommends that the Board take action on June 1, 2021 after management makes any necessary modifications. Board Discussion and Questions.

- Resolution 2021-08 **01:40:55**

IGU Attorney Zane Wilson presents Resolution 2021-08 giving the Board some background on the General Managers Deferred Compensation Plan. There were issues that came up with employee retirement plans once IGU became a public entity, and this Deferred Compensation Plan is the last piece of that issue. IGU retained George Sigh who specializes in this area. If a more robust discussion is desired by the Board, we will need to go into Executive Session to discuss all the details. Mr. Britton has an employment contract that was approved by the Board in 2019 which set forth compensation and the deferred compensation plan. We are not redoing that contract but now that IGU public entity the current plan is not valid. The benefit allows \$50,000 of the GM's salary to be deferred as an addition to the retirement plans that are available to IGU employees. With GM Dan Britton's approval as shown in the attached agreement. Approving this Resolution will terminate this plan and the benefits accrued on the books of IGU under the plan will be paid out according to the laws of the plan. This does not have any impact to the finances of IGU. Board Discussion and Questions

02:01:38 Moved by Director Hopkins to approve Resolution 2021-08 A RESOLUTION APPROVING THE TERMINATION OF GENERAL MANAGER BRITTON'S DEFERRED COMPENSATION PLAN, ADJUSTING GENERAL MANAGER BRITTON'S SALARY AND AUTHORIZING OFFICERS OF THE INTERIOR GAS UTILITY TO EXECUTE DOCUMENTS AS NEEDED TO EFFECTUATE THE TERMINATION OF THE PLAN AND SALARY ADJUSTMENT 2nd by Vice Chair Miller.

Debate on the Motion.

02:27:05 Roll Call Vote: Bell-Y, Nordale-Y, Throop-N, Hopkins-Y, Wilken-Y, Miller-Y, Haagenson-Y
Motion passes 6-1.

- Resolution 2021-09 **02:27:50**

02:28:18 Moved by Director Hopkins to approve Resolution 2021-09 A RESOLUTION OF THE INTERIOR GAS UTILITY AUTHORIZING THE GENERAL MANAGER TO EXECUTE CONSTRUCTION AGREEMENTS FOR DISTRIBUTION GAS MAIN EXTENSIONS AND SERVICE LINE INSTALLATIONS IN THE FAIRBANKS NORTH STAR BOROUGH PER RFB 01-2021, 2nd by Vice Chair Miller.

GM Dan Britton and IGU Director of Operations Mark Rockwell present the details of Resolution 2021-09, approving the execution of construction contracts to the 2 lowest bidders of the Distribution Gas Main Extensions and Service Lines RFB. Board Discussion and Questions.

02:35:36 Roll Call Vote: Nordale-Y, Throop-Y, Hopkins-Y, Wilken-Y, Miller-Y, Bell-Y, Haagenson-Y
Motion passes 7-0.

III. REPORTS

- Marketing Report **02:36:10**

IGU Marketing Manager Elena Sudduth presents the Marketing Report which includes an overview of current updates pertaining to Customer Service and New Services. Currently there are 92 applications received and ready for installation with more being submitted daily. IGU will have a booth at the IABA Home Show at the fairgrounds May 14-16. Karl Gohlke has accepted the role as the IGU Business Development Representative, he brings a lot of experience and community familiarity to the sales program. We have high hopes for this construction season as well as future season, Karl is a great addition to our team. About 6500 mailers will be sent out to the FNSB to prospective customers that have homes within the IGU distribution system.
Board Discussion and Questions.

- General Manager **02:46:11**

GM Dan Britton presents the report on activities and progress at IGU in the past month of April 2021. As requested, the oil to gas price comparison will be added to this report, currently the average oil price in the FNSB is \$2.94 and the Natural gas equivalent is \$2.75.
Board Discussion and Questions.

- IGU Attorney **02:55:36**

IGU Attorney Zane Wilson presents the report on work done for IGU in the past month of April 2021. Zane thanks the IGU team for the North Pole Storage facility completion.

IV. DIRECTOR REQUESTS FOR IGU INFORMATION **02:56:56**

There were no Director Requests for IGU Information

V. CLOSING COMMENTS **02:57:04**

- General Manager

Welcome Mr. Gohlke to our team. I think direct sales and reaching out to specific customers is a great addition to IGU. I look forward to moving forward with construction activities this summer.

- Directors

Director Bell- I am glad that Karl is onboard, let that dog run.

Director Nordale- I think that this was a substantive meeting just like the last meeting and I appreciate it very much. I too want to welcome Karl to IGU and wish him success.

Director Hopkins- I want to thank Dan, Wes, Chair Haagenson and others for submitting the Draft Budget to the Finance Committee, we had a very good discussion on the 27th. If I am still here a year from now, I look forward to it again. I thank Dan for the submission on earmark funding both to the feds and through Yuri to the state for oil to gas conversion. I look forward to seeing Karl's face some time, he should still smile at me, so that is good.

Director Wilken- I would like to welcome Karl to the IGU family. I am thinking the word is BOLD. What a bold move for us to hire that person, I think we all knew it was coming we just did not know when. What a great hire. What we are going to find here very quickly is the tools that we need to convince people to move to gas. So, I hope Dan & Elena I hope when he comes back to the office from out in the field and shows weaknesses or strengths. Whatever we need to do to give him the tools to perform and the tools to build confidence in our utility, I hope that we move it to the front of the line without any budget constraints. This will be a year of growth and confidence and Karl will be the person to do it if we give him the tools to do it. With that, I am looking forward to great things from that bold effort.

Vice Chair Miller- I would like to echo what everybody has said about Karl, great hire. The one thing I would like Mr. Chairman for you and the rest of the Board to consider, especially since the IGU offices have reopened, and as great as Zoom meetings have been, I am being a bit sarcastic, they do not replace in person meetings and the interaction we can have. I know there are a few folks that are hesitant and for those folks we can still have Zoom. We should at least think about the concept of getting back into in person meetings. It is very important for communication to have in person meetings for running a Board like this. Those are my thoughts Mr. Chair, take them for what they are worth.

Chair Haagenson- I am going to make it unanimous and really happy to see Karl come onboard, I think he will have a really good interaction with suppliers not just people that want to buy gas. He can keep the whole supply chain moving forward. I have a confession, I have applied for gas, I am using myself as a secret shopper, well not as much a secret. I am sharing my observations and questions I have that others may also have and trying to be the typical customer. I got through the first step fine and had questions on the application. I did get a call, Suzanne did a great job on that, there is a good system in place and just trying to share any observations I have through the process to make it better.

GM Dan Britton mentions we have just received a report for a gas line hit, a Nixle report was sent out in the area of Schacht Rd near Van Horn Rd. Our crew is on scene. I will provide the Board with an update once it is all clear.

03:04:00 Chair Haagenon recommends a motion to Adjourn

03:04:03 Moved by Director Nordale to Adjourn, 2nd by Director Bell.
Motion approved without objection.

VI. ADJOURNED @ *approximately 7:05 pm*

Approval of Financials

5/25/2021



Finance Committee Meeting
Tuesday, May 25, 2021 @ 12:00 PM
3408 International Street, Fairbanks, AK

Draft AGENDA

*To participate via teleconference & ZOOM call:
1-253-215-8782; when prompted, enter Meeting ID: 851 5107
0138, Password: 856746*

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

Join Zoom Meeting:

<https://us02web.zoom.us/j/85151070138?pwd=NmJybWtpb3NjN0tMSU5aMHFZYlFuUT09>

1-253-215-8782

Meeting ID: 851 5107 0138

Password: 856746

I. CALL TO ORDER

- Roll call
- Approval of Agenda
- Approval of Minutes – April 27th, 2021

II. MONTHLY FINANCIALS

- Controllers Summary Report – April 2021 Page 05
- Statement of Revenues, Expenses and Changes in Net Position with Budget Comparison April 2021 Page 06
- Board of Directors Dashboard Report – April 2021..... Page 16

III. PROJECT FINANCING (Discussion as needed)

IV. CLOSING COMMENTS

V. ADJOURNMENT



Interior Gas Utility FINANCE COMMITTEE MEETING

April 27th, 2021 @ 12:00 PM
3408 International Street, Fairbanks, Alaska

DRAFT MINUTES

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

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

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

12:04pm Motion to approve the 3/23/2021 Minutes: Moved by Bert and 2nd by Jack.
Motion approved by unanimous consent.

II. Monthly Financials 12:06 pm:

- **BOD Dashboard Report- February 2021 (Discussion) 12:06 pm:**

Jack Wilbur brought a question to the committee in the previous meeting concerning the cost of sales increase from Jan 31, 2021 (\$8.43) vs Feb 28, 2021 (\$8.50) within the 12 month trailing average graph on the dashboard report. Wes Smith presented a 12 Month Trailing Average (Jan 31, 2021 vs Feb 28, 2021) Comparison Spreadsheet and discussed his in depth analysis of possibilities for the increase. *Committee Discussion and Questions.*

- **Controllers Summary Report 12:49 pm:**

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

Committee discussion & questions on the *Controller Summary*

- **Statement of Net Position (3rd Qtr. ended)**

Included in Controller Summary

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

Included in Controller Summary

1:06pm Motion to approve the March financials as presented including Februarys Dashboard report. Moved by Dave and 2nd by Bert.
Objection on the Motion

Jack Wilbur mentions we do not move to approve we move to accept the financials as presented.
Dave Durham revises his previous motion.

1:06pm Motion to recommend that the Board of Directors accept the March financials as presented. Moved by Dave and 2nd by Bert.

1:08pm Roll Call Vote: Bert-Y, Jack-Y, Dave-Y, Luke-Y
Motion accepted by unanimous consent.

- **BOD Dashboard Report 1:08 pm:**

Wes Smith presents of the information presented within the Dashboard report and comments IGU is doing well compared to the Budget. *Committee Questions and Discussion.*

- **Proforma vs. Projected Report 1:18 pm:**

This report will be presented in each meeting going forward. *Committee Questions and Discussion.*

III. FY2022 DRAFT BUDGET – JULY 1, 2021 THRU JUNE 30, 2022 1:25 pm

Wes Smith gives an overview of each section of the budget. The proposed IGU budget and rates reflect projected environmental and economic conditions for FY 22. IGU's General Manager recommends that the Board Approve IGU's FY 22 budget from July 1, 2021 to June 30, 2022 and allow IGU management independent discretion for inter-departmental budget expense adjustments causing zero increase to overall budget. Wes will make any needed corrections before the Budget is presented to the Board at the 5/4/2021 meeting. *Committee Questions and Discussion.*

Jack Wilbur left the meeting at 2:08pm

IV. PROJECT FINANCING 2:09 pm

- GM Dan Britton gives an update on the purchase of 2525 Phillips Field Road; we are just waiting on the appraisal which should be any day.

V. CLOSING COMMENTS 2:14 pm

- *Bert Bell-* Good discussion, thanks to Dan and Wes for all your input and answering all our questions. We still have a lot of work to do, the key is getting more customers.
- *Dave Durham-* I appreciate the lengthy discussion and it is exciting to be still moving forward.
- *Luke Hopkins-* I find that these discussions on the closeness of our budget and what that means for MCF to the customer cost, it is becoming very close and critical. I want to say, Dan and Wes and the Administration know that it is and are watching everything. When we have this LAUF amount, it makes me wonder what is going on and hope we can identify

it. I hope AIDEA gets to work and has a timely revenue transfer to us, as Wes said we are doing well with cash on hand. Dan mentions it is not all AIDEA's delay, we have been delayed as well sending the requests for funds.

- VI. **Adjourned @ 2:17pm – Motion to Adjourn:** Moved by Bert and 2nd by Dave.
Motion approved by unanimous consent.

Controller Summary – Interior Alaska Natural Gas Utility – April, 2021

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

The report finds the prospects of the IGU in its current position are positive. The company continues to remain stable in difficult local and national economic conditions largely related to the COVID-19 pandemic. The local and national economic conditions are an area of concern that requires continued monitoring and management.

Working capital, \$2.5MM, is below budgeted levels, \$3.5MM, due to accounting staff not timely submitting requests for loan reimbursement funds. Accounting staff is making necessary corrections to eliminate untimely submissions. Working capital was sufficient to cover all budgetary items during the month and projected future months remaining in FY 21.

Overall gas sales for the month of April were above budget by 10,854 Mcf's, 18%. April was a cold month for a typical April coming in at an average 27.0 F for the month compared to 30.0 F in a typical year. HDDs for the month was 178 days more than budgeted.

Overall cost of goods sold (COGS), which include natural gas purchases, trucking expenses, LNG production electricity, and gas liquefaction expenses, for the month of April were higher than budgeted. Normally this would not be a concern as sales were higher than budgeted and we would expect COGS follow the higher sales. Adding to the increase in Natural Gas purchases is the continued write down of previous months LAUF. In April we wrote down the LAUF account and expensed the write down to Natural Gas purchases for \$54K. The LAUF account has a remaining balance of \$48K that is scheduled to be written down in the months of May and June. Accounting and Management is focused on this situation and is investigating all possible areas that would or could lead to LAUF. The main focus of investigation is the storage systems, distribution systems, billing system and the LNG liquefaction process. At the time of this report, we have discovered an anomaly in gas usage at the LNG plant and are investigating. Due to the anomaly, we have recorded 6,976 Mcf (\$55,984 in cost) in deferred process gas that will be expensed through inventory in future months as the anomaly is associated with LNG plant process gas.

Departmental expenses were generally higher than budgeted for the month. Departmental expenses were \$431K compared to the budget of \$405K. The year-to-date departmental expenses were lower than budgeted across all departments. Year-to-date departmental expenses were \$3.80MM compared to the budget of \$4.17MM. Management continues to perform well in controlling expenses in response to overall sales.

The company is engaged in two primary projects. The projects consist of the LNG storage site located in the City of North Pole (Site IV) and the Service Connections expansion. The LNG storage project was substantially completed in the month of March and a final punch list of miscellaneous tasks continued to be completed. The project is expected to come in at or just slightly below budget. The service connection project continues to progress as planned and the Operations and Engineering departments continue FY 22 construction planning. All current projects have sufficient funding.

The third quarter of FY 21 had no reported casualty loss due to accidents or loss time work injuries and this trend continues into the fourth quarter of the year.

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
April 30, 2021

	Apr 2021 (Actual)	Apr 2021 (Budget)	Apr 2021 (Variance) fav/(unfav)	Footnote	YTD 2021 (Actual)	YTD 2021 (Budget)	YTD 2021 (Variance) fav/(unfav)
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION							
Mcf:							
Residential	5,687	5,054	634		69,494	64,542	4,952
Small Commercial	32,292	31,996	295		375,405	391,479	(16,074)
Large Commercial	16,769	14,432	2,337		200,930	189,832	11,098
Interruptible - Small	4,469	4,473	(4)		62,708	60,580	2,128
Interruptible - Large	4,117	2,892	1,225		46,320	39,886	6,434
Hospital	6,267	0	6,267		45,292	35,724	9,568
UAF	0	0	0		1,014	0	1,014
Talkeetna	662	560	102		6,798	7,503	(705)
Total Mcf	70,262	59,407	10,854	(a)	807,961	789,546	18,415
HDD	1,140	962	178		12,920	12,828	92
Operating revenues							
Residential Gas Revenues	118,353	105,166	13,187		1,447,026	1,343,123	103,903
Small Commercial Gas Revenues	670,376	664,247	6,129		7,791,941	8,127,101	(335,160)
Large Commercial Gas Revenues	347,109	298,742	48,367		4,159,250	3,929,522	229,728
Interruptible - small commercial gas revenues	89,511	89,594	(83)		1,256,043	1,213,417	42,625
Interruptible - large commercial gas revenues	67,930	47,718	20,212		764,284	658,119	106,165
Hospital Gas Revenues	103,401	0	103,401		747,325	589,451	157,874
UAF Revenues	0	0	0		16,731	0	16,731
Talkeetna commercial gas revenues	11,576	9,800	1,776		118,832	131,301	(12,469)
Service Charge Revenues	30,072	29,528	544		292,378	283,346	9,032
Other Revenue	6,907	2,500	4,407		101,819	25,000	76,819
Total operating revenue	1,445,235	1,247,295	197,939	(a)	16,695,630	16,300,380	395,250
Operating expenses							
Natural gas purchases	635,953	490,690	(145,263)	(b)	6,951,390	6,573,239	(378,151)
Trucking Expenses	159,834	140,477	(19,357)	(c)	1,747,794	1,876,730	128,936
Electricity	73,244	70,031	(3,214)		967,483	905,635	(61,847)
Gas liquefaction expenses	162,506	153,078	(9,429)	(d)	1,521,871	1,714,448	192,577
Fairbanks distribution operations	38,733	40,761	2,029		331,961	412,613	80,652
Fairbanks distribution maintenance	6,975	12,226	5,251	(e)	70,974	122,263	51,289
Fairbanks storage & vaporization operations	92,879	54,556	(38,323)	(f)	638,678	636,115	(2,563)
Fairbanks storage & vaporization maintenance	9,116	12,397	3,281		40,713	119,654	78,941
Engineering	6,862	20,992	14,129	(g)	117,068	209,917	92,850
Talkeetna operations	0	0	0		0	0	0
Talkeetna maintenance	92	696	604		1,988	6,958	4,970
Customer Services	46,857	30,876	(15,981)	(h)	290,920	311,971	21,051
Administration and general expenses	229,081	232,829	3,748		2,307,748	2,351,550	43,802
Property taxes	1,042	1,027	(14)		10,417	10,411	(6)
Interest expense	2,127	2,127	0		232,460	121,323	(111,137)
Depreciation	276,774	298,420	21,646		2,767,744	2,984,202	216,458
Amortization	38,529	38,529	0		385,292	385,293	1
Total operating expense	1,780,606	1,599,713	(180,892)		18,384,500	18,742,324	357,825
Operating income (loss)	(335,371)	(352,418)	17,047		(1,688,870)	(2,441,944)	753,074
Non operating income (expense)							
Gain (loss) from disposition of property, plant and equipment	2,500	0	2,500		0	0	0
Interest income	275	5,570	(5,295)		5,718	62,092	(56,374)
Proceeds from bond premium (Series 2020A)	0	0	0		1,384,570	1,186,751	197,819
Cost of issuance of bonds (Series 2020A)	0	0	0		(741,399)	(813,311)	71,912
Other income (expense)	1	0	1		3,472	0	3,472
Net increase in fair value of investments	0	0	0		0	0	0
Total non operating income (expense)	2,777	5,570	(2,794)		652,361	435,533	216,828
Change in net position	(332,594)	(346,848)	14,253		(1,036,509)	(2,006,412)	969,902
Net position - beginning of period	36,453,556	36,868,439	(414,883)		37,154,971	38,528,003	(1,373,032)
Net position - end of period	36,120,961	36,521,591	(400,630)		36,118,461	36,521,591	(403,130)
EBITDA	(17,940)	(13,341)	(4,599)		1,696,626	1,048,874	647,752

Interior Alaska Natural Gas Utility
Financial Statements - with budget comparison
April 30, 2021

	Apr 2021 (Actual)	Apr 2021 (Budget)	Apr 2021 (Variance) fav/(unfav)	Footnote	YTD 2021 (Actual)	YTD 2021 (Budget)	YTD 2021 (Variance) fav/(unfav)
STATEMENT OF CASH FLOWS							
Increase (Decrease) in Cash							
Cash flows from operating activities							
Cash received from customers	1,902,436	1,980,261	(77,825)		15,524,465	15,582,512	(58,047)
Cash received from bond premium	0	0	0		1,384,570	1,186,751	197,819
Cash paid to suppliers, employees	(1,324,857)	(1,585,545)	260,689		(14,762,322)	(15,120,385)	358,063
Cash paid to underwriters and bond professionals	0	0	0		(741,399)	(813,311)	71,912
Interest and dividends received	275	5,570	(5,295)		5,718	62,092	(56,374)
Net cash provided by (used in) operating activities	577,855	400,286	177,569		1,411,031	897,660	513,371
Cash flows from capital and related financing activities							
Proceeds from issuance of long-term debt (SETS)	0	16,610	(16,610)		12,199,844	8,416,008	3,783,836
Proceeds from issuance of long-term debt (Bonds)	0	0	0		11,790,000	12,465,000	(675,000)
Principal payments on long-term debt	(14,641)	(14,641)	0		(299,195)	(299,393)	198
Interest paid	(2,127)	(2,127)	0		(232,460)	(121,323)	(111,137)
Liquified natural gas inventory	(122,739)	0	(122,739)		(282,564)	(1,187,427)	904,862
Proceeds from disposal of assets	2,500	0	2,500		2,500	0	2,500
Purchase of property, plant and equipment	(1,830)	0	(1,830)		(143,179)	(381,570)	238,391
Construction payable - operating capital projects	(14,173)	0	(14,173)		(10,370)	(12,200)	1,830
Construction payable - IEP capital projects	(1,494,261)	0	(1,494,261)		(3,088,666)	(1,087,060)	(2,001,606)
Financing capital, long-term debt, uses:							
Purchase of pipe inventory for future customer services	(107,626)	0	(107,626)		(149,694)	(484,700)	335,005
Consumed pipe and parts inventory for services	0	0	0		(70,710)	484,700	(555,409)
Construction work in progress (5.25 Storage)	0	0	0		(279,131)	(413,903)	134,772
Construction work in progress (Distribution and services)	(17,990)	0	(17,990)		(1,166,936)	(859,534)	(307,401)
Construction work in progress (NP Storage)	(51,056)	0	(51,056)		(9,389,612)	(10,096,857)	707,245
Construction work in progress (Liquefaction)	0	(16,610)	16,610		(23,078)	(166,100)	143,022
Net cash provided by (used in) capital and related financing activities	(1,823,942)	(16,768)	(1,807,174)		8,856,749	6,255,641	2,601,108
Cash flows from investing activities							
Purchase of marketable securities	0	0	0		0	0	0
Net cash provided by (used in) investing activities	0	0	0		0	0	0
Net increase (decrease) in cash	(1,246,087)	383,518	(1,629,605)		10,267,781	7,153,301	3,114,480
Cash at beginning of period	19,163,232	16,543,906	2,619,326		7,649,364	9,774,123	(2,124,759)
Cash at end of period	17,917,144	16,927,424	989,721		17,917,144	16,927,424	989,721
Reconciliation of Net Income (Loss) to Net Cash Provided By (Used in) Operating Activities							
Operating income/(loss)	(335,371)	(352,418)	17,047		(1,688,870)	(2,441,944)	753,074
Adjustments to reconcile net income to net cash provided by (used in) operating activities:							
Depreciation	276,774	298,420	(21,646)		2,767,744	2,984,202	(216,458)
Amortization	38,529	38,529	(0)		385,292	385,293	(1)
Gain (loss) from disposition of property, plant and equipment	0	0	0		0	0	0
Bond premium	0	0	0		1,384,570	1,186,751	197,819
Bond issuance cost	0	0	0		(741,399)	(813,311)	71,912
Interest and dividend income	275	5,570	(5,295)		5,718	62,092	(56,374)
Other income (expense)	1	0	1		3,472	0	3,472
Increase in fair value of investments	0	0	0		0	0	0
Interest paid	2,127	2,127	0		232,460	121,323	111,137
(Increase) decrease in assets							
Accounts receivable, net	457,200	732,966	(275,766)		(1,174,637)	(717,868)	(456,769)
Materials and supplies inventory	0	0	0		0	0	0
Deposits and other current assets	82,538	62,187	20,350		(277,838)	(97,363)	(180,475)
Increase (decrease) in liabilities							
Accumulated deferred compensation	0	0	0		0	0	0
Accounts payable	69,399	(464,744)	534,143		554,052	139,935	414,116
Accrued wages and burden	(13,647)	79,821	(93,468)		42,868	89,982	(47,113)
Other current and accrued liabilities	28	(2,173)	2,201		(82,400)	(1,433)	(80,967)
Net cash provided by (used in) operating activities	577,855	400,286	177,569		1,411,031	897,660	513,371



Variance to Budget Footnotes
April 30, 2021

- (a) - Gas revenues were \$197K¹ higher than budget. A large contribution to the higher sales in April was colder than budgeted temperatures. Heating Degree Days (HDD) were higher for the month. Actual HDD was 1,140 versus 962 that was budgeted.
- (b) - Cost of gas was \$145K higher than budget for April largely due to higher than budgeted gas sales and an inventory adjustment for "Lost and Unaccounted For" (LAUF) gas for \$54K. We still have \$48K of LAUF to be expensed over the months of May and June. We continue to investigate LAUF and are making progress in identifying the major contributor to LAUF.
- (c) - Trucking expense was \$19K higher than budget for April largely due to higher than budgeted gas sales.
- (d) - Gas liquefaction expense were \$9K higher than budget largely due to timing differences between actual and budgeted expenses and maintenance expense related to the booster compressor.
- (e) - Fairbanks distribution maintenance expense was \$5K lower than budget largely due to wages allocated to other departments.
- (f) - Fairbanks storage & vaporization operations expenses were \$38K higher than budget largely due to wages allocated from other departments, snow removal labor and miscoded temporary employee wages.
- (g) - Engineering expenses were \$14K lower than budget due to a portion of wages being capitalized for mains and services construction and a vacant Engineer position.
- (h) - Customer Services expense was \$20K higher than budget largely due to timing differences between actual and budgeted expenses relating to public awareness expense and credit card processing fees.

Interior Alaska Natural Gas Utility
Detailed Expenses with Budget Comparison

	Apr 2021 (Actual)	Apr 2021 (Budget)	Apr 2021 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2021 (Actual)	YTD 2021 (Budget)	YTD 2021 (Variance)	Fav (F)/ Unfav (U)
<u>COST OF SALES</u>									
<u>Cost of Gas</u>									
Natural Gas Expense	635,953	490,690	(145,263)	U		6,951,390	6,573,239	(378,151)	U
Trucking Expenses	159,834	140,477	(19,357)	U		1,747,794	1,876,730	128,936	F
Electricity Expense	73,244	70,031	(3,214)	U		967,483	905,635	(61,847)	U
Total cost of gas	869,032	701,198	(167,833)	U		9,666,666	9,355,605	(311,062)	U
<u>Gas liquefaction expenses</u>									
Communications	357	400	44	F		4,733	4,003	(730)	U
Utilities	5,201	4,310	(891)	U		48,998	42,119	(6,879)	U
Other Expenses	280	318	37	F		2,727	3,178	451	F
Training Material	0	1,250	1,250	F		0	12,500	12,500	F
Safety Material	1,180	794	(387)	U		7,705	7,937	232	F
Freight Expense	0	0	0	F		626	3	(623)	U
Yard Maintenance	3,961	225	(3,736)	U		11,659	2,246	(9,412)	U
Maint - Structure Materials	284	33	(251)	U		844	328	(516)	U
Maint - Equipment Materials	0	900	900	F		11,419	9,002	(2,417)	U
Maint - Turbo Expander	0	2,500	2,500	F		58,493	25,000	(33,493)	U
Maint - BTB 1	0	7,083	7,083	F	(1)	22,123	70,833	48,710	F
Maint - BTB 2	0	7,083	7,083	F	(1)	22,840	70,833	47,993	F
Maint - Amine & Glycol	0	1,428	1,428	F		8,116	14,280	6,163	F
Maint - Cascade	11,828	7,167	(4,661)	U		26,033	71,667	45,634	F
Maint - Boost Compressor	22,937	625	(22,312)	U	(2)	27,095	6,250	(20,845)	U
Maint - Feed Gas Compressor	0	5,417	5,417	F		21,353	54,167	32,814	F
Maint - Skid Process	0	544	544	F		10,613	5,439	(5,174)	U
Maint - Transp Truck Materials	0	341	341	F		1,277	3,408	2,130	F
Maint - Trans Trailer T-2	40	458	418	F		1,253	4,583	3,330	F
Maint - Trans Trailer T-4	141	458	317	F		5,081	4,583	(498)	U
Maint - Trans Trailer T-6	7,084	458	(6,626)	U	(3)	15,392	4,583	(10,809)	U
Maint - Trans Trailer T-7	40	458	418	F		2,565	4,583	2,018	F
Maint - Trans Trailer T-8	1,146	458	(688)	U		4,874	4,583	(291)	U
Maint - Trans Trailer T-9	40	458	418	F		3,662	4,583	921	F
Maint - Trans Trailer T-10	429	458	29	F		2,910	4,583	1,674	F
Maint - Trans Trailer T-13	277	458	182	F		4,979	4,583	(396)	U
Maint - Trans Trailer T-14	576	458	(118)	U		6,120	4,583	(1,537)	U
Maint - Trans Trailer T-15	40	458	418	F		3,118	4,583	1,465	F
Maint - Trans Trailer T-16	315	458	143	F		3,101	4,583	1,482	F
Maint - Trans Trailer T-17	80	458	378	F		80	4,583	4,503	F
Maint - Trans Trailer T-18	80	458	378	F		1,238	4,583	3,345	F
Maint - Trans Trailer T-19	383	458	76	F		4,710	4,583	(127)	U
Maint - Trans Trailer T-20	452	208	(244)	U		3,740	2,083	(1,656)	U
Maint - Trans Trailer T-21	100	208	108	F		3,855	2,083	(1,772)	U
Maint - Trans Trailer T-22	100	208	108	F		2,348	2,083	(265)	U
Maint - Trans Trailer Unallocated	193	542	349	F		4,602	5,417	815	F
Maint - Other Equip Materials	69	1,277	1,208	F		8,364	12,773	4,409	F
Maint - Light Truck	0	417	417	F		1,207	4,167	2,960	F
Maint - Heavy Equip	0	550	550	F		1,178	5,501	4,323	F
Maint - Small Tools	50	571	521	F		4,150	5,706	1,556	F
Maint - T800s	92	625	533	F		3,850	6,250	2,400	F
Maint - Shop Consumables	2,004	1,667	(337)	U		8,481	16,667	8,185	F
Liquefaction Gas Usage	43,556	36,773	(6,783)	U	(4)	556,608	552,377	(4,231)	U
Salaries & Wages	51,598	56,925	5,328	F	(5)	499,658	569,255	69,596	F
Salaries & Wages - Overtime	2,992	4,731	1,739	F		54,542	47,306	(7,236)	U
Salaries & Wages - PTO	4,602	0	(4,602)	U	(5)	14,865	0	(14,865)	U
Employee Benefits	0	1,542	1,542	F		8,684	15,423	6,740	F
Total gas liquefaction expenses	162,506	153,078	(9,429)	U		1,521,871	1,714,448	192,577	F

Interior Alaska Natural Gas Utility
Detailed Expenses with Budget Comparison

<u>COST OF SALES</u>	Apr 2021 (Actual)	Apr 2021 (Budget)	Apr 2021 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2021 (Actual)	YTD 2021 (Budget)	YTD 2021 (Variance)	Fav (F)/ Unfav (U)
<u>Distribution operations</u>									
<u>Common</u>									
Dist Ops - Office & Computer	285	441	157	F		5,801	4,410	(1,391)	U
Dist Ops - Training Materials	202	4,125	3,923	F		8,137	41,250	33,113	F
Dist Ops - Safety Materials	2,866	945	(1,921)	U		14,546	9,453	(5,094)	U
Dist Ops - Freight Expense	38	0	(38)	U		623	0	(623)	U
Dist Ops - Transportation Fuel	7,386	2,075	(5,310)	U	(6)	16,718	20,754	4,037	F
Dist Ops - Utility Gas Use (Office/Shop)	715	0	(715)	U		8,915	0	(8,915)	U
Dist Ops - Supervisor Labor	679	7,233	6,555	F	(7)	56,505	70,297	13,792	F
Dist Ops - Office Labor	6,261	4,099	(2,163)	U	(7)	25,790	33,713	7,923	F
Dist Ops - Training Labor	752	1,531	779	F		8,156	15,311	7,155	F
Dist Ops - Safety Labor	260	1,440	1,180	F		2,644	14,401	11,757	F
Dist Ops - Snow Removal Labor	0	2,386	2,386	F		3,387	23,857	20,470	F
Dist Ops - PTO Labor	3,149	5,007	1,858	F		19,124	50,068	30,944	F
Dist Ops - Holiday Labor	0	0	0	F		11,047	9,309	(1,738)	U
Dist Ops - Temp Labor	0	0	0	F		18,606	0	(18,606)	U
Dist Ops - Employee Benefits	0	1,123	1,123	F		2,387	11,231	8,845	F
<u>Fairbanks</u>									
Dist Ops - Mains Materials	(102)	0	102	F		402	2,333	1,931	F
Dist Ops - Meter Material	170	0	(170)	U		508	2,667	2,159	F
Dist Ops - Customer Site	0	0	0	F		0	0	0	F
Dist Ops - Outside Services	909	42	(867)	U		8,081	417	(7,664)	U
Dist Ops - Lease ROW	173	241	68	F		4,187	2,409	(1,778)	U
Dist Ops - Mains Labor	759	31	(729)	U		3,356	305	(3,051)	U
Dist Ops - Patrolling Labor	98	81	(17)	U		3,697	810	(2,887)	U
Dist Ops - Locating Labor	36	1,574	1,538	F		16,200	15,735	(465)	U
Dist Ops - Sys Pressure Labor	351	295	(56)	U		916	2,953	2,037	F
Dist Ops - Odorant Route Labor	415	522	107	F		2,045	5,220	3,175	F
Dist Ops - Meter Labor	3,565	1,714	(1,851)	U		39,818	17,141	(22,677)	U
Dist Ops - OT Labor	725	3,483	2,759	F		6,698	34,834	28,136	F
Dist Ops - On Call Labor	3,042	1,757	(1,285)	U		37,666	17,570	(20,096)	U
<u>North Pole</u>								0	F
Dist Ops - Mains Materials	0	0	0	F		0	0	0	F
Dist Ops - Meter Material	0	0	0	F		0	0	0	F
Dist Ops - Customer Site	0	0	0	F		0	0	0	F
Dist Ops - Outside Services	0	0	0	F		0	0	0	F
Dist Ops - Rents	0	0	0	F		0	0	0	F
Dist Ops - Lease ROW	0	0	0	F		0	0	0	F
Dist Ops - Lease Private	6,000	617	(5,383)	U	(8)	6,000	6,167	167	F
Dist Ops - Mains Labor	0	0	0	F		0	0	0	F
Dist Ops - Patrolling Labor	0	0	0	F		0	0	0	F
Dist Ops - Locating Labor	0	0	0	F		0	0	0	F
Dist Ops - Sys Pressure Labor	0	0	0	F		0	0	0	F
Dist Ops - Odorant Route Labor	0	0	0	F		0	0	0	F
Dist Ops - Meter Labor	0	0	0	F		0	0	0	F
Dist Ops - OT Labor	0	0	0	F		0	0	0	F
Total distribution operations	38,733	40,761	2,029	F		331,961	412,613	80,652	F

Interior Alaska Natural Gas Utility
Detailed Expenses with Budget Comparison

<u>COST OF SALES</u>	Apr 2021 (Actual)	Apr 2021 (Budget)	Apr 2021 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2021 (Actual)	YTD 2021 (Budget)	YTD 2021 (Variance)	Fav (F)/ Unfav (U)
<u>Distribution maintenance</u>									
<u>Common</u>									
Dist Maint - Structure	0	0	0	F		0	0	0	F
Dist Maint - Yard Clean Up	145	63	(82)	U		923	625	(298)	U
Dist Maint - Equip Materials	594	133	(461)	U		3,128	1,333	(1,795)	U
Dist Maint - Light Truck	1,635	1,286	(349)	U		7,463	12,855	5,392	F
Dist Maint - Heavy Equip	0	833	833	F		7,472	8,333	861	F
Dist Maint - Small Tools	85	109	24	F		1,860	1,092	(768)	U
Dist Maint - Shop Consumables	302	700	398	F		3,074	6,998	3,924	F
Dist Maint - CNG Comp	0	4	4	F		1,782	38	(1,743)	U
Dist Maint - Yard Labor	0	1,330	1,330	F		3,189	13,296	10,107	F
Dist Maint - Shop Labor	253	994	741	F		2,374	9,940	7,566	F
Dist Maint - Supervision	0	0	0	F		1,316	0	(1,316)	U
Dist Maint - Equipment Labor	297	923	626	F		4,094	9,230	5,135	F
<u>Fairbanks</u>									
Dist Maint - Main Materials	0	250	250	F		466	2,500	2,034	F
Dist Maint - Services Material	0	104	104	F		2,973	1,042	(1,932)	U
Dist Maint - Meter/Reg Material	0	83	83	F		3,466	833	(2,633)	U
Dist Maint - Mains Labor	399	2,499	2,100	F		2,587	24,991	22,404	F
Dist Maint - Dist Valves Labor	516	145	(371)	U		1,770	1,450	(320)	U
Dist Maint - Line Hit Labor	0	384	384	F		3,272	3,840	568	F
Dist Maint - Locate Labor	394	363	(31)	U		2,482	3,627	1,145	F
Dist Maint - Service Labor	427	989	562	F		2,907	9,892	6,985	F
Dist Maint - Meter Labor	1,260	540	(720)	U		10,187	5,397	(4,791)	U
Dist Maint - OT Labor	668	495	(173)	U		4,187	4,950	763	F
<u>North Pole</u>									
Dist Maint - Main Materials	0	0	0	F		0	0	0	F
Dist Maint - Services Material	0	0	0	F		0	0	0	F
Dist Maint - Meter/Reg Material	0	0	0	F		0	0	0	F
Dist Maint - Mains Labor	0	0	0	F		0	0	0	F
Dist Maint - Dist Valves Labor	0	0	0	F		0	0	0	F
Dist Maint - Line Hit Labor	0	0	0	F		0	0	0	F
Dist Maint - Locate Labor	0	0	0	F		0	0	0	F
Dist Maint - Service Labor	0	0	0	F		0	0	0	F
Dist Maint - Meter Labor	0	0	0	F		0	0	0	F
Dist Maint - OT Labor	0	0	0	F		0	0	0	F
Total distribution maintenance	6,975	12,226	5,251	F		70,974	122,263	51,289	F

Interior Alaska Natural Gas Utility
Detailed Expenses with Budget Comparison

	Apr 2021 (Actual)	Apr 2021 (Budget)	Apr 2021 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2021 (Actual)	YTD 2021 (Budget)	YTD 2021 (Variance)	Fav (F)/ Unfav (U)
<u>COST OF SALES</u>									
<u>Storage & vaporization operations</u>									
<u>Storage Site I</u>									
SS I - Communications	0	133	133	F		1,020	1,328	308	F
SS I - Outside Ser. - General	0	708	708	F		12,211	7,083	(5,128)	U
SS I - Utilities - Other	113	122	10	F		1,451	1,222	(229)	U
SS I - Supplies & Materials	0	11	11	F		483	113	(370)	U
SS I - Safety & Signage	0	64	64	F		672	642	(30)	U
SS I - Gas Usage	6,570	4,523	(2,047)	U		80,297	58,547	(21,750)	U
SS I - Electricity	1,844	1,812	(31)	U		17,621	20,298	2,678	F
SS I - Supervision Labor	0	18	18	F		10,142	176	(9,966)	U
SS I - Operations Labor	4,100	1,385	(2,715)	U		14,156	13,850	(306)	U
SS I - Snow Removal Labor	5,092	54	(5,039)	U	(9)	11,031	535	(10,496)	U
SS I - OT Labor	2,588	17	(2,571)	U		7,392	165	(7,227)	U
<u>Storage Site III</u>									
SS III - Communications	118	316	198	F		2,693	3,158	466	F
SS III - Outside Ser. - General	11,447	917	(10,530)	U	(10)	32,561	9,167	(23,395)	U
SS III - Utilities - Other	833	77	(756)	U		7,198	766	(6,432)	U
SS III - Supplies & Materials	0	243	243	F		86	2,433	2,348	F
SS III - Safety & Signage	50	339	289	F		1,122	3,390	2,268	F
SS III - Gas Usage	11,820	16,961	5,142	F		110,941	221,245	110,304	F
SS III - Electricity	26,355	22,413	(3,942)	U		221,508	251,007	29,499	F
SS III - Supervision Labor	381	101	(280)	U		4,002	1,013	(2,989)	U
SS III - Operations Labor	5,115	1,397	(3,717)	U		37,178	13,971	(23,207)	U
SS III - Snow Removal Labor	4,560	54	(4,506)	U		14,366	535	(13,831)	U
SS III - OT Labor	1,596	148	(1,448)	U		11,250	1,479	(9,771)	U
<u>Storage Site IV</u>									
SS IV - Communications	0	56	56	F		254	389	135	F
SS IV - Outside Ser. - General	0	0	0	F		1,008	0	(1,008)	U
SS IV - Utilities - Other	344	56	(289)	U		344	389	45	F
SS IV - Supplies & Materials	0	56	56	F		455	389	(66)	U
SS IV - Safety & Signage	0	0	0	F		820	0	(820)	U
SS IV - Rents	411	0	(411)	U		937	0	(937)	U
SS IV - Gas Usage	4,787	1,131	(3,656)	U		26,868	12,941	(13,927)	U
SS IV - Electricity	2,673	1,446	(1,227)	U		4,406	9,884	5,478	F
SS IV - Supervision Labor	0	0	0	F		0	0	0	F
SS IV - Operations Labor	1,213	0	(1,213)	U		1,213	0	(1,213)	U
SS IV - Snow Removal Labor	587	0	(587)	U		2,709	0	(2,709)	U
SS IV - OT Labor	285	0	(285)	U		285	0	(285)	U
Total storage & vaporization operations	92,879	54,556	(38,323)	U		638,678	636,115	(2,563)	U

Interior Alaska Natural Gas Utility
Detailed Expenses with Budget Comparison

	Apr 2021 (Actual)	Apr 2021 (Budget)	Apr 2021 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2021 (Actual)	YTD 2021 (Budget)	YTD 2021 (Variance)	Fav (F)/ Unfav (U)
<u>COST OF SALES</u>									
<u>Storage & vaporization maintenance</u>									
<u>Storage Site I</u>									
SS I - Maint of Cont Rm	0	667	667	F		491	6,667	6,176	F
SS I - Maint of Boiler Rm	0	1,333	1,333	F		420	13,333	12,913	F
SS I - Maint S&I - Yard	0	213	213	F		235	2,127	1,892	F
SS I - Mnte of LNG Tank 1	0	31	31	F		44	310	266	F
SS I - Mnte of LNG Tank 2	0	104	104	F		44	1,040	996	F
SS I - Mnte of LNG Tank 3	0	10	10	F		44	100	56	F
SS I - Mnte of LNG Tank 4	0	19	19	F		44	188	144	F
SS I - Mnte Vapor Equip	0	126	126	F		0	1,255	1,255	F
SS I - Mnte of Meter - Main	0	84	84	F		659	843	184	F
SS I - Mnte of Meter - Bypass	0	0	0	F		0	0	0	F
SS I - Mnte of Odorant	0	30	30	F		0	119	119	F
SS I - Maint Other Equip	0	211	211	F		143	2,105	1,962	F
SS I - Maint Testing Equip	0	21	21	F		0	208	208	F
SS I - Maint General Labor	267	650	383	F		1,354	6,497	5,143	F
SS I - Maint S&I Labor	1,401	401	(1,000)	U		5,700	4,006	(1,694)	U
SS I - Maint LNG Tank Labor	0	542	542	F		379	5,416	5,038	F
SS I - Maint Vapor Equip Labor	0	159	159	F		381	1,588	1,207	F
SS I - Maint Meas. & Reg. Labor	0	144	144	F		160	1,440	1,281	F
SS I - Maint Other Equip Labor	78	736	657	F		1,846	7,358	5,512	F
SS I - Maint OT Labor	372	40	(331)	U		2,802	401	(2,401)	U
<u>Storage Site III</u>									
SS III - Maint of Cont Rm	0	136	136	F		330	1,360	1,030	F
SS III - Maint of Boiler Rm	0	371	371	F		28	3,709	3,681	F
SS III - Maint S&I - Yard	260	345	85	F		935	3,451	2,516	F
SS III - Mnte of LNG Tank 1	0	223	223	F		633	891	258	F
SS III - Mnte Vapor Equip	0	196	196	F		0	1,959	1,959	F
SS III - Mnte of Meter - Main	0	7	7	F		2,905	68	(2,838)	U
SS III - Mnte of Odorant	0	626	626	F		0	6,257	6,257	F
SS III - Maint Other Equip	1,484	550	(934)	U		2,702	5,500	2,798	F
SS III - Maint Testing Equip	0	210	210	F		492	2,098	1,606	F
SS III - Maint General Labor	794	649	(145)	U		3,214	6,487	3,273	F
SS III - Maint S&I Labor	1,262	745	(517)	U		5,703	7,449	1,746	F
SS III - Maint Tank Labor	246	110	(136)	U		372	1,100	728	F
SS III - Maint Vapor Equip Labor	778	394	(384)	U		2,145	3,940	1,794	F
SS III - Maint Mea. & Reg. Labor	0	101	101	F		205	1,014	809	F
SS III - Maint Other Equip Labor	36	1,100	1,064	F		1,068	10,998	9,930	F
SS III - Maint OT Labor	166	184	18	F		1,652	1,840	188	F
<u>Storage Site IV</u>									
SS IV - Maint of Cont Rm	0	56	56	F		0	389	389	F
SS IV - Maint of Boiler Rm	0	56	56	F		0	389	389	F
SS IV - Maint S&I - Yard	0	278	278	F		0	1,944	1,944	F
SS IV - Mnte of LNG Tank 1	0	28	28	F		16	194	178	F
SS IV - Mnte of LNG Tank 2	0	28	28	F		16	194	178	F
SS IV - Mnte Vapor Equip	0	167	167	F		0	1,167	1,167	F
SS IV - Mnte of Meter - Main	0	0	0	F		0	0	0	F
SS IV - Mnte of Odorant	0	17	17	F		0	117	117	F
SS IV - Maint Other Equip	0	278	278	F		0	1,944	1,944	F
SS IV - Maint Testing Equip	0	28	28	F		0	194	194	F
SS IV - Maint General Labor	0	0	0	F		0	0	0	F
SS IV - Maint S&I Labor	1,572	0	(1,572)	U		2,621	0	(2,621)	U
SS IV - Maint LNG Tank Labor	0	0	0	F		0	0	0	F
SS IV - Maint Vapor Equip Labor	330	0	(330)	U		330	0	(330)	U
SS IV - Maint Meas. & Reg. Labor	0	0	0	F		0	0	0	F
SS IV - Maint Other Equip Labor	71	0	(71)	U		71	0	(71)	U
SS IV - Maint OT Labor	0	0	0	F		529	0	(529)	U
Total storage & vaporization maintenance	9,116	12,397	3,281	F		40,713	119,654	78,941	F
<u>Talkeetna maintenance</u>									
Maint - Equip Materials	92	675	583	F		1,988	6,750	4,762	F
Maint - Small Tools	0	21	21	F		0	208	208	F
Total Talkeetna maintenance	92	696	604	F		1,988	6,958	4,970	F

Interior Alaska Natural Gas Utility
Detailed Expenses with Budget Comparison

	Apr 2021 (Actual)	Apr 2021 (Budget)	Apr 2021 (Variance)	Fav (F)/ Unfav (U)	Foot Note	YTD 2021 (Actual)	YTD 2021 (Budget)	YTD 2021 (Variance)	Fav (F)/ Unfav (U)
<u>COST OF SALES</u>									
<u>Engineering</u>									
Eng Office & Computers	883	346	(537)	U		5,255	3,458	(1,798)	U
Eng - Outside Services - General	0	2,342	2,342	F		1,073	23,417	22,344	F
Eng - Travel	0	0	0	F		1,226	0	(1,226)	U
Eng - Training & Seminars	0	1,083	1,083	F		395	10,833	10,438	F
Eng - Dues & Subscriptions	0	833	833	F		1,901	8,333	6,432	F
Eng - General Labor	3,096	14,960	11,864	F	(11)	72,177	145,654	73,477	F
Eng - Training Labor	0	205	205	F		0	2,046	2,046	F
Eng - PTO Labor	1,062	648	(414)	U		21,361	6,477	(14,883)	U
Eng - Holiday Labor	0	0	0	F		1,569	3,948	2,379	F
Eng - OT Labor	1,822	575	(1,246)	U		12,111	5,751	(6,360)	U
Total engineering	6,862	20,992	14,129	F		117,068	209,917	92,850	F
<u>Customer Service</u>									
Cust Accts - Billing General Expense	25,082	7,279	(17,803)	U	(12)	95,828	72,787	(23,041)	U
Cust Accts - Doubtful Accounts	4,167	4,167	0	F		41,667	41,667	0	F
Cust Accts - Public Awareness Expense	3,510	1,042	(2,469)	U		12,463	10,417	(2,046)	U
Sales Expense - Materials	25	6,250	6,225	F	(13)	39,861	62,500	22,639	F
Cust Accts - Conversion Manager	7,308	6,990	(317)	U		47,272	69,903	22,631	F
Cust Accts - General Labor	4,037	3,850	(188)	U		44,101	38,496	(5,605)	U
Cust Accts - Meter Reading Labor	527	853	325	F		5,741	8,529	2,788	F
Cust Accts - Sales Labor	2,200	0	(2,200)	U		3,987	0	(3,987)	U
Cust Accts - PTO Labor	0	446	446	F		0	4,461	4,461	F
Cust Accts - Holiday Labor	0	0	0	F		0	3,212	3,212	F
Total customer services	46,857	30,876	(15,981)	U		290,920	311,971	21,051	F
Depreciation	276,774	298,420	21,646	F		2,767,744	2,984,202	216,458	F
Amortization	38,529	38,529	0	F		385,292	385,293	1	F
Total cost of sales	1,548,355	1,363,730	(184,626)	U		15,833,876	16,259,041	425,165	F
<u>Administration & General</u>									
Administrative Salaries	57,152	62,886	5,735	F		572,597	628,860	56,263	F
Administrative Wages	10,918	7,887	(3,030)	U		85,279	78,873	(6,407)	U
Administrative PTO Salaries and Wages	(8,629)	325	8,953	F	(14)	47,256	3,246	(44,010)	U
Administrative Holiday Salaries and Wages	0	0	0	F		2,380	2,337	(43)	U
Administrative OT Wages	420	1,256	836	F		8,040	12,558	4,518	F
Taxes Other than Income Taxes	18,607	15,958	(2,648)	U		171,405	159,581	(11,823)	U
Admin Employee Benefits	4,145	2,440	(1,705)	U		25,379	24,396	(983)	U
Admin & general expenses									
Office Supplies & Expense	674	1,937	1,264	F		17,757	19,372	1,615	F
Postage & Mailing Exp	1,250	637	(614)	U		7,572	6,367	(1,205)	U
Outside Services - General	11,638	10,833	(804)	U		117,053	108,333	(8,720)	U
Outside Services - Legal	7,722	8,333	611	F	(15)	115,731	83,333	(32,397)	U
Outside Services - Accounting	3,250	439	(2,811)	U		45,210	43,008	(2,202)	U
Outside Services - Office	305	0	(305)	U		4,355	0	(4,355)	U
Outside Services - Engineering	0	1,250	1,250	F		9,700	12,500	2,800	F
Property Insurance - Equipment	59,051	54,532	(4,519)	U		502,237	525,635	23,398	F
Property Insurance - Auto	3,195	3,140	(55)	U		31,430	31,399	(31)	U
General Liability Insurance	10,057	7,560	(2,497)	U		73,389	75,599	2,210	F
Workers Compensation Insurance	3,148	6,284	3,136	F		37,203	62,843	25,640	F
Employee Benefits - Other	0	0	0	F		6,604	0	(6,604)	U
Insurance - Health	16,828	12,913	(3,915)	U		134,618	129,130	(5,488)	U
Advertising - Public Notices	3,919	800	(3,119)	U		12,578	8,003	(4,575)	U
Union expenses	1,147	1,375	228	F		12,465	13,750	1,285	F
Misc General Expenses	747	3,997	3,250	F		36,736	39,973	3,237	F
Dues and Subscriptions	1,505	2,350	844	F		13,090	23,497	10,407	F
Donations	0	83	83	F		0	833	833	F
Telephone & Communication	3,279	2,216	(1,063)	U		25,698	22,162	(3,536)	U
Meals & Entertainment	985	292	(693)	U		3,775	2,917	(858)	U
Property Tax	1,042	1,027	(14)	U		10,417	10,411	(6)	U
Utilities - Office	1,832	1,840	7	F		17,434	17,118	(316)	U
Travel	0	1,542	1,542	F		2,013	15,417	13,404	F
Training & Seminars - Admin	0	1,875	1,875	F		(86)	18,750	18,836	F
Rent (Building) Fairbanks	12,630	14,173	1,543	F		129,873	144,988	15,115	F
General Maintenance Building	1,300	625	(675)	U		11,934	6,250	(5,684)	U
Maintenance of Computers	2,008	3,052	1,045	F		27,044	30,523	3,478	F
Total G&A - FNG	230,123	233,856	3,734	F		2,318,164	2,361,961	43,797	F
Total administration & general	230,123	233,856	3,734	F		2,318,164	2,361,961	43,797	F
Total cost of sales and administration & general	1,778,478	1,597,586	(180,892)	U		18,152,040	18,621,002	468,961	F



Variance to Budget Footnotes
April 30, 2021

- (1) - Gas liquefaction expenses Maint - BTB 1 & 2 were \$14K, collectively, lower than budget due to a timing differences between actual and budgeted overhaul expenses.
- (2) - Gas liquefaction expenses Maint - Boost Compressor was \$22K higher than budget due to unbudgeted maintenance. We expect this expense line to be over budget for the year.
- (3) - Gas liquefaction expenses - Maint - Trans Trailer T-6 expense was \$7K higher due to inspection expenses related to the trailer being inspected prior to being put back into service. The trailer was damaged earlier in the year.
- (4) - Gas liquefaction expenses - Liquefaction Gas Usage expense was \$7K higher due to higher gas sales.
- (5) - Gas liquefaction - Salaries & Wages expense was \$5K lower than budget while the Salaries & Wages - PTO was \$5k higher than budget. Collectively, the related expenses were \$1K under budget.
- (6) - Distribution operations - common - Dist Ops - Transportation Fuel expense was \$5K over budget due to a timing difference between actual and budgeted expenses. March invoice for fuel was recorded in April as the accounting period for March was closed when the invoice was being processed.
- (7) - Distribution operations - common - Supervisor labor expense was \$7K lower than budget while Office labor was \$2K higher. The two labor expense are not typically related. The Operations Supervisor is engaged in primarily Storage Site operations and the Senior Operator has been assuming the majority of the supervision of Distribution Operations. The Senior Operators home labor code is Dist Ops - Office Labor.
- (8) - Distribution operations - North Pole - Lease Private expense was \$5K higher than budget due to a timing difference between actual and budgeted lease expense. This expense has been paid in full for the year and is expected to be under budget at the end of the year.
- (9) - Storage & vaporization operations - SS III - Snow Removal Labor was \$5K higher than budget due to large accumulations of snow that required removal to remain in compliance with PHMSA rules.
- (10) - Storage & vaporization operations - SS III - Outside Ser. - General expense was \$11K higher than budget largely due to miscoded temporary employee labor. This will be corrected next month.
- (11) - Engineering - general labor expense was \$12K lower than budget due to a portion of wages being capitalized for mains and services construction and a vacant Engineer position.
- (12) - Customer Service Cust Accts - Billing General expense was \$18K higher than budget due to customers higher than budgeted usage of credit cards to pay their gas bills increasing the fees paid to process the payments.
- (13) - Customer Service - Sales Expense - Materials expense was \$6K lower than budget due to a timing difference between actual and budgeted expenses.
- (14) - Administration & General - Administrative PTO Salaries and Wages expense was \$9K lower do to the monthly accrued PTO adjustment.
- (15) - Administration & General - Outside Services - Legal expense was \$1K lower than budget. During the month \$5K was paid to CSG for matters relating to general matters; \$2K was paid to Keene & Currall for matters related to the bid protest.

Interior Alaska Natural Gas Utility
Financial and Operating Report
Year to Date as of
April 30, 2021

Statement of Revenues, Expenses and Change in Net Position

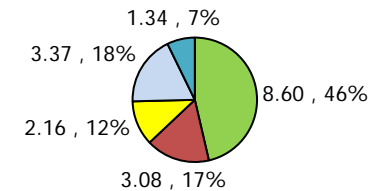
	YTD Actual	\$Mcf	YTD Budget	\$Mcf	Notes	% Difference Mcf
1 Mcf's Sales	807,961		789,546			2.3%
2 Revenues	16,695,630	20.66	16,300,380	20.65		0.09%
3						
4 Cost of sales:						
5 Natural gas purchases	6,951,390	8.60	6,573,239	8.33		3.3%
6 Gas liquefaction	1,521,871	1.88	1,714,448	2.17		-13.3%
7 Liquefaction electricity	967,483	1.20	905,635	1.15		4.4%
8 Transportation	1,747,794	2.16	1,876,730	2.38		-9.0%
9 Cost of Sales	11,188,538	13.85	11,070,053	14.02		-1.2%
10 Gross Margin	5,507,092	6.82	5,230,327	6.62		2.9%
11						
12 Operating expenses:						
13 Distribution	402,935	0.50	534,876	0.68		-26.4%
14 Storage	681,379	0.84	762,728	0.97		-12.7%
15 Engineering	117,068	0.14	209,917	0.27		-45.5%
16 Customer service	290,920	0.36	311,971	0.40		-8.9%
17 Administration and general	2,318,164	2.87	2,361,961	2.99		-4.1%
18 Interest expense	232,460	0.29	121,323	0.15		87.2%
19 Depreciation and amortization	3,153,036	3.90	3,369,496	4.27		-8.6%
20 Total operating expenses	7,195,962	8.91	7,672,272	9.72		-8.4%
21 Operating income (loss)	(1,688,870)	(2.09)	(2,441,944)	(3.09)		32.4%
22						
23 Non operating income (expense)						
24 Interest and dividend income	5,718	0.01	62,092	0.08		-90.8%
25 Net proceeds of bond financing	668,463	0.83	373,441	0.46		79.0%
26 Other income (expense)	3,472	0.00	0	0.00		NA
27 Total non operating income (expense)	677,653	0.84	435,533	0.54		NA
						% Difference
28 Change in net position	(1,011,218)		(2,006,412)			49.6%
29 EBITDA	1,696,626		1,048,874		(1)	NA

Notes:

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

YTD Actual

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

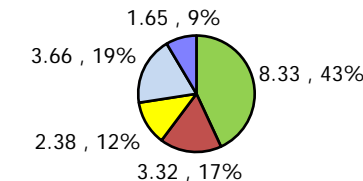


- Natural gas purchases
- Gas liquefaction
- Transportation
- Administration and general
- Distribution & Storage

Total Cost per Mcf less interest & depreciation: **\$18.56**

YTD Budget

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



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

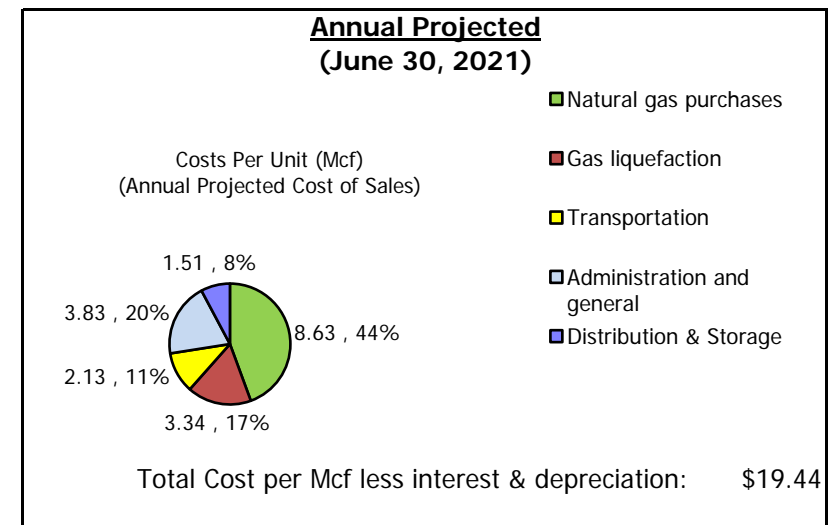
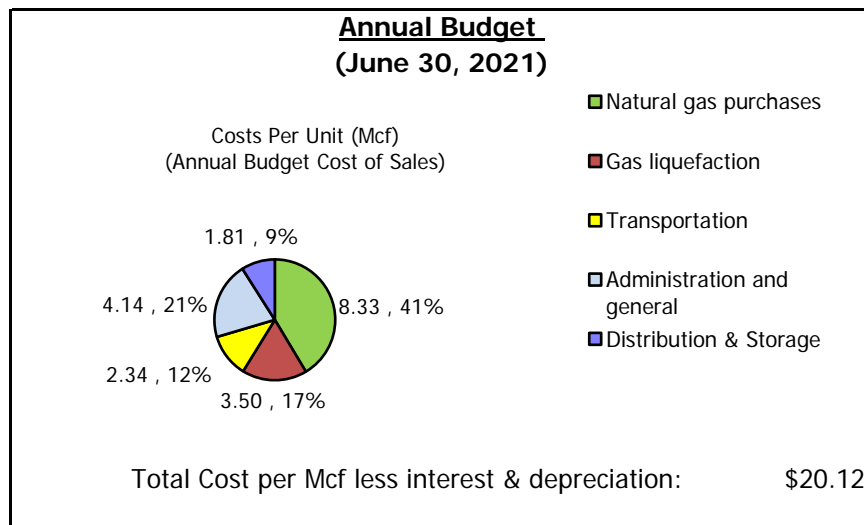
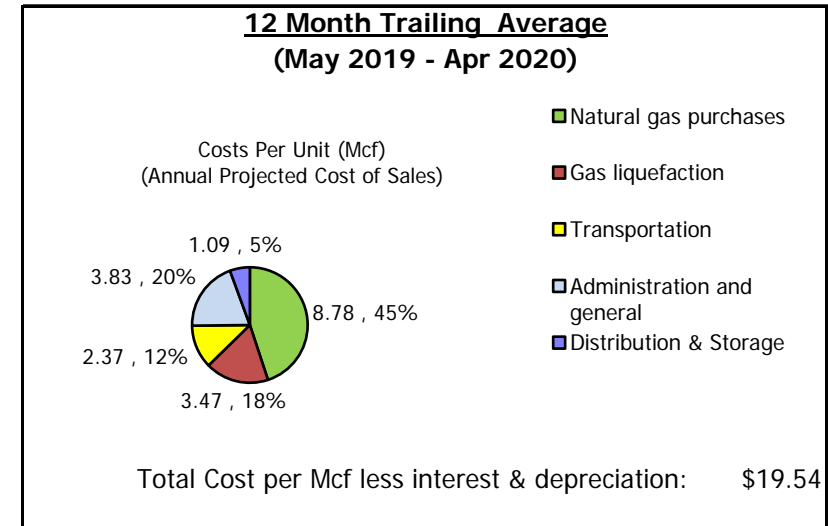
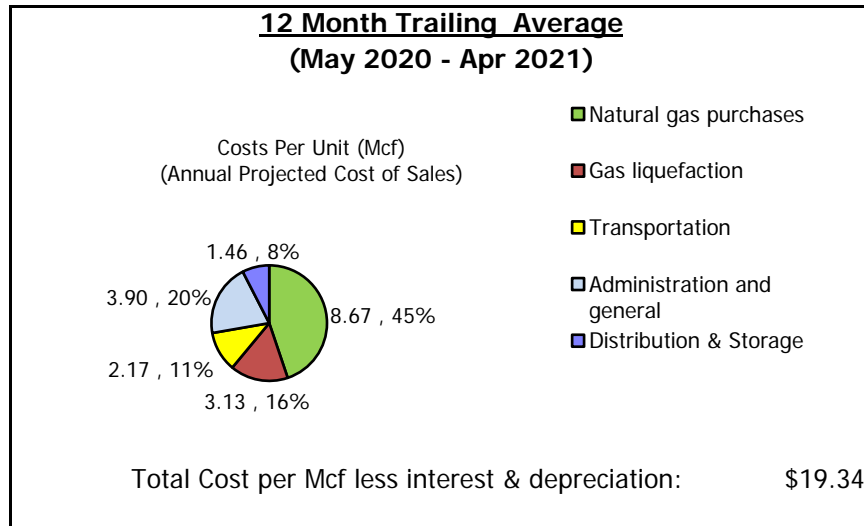
Total Cost per Mcf less interest & depreciation: **\$19.32**

LNG Inventory (Site III ONLY)

	3/31/2021	4/30/2021
Storage Site I	73,685	83,934
Storage Site III	1,653,546	1,787,607
Storage Site IV	34,731	29,681
Total Gals LNG	1,761,962	1,901,222

139,260

Interior Alaska Natural Gas Utility
Financial and Operating Report
Year to Date as of
April 30, 2021



Key Financial Metrics:

	Actual	Budgeted	% Difference	
Working capital cash balance	\$ 2,546,891	\$ 3,558,592	●	-28.4%
Current ratio (Working capital)	4.2	6.5	●	-35.3%
Quick ratio	2.2	3.3	●	-32.4%
Debt coverage ratio (Annual)	2.3	1.2	●	93.2%

Current Assets/Current Liabilities
(Cash+A/R)/Current Liabilities
(Loan Covenants 1.2)

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

Line No.	ITEM	FY 2021 (Proforma)	FY 2021 (Projected)	Difference
	Total Customers	1324	1448	124
1	Gas Sales (MCF)	910,743	872,083	(38,660)
2				
3	Average Rate Revenue per MCF (\$/MCF)	\$20.10	\$20.55	\$0.45
4				
5	Operating Revenues			
6	Sales/Charges for Service	\$ 18,301,796	\$ 17,923,014	\$ (378,782)
7	Other Income	-	-	-
8	Total Operating Revenues	\$ 18,301,796	\$ 17,923,014	\$ (378,782)
9				
10	Operating Expenses			
11	Cost of Gas (delivered to Fairbanks)*	13,944,503	12,432,042	(1,512,461)
12	ST - Revenues less Cost of Gas [1]	\$ 4,357,293	\$ 5,490,972	\$ 1,133,679
13				
14	Distribution			
15	Storage & Vaporizing	464,479	779,332	314,853
16	Distribution Operations	691,857	522,190	(169,667)
17	Customer Accounts	285,072	337,747	52,675
18	Administrative & General/Engineering*	2,413,767	2,997,924	584,157
19	ST - Distribution	\$ 3,855,175	\$ 4,637,193	\$ 782,018
20				
21	Operating Margin [2]	\$ 502,118	\$ 853,779	\$ 351,661
22				
23	Non Operating (Revenues) Expenses			
24	Depreciation and Amortization	5,249,159	4,367,847	(881,312)
25	Interest Expenses (Excludes Capitalized Interest)	127,429	125,409	(2,020)
26	Interest/Investment Earnings/Other Income	(108,562)	(114,340)	(5,778)
27	ST - Non-Operating Items	\$ 5,268,026	\$ 4,378,916	\$ (889,110)
28				
29	Net Income [3]	\$ (4,765,908)	\$ (3,525,137)	\$ 1,240,771
30				
31	Funds Available for Debt Service [4]	\$ 610,680	\$ 968,119	\$ 357,439
32				
33	Debt Service			
34	SETS			
35	Bonds			
36	Commercial Debt	454,201	454,405	204
37	Total Debt Service	\$ 454,201	\$ 454,405	\$ 204
38				
39	Debt Service Coverage - SETS [5]	-	-	
40	Debt Service Coverage - Bonds [6]	-	-	
41	Debt Service Coverage - Commercial [7]	1.34	2.13	
42	Total Debt Service Coverage - Combined [8]	1.34	2.13	
43				
44	Depreciable Assets	\$ 162,586,065	\$ 159,208,409	\$ (3,377,656)

Footnotes:

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

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

*

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

Public Comment

Limited to 3 minutes

Resolution 2021-10

Fiscal Year 2022 Draft Budget

July 1, 2021 - June 30, 2022

Suggested Motion: Move to approve Resolution 2021-10, a resolution approving the Fiscal Year 2022 Budget and requiring variance reporting.



Considered on: June 1, 2021

Approved on: June 1, 2021

RESOLUTION No. 2021-10

**A RESOLUTION APPROVING THE FISCAL YEAR 2022 BUDGET AND
REQUIRING VARIANCE REPORTING**

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, the Fairbanks North Star Borough (FNSB) Ordinance 2017-25 amended FNSB Code of Ordinances to add Title 11. Natural Gas Utility; and

WHEREAS, Chapter 11.01.030 (E.) directs the IGU Board of Directors (Board) to have a separate capital and operating budget and IGU management has created the Fiscal Year 2022 capital and operating budget; and

NOW, THEREFORE, BE IT RESOLVED: the IGU Board of Directors approves the FY 2022 Budget as attached.

NOW, THEREFORE, BE IT FURTHER RESOLVED: the General Manager shall regularly report any budget variances to the IGU Board of Directors.

Attachments: IGU FY22 Budget

Approved:

Steve Haagenson - Chair, IGU Board of Directors

Date

Heather Thomas, Secretary to the IGU Board of Directors

Date

June 1, 2021

TO: Board Members, Interior Alaska Natural Gas Utility

Through: Steve Haageson, Chair

FROM: Dan Britton, General Manager, Interior Alaska Natural Gas Utility

SUBJECT: Recommended IGU Fiscal Year 2022 Budget

BACKGROUND

Fairbanks North Star Borough (FNSB) ORDINANCE NO. 2012-52 created the formation of IGU and established Title 11 Natural Gas Utility under the FNSB Code of Ordinances. Chapter 11.01.030 (E) of Title 11 directed the Interior Alaska Natural Gas Utility (IGU) Board of Directors to provide a separate capital and operating budget. IGU management has prepared this proposed Fiscal Year 2022 (FY 22) budget for IGU.

RECOMMENDATIONS

The proposed IGU budget and rates reflect projected environmental and economic conditions for FY 22. IGU's General Manager recommends that the Board:

1. Approve IGU's FY 22 budget from July 1, 2021 to June 30, 2022

SUMMARY AND CONCLUSIONS

The FY 22 IGU budget, based on reasonable assumptions, maintains fiscal prudence and financial capacity despite continuing the expansion phase. The statement of net position and statement of cash flows are included as additional information, representing the results of the budgeted statement of revenues, expenditures and change in net position, "The FY 22 IGU Budget".

Key highlights of the proposed FY 22 IGU budget include:

- Roughly \$730,880 thousand earnings before interest, taxes, depreciation and amortization (EBITDA).
- Debt coverage ratio of 1.23.
- The net operating loss of \$5.386 million is driven by the depreciation and amortization of the gas plant and gas plant acquisition adjustment.
- Net decrease in operating unrestricted cash of \$2,368,027. The decrease in operating unrestricted cash is due to the \$300 thousand cash contribution to the renovations of the new office and warehouse, \$595 thousand of debt service, \$584 thousand purchase of property, plant and equipment (net of year-end payables), \$1.568 million acquisition of LNG inventory in preparation of

additional demand as a result of the addition of new services during the fiscal year, and \$679 thousand contribution to cash from the results of operating activities.

- The decrease in capital restricted cash is due largely to restricted cash funds of \$2.429 million being used for distribution and services construction, pipe and parts inventory, customer conversion program, and \$596 thousand of restricted cash funds being used for capitalized interest cost.
- No proposed rate increases to the customer volumetric or monthly fixed charge.
- LNG Inventory increase of 132,611 Mcf/1.61 million gallons LNG.
- \$586,000 of planned operational capital expenditures.
- \$4,064,700 of planned capital expenditures related to Fairbanks and North Pole distribution extensions and new services, program management, and customer conversion program.

The table below summarizes key projected results of the FY 22 IGU operating budget:

Summary FY 22 Budgeted Financial Results	IGU
Net operating loss	(\$5,394,692)
Net loss	(\$5,386,145)
EBITDA	\$730,880
Beginning unrestricted operating cash	\$4,745,937
Net decrease in cash	(\$2,368,027)
Ending unrestricted operating cash	\$2,377,910

The table below summarizes the sources and uses of IGU's unrestricted operating funds:

Beginning cash	4,745,937
<u>Sources</u>	
Results of operations	678,999
Total sources	678,999
<u>Uses</u>	
Office and warehouse	(300,000)
LNG inventory	(1,568,213)
Debt service	(594,813)
Capital projects - Operational (net of year-end payables)	(584,000)
Total uses	(3,047,026)
Net decrease in cash	(2,368,027)
Ending cash	2,377,910

The table below summarizes the sources and uses of IGU's restricted capital funds:

Beginning cash - restricted	<u>10,627,055</u>
<u>Sources</u>	
Proceeds from SETS loans	<u>1,512,685</u>
Total sources	<u>1,512,685</u>
<u>Uses</u>	
Capital projects - IEP (net of year-end payables)	(4,021,833)
Capitalized interest cost	(596,338)
Pipe and material inventory	<u>(484,700)</u>
Total uses	<u>(5,102,871)</u>
Net decrease in cash	<u>(3,590,186)</u>
Ending cash - restricted	<u><u>7,036,870</u></u>

The tables below provide the estimated FY 22 capital expenditures for IGU.

Operational Capital Budget	
	FY 22 Cost
Office & Administration & IT	
2525 Philips Field Rd - Property	\$ 300,000
Computer Replacement	8,000
New Server	15,000
Meter Read Equip/Software	55,000
Totals	\$ 378,000
Storage Sites	
Site I:	
Snow Blower	\$ 3,500
Security Lighting (LED)	10,000
Site III:	
Site II Demolition (Continued)	10,000
Equipment - Snow Blowers	3,500
Site IV:	
Equipment - Snow Blowers	3,500
Totals	\$ 30,500
Operations & Engineering	
Vehicle replacement	\$ 100,000
New Snow Plow	9,000
Totals	\$ 109,000
Grand Total	\$ 517,500

IEP - Capital Program	
	FY 22 Cost
NP & Fairbanks Services Install	\$ 1,560,000
NP & Fairbanks Distr. Expansions	1,000,000
Program Mngt/Conversions	620,000
Equipment	400,000
Storage Sites - Project Close-Out	67,500
Titan II	
Enstar Transmission Tie-in	51,000
Heat Exchanger/Mercury Guard	375,000
Grand Total	\$ 4,073,500

LNG Plant Operational Capital Budget	
	FY 21 Cost
Operations	
Computers/printer/copier	\$ 6,000
LNG - Plant Upgrades	
Flooring Replacement	\$ 13,000
Bathroom Remodel	10,000
Rebuild Boiler	10,000
Cascade System:	
Refurbish Motor/Compressor x2	60,000
Temperature Sensors, RTD	6,000
Vibration Sensors	5,000
Motor Heater Leads Service	5,000
P1 Control - Soft Start x2	6,500
Rebuild Motor - Hayden	10,000
Feed Gas Compressor - Engine	25,000
Skid Process:	
Dehydration Tower -	
Mol Sieve Material	20,000
Switching Controls	10,000
Coalescing Oil Filter	15,000
Yard Equipment:	
Yard Truck	30,000
Snow Plow Truck - 1 Ton	75,000
	\$ 300,500
Talkeetna Storage/Vaporization	
Boiler Replacement	\$ 12,000
Trailer Projects	
Trailer Painting	\$ 50,000
Grand Total	\$ 368,500

IEP POLICY FOUNDATION

The FY 22 budget is based on several policy objectives:

- Maintain existing competent and efficient operations of the utility and the LNG plant
- Maintain lowest rates possible to consumers while maintaining financial health of utility
- Continue system expansion and customer conversion

KEY ASSUMPTIONS AND ESTIMATES

Certain key assumptions and estimates are central to the development of the IGU budget:

- Demand / Revenues
 - Weather conditions consistent with recent experience – “heating degree days” based on long term averages with the expectation that this winter will be similar to historic winters
 - Overall demand (total Mcf of gas sold/consumed) is expected to increase due to increased demand from new customers’ installations.
- Expenses
 - \$5,354,766 depreciation of gas plant and amortization of the gas plant acquisition adjustment
 - Approximately \$758,726 increase in depreciation as new assets are put into service
 - The operation of the new storage facility in North Pole will increase the demand for and cost of electricity for storage site operations
 - Conduct targeted capital renewal and maintenance at the LNG plant and in the Fairbanks storage and customer metering system
- Inventory
 - LNG Inventory increase of 1.61 million gallons LNG/132,611 Mcf.
 - Pipes, material and supplies inventory to be replenished to current stock levels throughout the year in preparation of new customer additions consisting of residential and commercial services located in both Fairbanks and North Pole in future year(s).

IGU FISCAL YEAR 2022 RATES

IGU monthly firm customer charges and volumetric charges will not increase for FY 22. Management will continually monitor the net results of operational Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) to ensure rates are sufficient to maintain fiscal health and loan covenants. If management recognizes that revenues are projected not to sufficiently cover all operational and debt needs, management will bring forward revised rates.

The table below summarizes IGU's projected rates and sales by customer class for FY 22.

<u>Volumetric Charges</u>						
# of Cust.	Customer Class	FY 2021 Sales (Mcf)	FY 2022 Sales (Mcf)	FY 2021 Rate	FY 2022 Rate	% Change
840	Residential	68,502	88,006	\$ 20.81	\$ 20.81	0.0%
769	Small Commercial	419,056	432,578	\$ 20.76	\$ 20.76	0.0%
32	Large Commercial	203,302	206,457	\$ 20.70	\$ 20.70	0.0%
30	Interruptible - Small	69,136	72,210	\$ 20.03	\$ 20.03	0.0%
16	Interruptible - Large	41,680	42,388	\$ 16.50	\$ 16.50	0.0%
1	Interruptible - Hospital	35,724	38,099	\$ 16.50	\$ 16.50	0.0%
1	UAF	0	0	\$ 16.50	\$ 16.50	0.0%
1689	Totals	847,008	879,739	\$ 20.26	\$ 20.26	0.0%
<u>Customer Charge</u>						
# of Cust.	Customer Class	FY 2021 Rate	FY 2022 Rate	% Change		
840	Residential	\$ 12.00	\$ 12.00	0.0%		
769	Small Commercial	\$ 22.00	\$ 22.00	0.0%		
32	Large Commercial	\$ 72.00	\$ 72.00	0.0%		
30	Interruptible - Small	\$ 72.00	\$ 72.00	0.0%		
16	Interruptible - Large	\$ 72.00	\$ 72.00	0.0%		
1	Interruptible - Hospital	\$ 500.00	\$ 500.00	0.0%		
1	UAF	\$ 500.00	\$ 500.00	0.0%		

IGU 2021 SUMMARY BUDGET PROJECTIONS & RATE SUMMARY

The following pages include summaries of:

- IGU FY 22 budgeted Statement of Revenues, Expenditures and change in Net Position with prior year budget comparison – page 7
- IGU FY 22 Statement of Net Position – page 8
- IGU FY 22 Statement of Cash Flows – pages 9 – 10

Finally, on page 11, is a detailed summary of the projected FY 22 rates.

Also included as Appendix 1 is the IGU FY 22 budget estimates (with 2-year history).

Interior Alaska Natural Gas Utility
Statement of Revenues, Expenditures and change in Net Position - Budget Basis
Year Ended June 30, 2022
(Unaudited)

		FY 22	FY 21	(Variance)
		(Budget)	(Projected)	
STATEMENT OF OPERATIONS				
Mcf:				
1	Residential	88,006	74,009	13,997
2	Small commercial	432,578	400,125	32,453
3	Large commercial	206,457	214,400	(7,943)
4	Interruptible - small	72,210	71,264	946
5	Interruptible - large	42,388	48,114	(5,726)
6	Hospital	38,099	53,292	(15,193)
7	UAF	0	4,014	(4,014)
8	Talkeetna	9,609	8,903	705
9	Total Mcf	889,347	874,122	15,225
10	HDD	13,431	13,523	(92)
Operating revenues				
11	Residential gas revenues	1,831,413	1,540,989	290,424
12	Small commercial gas revenues	8,980,321	8,305,135	675,186
13	Large commercial gas revenues	4,273,660	4,438,079	(164,419)
14	Interruptible - small commercial gas revenues	1,446,366	1,427,419	18,947
15	Interruptible - large commercial gas revenues	699,402	793,885	(94,483)
16	Hospital gas revenues	628,635	879,325	(250,689)
17	UAF gas revenues	0	66,231	(66,231)
18	Talkeetna commercial gas revenues	168,149	155,680	12,469
19	Service charge revenues	392,058	352,722	39,336
20	Other revenue	91,725	106,819	(15,094)
21	Total operating revenues	18,511,729	18,066,285	445,445
Operating expenses				
22	Natural gas purchases	7,295,109	7,544,944	(249,835)
23	Trucking Expenses	2,049,557	1,906,076	143,481
24	Electricity	1,097,179	1,052,284	44,895
25	Gas liquefaction expenses	2,123,289	1,863,942	259,347
26	Fairbanks distribution operations	493,203	414,617	78,585
27	Fairbanks distribution maintenance	163,485	95,427	68,059
28	Fairbanks storage & vaporization operations	813,190	744,474	68,716
29	Fairbanks storage & vaporization maintenance	155,551	65,507	90,044
30	Engineering	289,616	159,051	130,565
31	Talkeetna maintenance	6,250	3,380	2,870
32	Customer services	365,503	353,584	11,919
33	Administration and general expenses	2,916,417	2,822,622	93,795
34	Property taxes	12,500	12,506	(6)
35	Interest expense	770,807	534,723	236,084
36	Depreciation	4,892,414	4,133,688	758,726
37	Amortization	462,352	462,351	1
38	Total operating expenses	23,906,421	22,169,176	1,737,245
39	Operating income (loss)	(5,394,692)	(4,102,891)	(1,291,801)
Non operating income (expense)				
40	Gain (loss) from disposition of property, plant and equipment	0	2,500	(2,500)
41	Interest and dividend income	8,548	7,588	960
42	Other income (expense)	0	3,472	(3,472)
43	Proceeds from bond premium (Series 2020A)	0	1,384,570	(1,384,570)
44	Cost of issuance of bonds (Series 2020A)	0	(741,399)	741,399
45	Total non operating income (expense)	8,548	656,731	(648,183)
46	Change in net position	(5,386,145)	(3,446,161)	(1,939,984)
47	Net position beginning of year	33,708,810	37,154,971	(3,446,161)
48	Net position - end of period	28,322,665	33,708,810	(5,386,145)
49	EBITDA	730,880	1,027,870	(296,990)

Interior Alaska Natural Gas Utility
Statement of Net Position
Year Ended June 30, 2022
(Unaudited)

Assets and Deferred Outflows of Resources

1	Property, plant and equipment	
2	Gas plant in service, at cost	162,957,165
3	Less: Accumulated provision for depreciation	14,104,929
4	Net plant in services	148,852,236
5		
6	Construction work in progress	11,741,418
7	Net property, plant and equipment	160,593,654
8		
9	Current Assets	
10	Cash - unrestricted	2,377,910
11	Cash - restricted (SETS)	0
12	Cash - restricted (Bonds - Project Funds)	5,626,740
13	Cash - restricted (Bonds - Debt Service Reserve)	813,750
14	Cash - restricted (Bonds - Capitalized Interest)	596,380
15	Investments	0
16	Accounts receivable, net	531,157
17	Liquified natural gas inventory	4,090,167
18	Materials and supplies inventory	1,423,188
19	Deposits and other current assets	727,923
20	Total current assets	16,187,214
21		
22	Deferred outflows of resources	
23	Gas plant acquisition adjustment, net of amortization	7,123,334
24		
25	Total assets and deferred outflows of resources	183,904,202

Liabilities and Net Position

26		
27		
28	Current liabilities	
29	Current maturities of long-term debt	439,293
30	Accrued wages and burden	244,972
31	Accounts payable	469,709
32	Construction payables	53,667
33	Other current and accrued liabilities	16,711
34	Total current liabilities	1,224,352
35		
36	Noncurrent liabilities	
37	Accumulated deferred compensation	0
38	Long-term debt, less current maturities	
39	Revenue bonds	11,790,000
40	AIDEA - Term loan	139,000,000
41	GVEA land contract	1,463,979
42	Mt McKinley Bank	1,939,091
43	Equipment loans payable	164,114
44	Total noncurrent liabilities	154,357,184
45		
46	Net position	
47	Net investment in capital assets	14,290,032
48	Restricted	7,036,870
49	Unrestricted	6,995,763
50	Total net position	28,322,665
51		
52	Total liabilities and net position	183,904,202

Interior Alaska Natural Gas Utility
Statement of Cash Flows
Year Ended June 30, 2022
(Unaudited)

1	STATEMENT OF CASH FLOWS	
2	Increase (Decrease) in Cash	
3	Cash flows from operating activities	
4	Cash received from customers	18,501,038
5	Cash paid to suppliers, employees	(17,830,586)
6	Interest and dividends received	8,548
7	Net cash provided by operating activities	<u>678,999</u>
8		
9	Cash flows from capital and related financing activities	
10	Financing capital, operational, sources:	
11	Proceeds from issuance of long-term debt (Commercial)	0
12	Financing capital, operational, uses:	
13	Principal payments on long-term debt	(420,344)
14	Interest paid	(174,469)
15	Liquified natural gas inventory	(1,568,213)
16	Purchase of property, plant and equipment	(886,000)
17	Construction payable - operating capital projects	2,000
18	Financing capital, long-term debt, sources:	
19	Proceeds from issuance of long-term debt (SETS)	1,512,685
20	Financing capital, long-term debt, uses:	
21	Interest paid (Bonds)	(596,338)
22	Purchase of pipe inventory for future customer services	(484,700)
23	Construction work in progress (5.25 Storage)	(47,500)
24	Construction work in progress (Distribution and services)	(3,580,000)
25	Construction work in progress (NP Storage)	(20,000)
26	Construction work in progress (Liquifaction)	(426,000)
27	Construction payable - IEP capital projects	51,667
28	Net cash provided by (used in) capital and related financing activities	<u>(6,637,212)</u>
29		
30	Cash flows from investing activities	
31	Purchase of marketable securities	<u>0</u>
32	Net cash provided by (used in) investing activities	<u>0</u>
33	Net increase (decrease) in cash	(5,958,213)
34	Cash at beginning of period	<u>15,372,992</u>
35		
36	Cash at end of period	<u><u>9,414,779</u></u>

Interior Alaska Natural Gas Utility
Statement of Cash Flows - Continued
Year Ended June 30, 2022
(Unaudited)

Reconciliation of Net Income (Loss) to Net Cash
 Provided By (Used in) Operating Activities

1	Operating income/(loss)	(5,394,692)
2	Adjustments to reconcile net income to net cash provided by	
3	(used in) operating activities:	
4	Depreciation	4,892,414
5	Amortization	462,352
6	Interest and dividend income	8,548
7	Interest paid	770,807
8	(Increase) decrease in assets	
9	Accounts receivable, net	(10,691)
10	Deposits and other current assets	(18,688)
11	Increase (decrease) in liabilities	
12	Accounts payable	(58,777)
13	Accrued wages and burden	20,509
14	Other current and accrued liabilities	7,218
15	Net cash provided by (used in) operating activities	<u>678,999</u>

IGU Fiscal Year 2022 Budget - Rate Structure

REVENUE	FY 21 (Budgeted)	FY 21 (Projected)	FY 22 (Budgeted)	% Change
1 Residential				
2 Number of Residential custom	572	647	840	
3 Base	1.31	1.31	1.63	
4 Per DD	0.0078	0.0078	0.0079	
5 Weather Factor	100.0%	100.0%	100.0%	
6 Gas price per Mcf	\$ 20.81	\$ 20.81	\$ 20.81	0.0%
7 Customer Charge	\$ 12.00	\$ 12.00	\$ 12.00	0.0%
8 Annual Mcf's	68,502	74,659	88,006	17.9%
9 Annual Revenue	\$ 1,425,522	\$ 1,554,519	\$ 1,831,413	17.8%
10 Small Commercial				
11 Number of Small Commercial	648	662	769	
12 Base	7.57	7.57	10.33	
13 Per DD	0.038	0.038	0.038	
14 Gas price per Mcf	\$ 20.76	\$ 20.76	\$ 20.76	0.0%
15 Customer Charge	\$ 22.00	\$ 22.00	\$ 22.00	0.0%
16 Annual Mcf's	419,056	401,161	432,578	7.8%
17 Annual Revenue	\$ 8,699,600	\$ 8,326,641	\$ 8,980,321	7.9%
18 Large Commercial				
19 Number of Large commercial	32	32	32	
20 Gas price per Mcf	\$ 20.70	\$ 20.70	\$ 20.70	0.0%
21 Customer Charge	\$ 72.00	\$ 72.00	\$ 72.00	0.0%
22 Annual Mcf's	203,302	212,063	206,457	-2.6%
23 Annual Revenue	\$ 4,208,351	\$ 4,389,712	\$ 4,273,660	-2.6%
24 Interruptible - Small				
25 Number of customers	31	32	30	
26 Gas price per Mcf	\$ 20.03	\$ 20.03	\$ 20.03	0.0%
27 Customer Charge	\$ 72.00	\$ 72.00	\$ 72.00	0.0%
28 Annual Mcf's	69,136	71,268	72,210	1.3%
29 Annual Revenue	\$ 1,384,794	\$ 1,427,503	\$ 1,446,366	1.3%
30 Interruptible - Large				
31 Number of customers	16	16	16	
32 Gas price per Mcf	\$ 17.50	\$ 16.50	\$ 16.50	0.0%
33 Customer Charge	\$ 72.00	\$ 72.00	\$ 72.00	0.0%
34 Annual Mcf's	41,680	46,889	42,388	-9.6%
35 Annual Revenue	\$ 687,720	\$ 773,674	\$ 699,402	-9.6%
36 Interruptible - Hospital				
37 Number of customers	1	1	1	
38 Base	2,421.29	2,421.29	2,421.29	
39 Per DD	2.25	2.25	2.25	
40 Gas price per Mcf	\$ 17.50	\$ 16.50	\$ 16.50	0.0%
41 Customer Charge	\$ 500.00	\$ 500.00	\$ 500.00	0.0%
42 Annual Mcf's	35,724	39,026	38,099	-2.4%
43 Annual Revenue	\$ 589,451	\$ 643,924	\$ 628,635	-2.4%
44 UAF				
45 Number of customers	1	1	1	
46 Gas price per Mcf	\$ 17.50	\$ 16.50	\$ 16.50	0.0%
47 Customer Charge	\$ 500.00	\$ 500.00	\$ 500.00	0.0%
48 Annual Mcf's	0	1,014	0	0.0%
49 Annual Revenue	\$ -	\$ 16,731	\$ -	0.0%
50 Total Annual Mcf's	837,400	846,081	879,739	4.0%
51 Total Annual Revenue	\$ 16,995,439	\$ 17,132,704	\$ 17,859,797	4.2%
52 Average Rate \$/Mcf	\$ 20.30	\$ 20.25	\$ 20.30	0.3%

Interior Alaska Natural Gas Utility

Annual Summary

	FY 2020 (Actual) (Audited)	FY 2021 (Projected)	FY 2022 (Budgeted)	% Change
STATEMENT OF NET POSITION				
Assets and Deferred Outflows of Resources				
1 Property, plant and equipment				
2 Gas plant in service, at cost	103,084,400	161,744,534	162,957,165	0.7%
3 Less: Accumulated provision for depreciation	5,078,826	9,212,515	14,104,929	53.1%
4 Net plant in services	98,005,574	152,532,019	148,852,236	-2.4%
5 Gas plant held for future use, at cost	39,234,592	0	0	0.0%
6 Construction work in progress	12,730,433	7,509,850	11,741,418	56.3%
7 Net property, plant and equipment	149,970,599	160,041,869	160,593,654	0.3%
8 Current assets				
9 Cash	3,647,647	4,745,937	2,377,910	-49.9%
10 Cash - restricted (SETS)	4,001,717	513,063	0	-100.0%
11 Cash - restricted (Bonds - Project Funds)	0	8,107,524	5,626,740	-30.6%
12 Cash - restricted (Bonds - Debt Service Reserve)	0	813,750	813,750	0.0%
13 Cash - restricted (Bonds - Capitalized Interest)	0	1,192,718	596,380	-50.0%
14 Investments	541,341	541,397	0	-100.0%
15 Accounts receivable, net	582,097	520,466	531,157	2.1%
16 Liquefied natural gas inventory	1,777,800	2,521,954	4,090,167	62.2%
17 Materials and supplies inventory	831,824	1,423,188	1,423,188	0.0%
18 Deposits and other current assets	582,133	709,235	727,923	2.6%
19 Total current assets	11,964,559	21,089,232	16,187,214	-23.2%
20 Deferred outflows of resources				
21 Gas plant acquisition adjustment, net of amortization	8,048,037	7,585,686	7,123,334	-6.1%
22				
23 Total assets and deferred outflows of resources	169,983,195	188,716,786	183,904,202	-2.6%
Liabilities and Net Position				
24 Current liabilities				
25 Current maturities of long-term debt	328,836	420,344	439,293	4.5%
26 Accrued wages and burden	251,067	224,463	244,972	9.1%
27 Accounts payable	767,882	528,486	469,709	-11.1%
28 Construction payable	3,236,373	0	53,667	0.0%
29 Other current and accrued liabilities	82,433	9,494	16,711	76.0%
30 Total current liabilities	4,666,591	1,182,787	1,224,352	3.5%
31 Noncurrent liabilities				
32 Accumulated deferred compensation	541,341	541,397	0	-100.0%
33 Long-term debt, less current maturities				
34 Revenue bonds (Series 2020A)	0	11,790,000	11,790,000	0.0%
35 AIDEA term loan	125,287,471	137,487,315	139,000,000	1.1%
36 Mt McKinley Bank	0	0	1,939,091	
37 Equipment loans payable	534,695	353,458	164,114	-53.6%
38 GVEA - Land contract	1,798,126	1,635,248	1,463,979	-10.5%
39 Total noncurrent liabilities	128,161,633	151,807,418	154,357,184	1.7%
40 Net position				
41 Net investment in capital assets	31,664,959	17,364,377	14,290,032	-17.7%
42 Restricted	4,001,717	10,627,055	7,036,870	-33.8%
43 Unrestricted	1,488,295	5,717,378	6,995,763	22.4%
44 Total net position	37,154,971	33,708,810	28,322,665	-16.0%
45				
46 Total liabilities and net position	169,983,195	186,699,015	183,904,202	-1.5%

Interior Alaska Natural Gas Utility

Annual Summary

	FY 2020 (Actual)	FY 2021 (Projected)	FY 2022 (Budgeted)	% Change
STATEMENT OF OPERATIONS				
1 Operating revenues				
2 Residential sales	1,265,357	1,540,989	1,831,413	18.8%
3 Commercial sales	12,692,794	12,898,894	13,422,130	4.1%
4 Interruptible sales	2,968,805	3,166,861	2,774,404	-12.4%
5 Other operating revenue	338,946	459,541	483,783	5.3%
6 Total operating revenues	17,265,902	18,066,285	18,511,729	2.5%
7 Operating expenses				
8 Natural gas purchases	7,374,936	7,544,944	7,295,109	-3.3%
9 Trucking	1,960,199	1,906,076	2,049,557	7.5%
10 Electricity	1,009,804	1,052,284	1,097,179	4.3%
11 Gas liquefaction expenses	1,875,091	1,863,942	2,123,289	13.9%
12 Distribution operations	357,120	414,617	493,203	19.0%
13 Distribution maintenance	79,051	95,427	163,485	71.3%
14 Storage and vaporization operations	452,148	744,474	813,190	9.2%
15 Storage and vaporization maintenance	54,741	65,507	155,551	137.5%
16 Engineering	192,815	159,051	289,616	82.1%
17 AET operations and maintenance	22,754	0	0	0.0%
18 Talkeetna maintenance	13,359	3,380	6,250	84.9%
19 Customer Services	310,909	353,584	365,503	3.4%
20 Administration and general expenses	2,740,090	2,822,622	2,916,417	3.3%
21 Taxes	176,631	12,506	12,500	0.0%
22 Interest expense	35,169	534,723	770,807	44.2%
23 Depreciation	2,751,099	4,133,688	4,892,414	18.4%
24 Amortization	462,351	462,351	462,352	0.0%
25 Total operating expenses	19,868,267	22,169,176	23,906,421	7.8%
26 Operating income (loss)	(2,602,365)	(4,102,892)	(5,394,692)	31.5%
27 Operating income (loss) margin %	-15.1%	-22.7%	-29.1%	0.0%
28 Non operating income (expense)				
29 Gain (loss) from disposition of property, plant and equipment	100	2,500	0	-100.0%
30 Interest and dividend income	6,341	7,588	8,548	12.7%
31 Other income (expense)	56,364	3,472	0	-100.0%
32 Proceeds from bond premium (Series 2020A)	0	1,384,570	0	-100.0%
33 Cost of issuance of bonds (Series 2020A)	0	(741,399)	0	0.0%
34 Total non operating income (expense)	62,805	656,731	8,548	-98.7%
35 Change in net position	(2,539,560)	(3,446,161)	(5,386,145)	56.3%
36 Net position - beginning of year	39,694,531	37,154,971	33,708,810	-9.3%
37 Net position - end of year	37,154,971	33,708,810	28,322,665	-16.0%
38 EBITDA	646,254	1,027,870	730,880	
39 Debt Coverage Ratio	3.24	2.28	1.23	

Interior Alaska Natural Gas Utility Annual Summary

	FY 2020 (Actual)	FY 2021 (Projected)	FY 2022 (Budgeted)	% Change
STATEMENT OF CASH FLOWS				
Increase (Decrease) in Cash				
1 Cash flows from operating activities				
2 Cash received from customers	16,943,765	18,131,387	18,501,038	2.0%
3 Cash received from bond premium	0	1,384,570	0	-100.0%
4 Cash paid to suppliers and employees	(16,455,432)	(17,504,454)	(17,830,586)	1.9%
5 Cash paid to underwriters and bond professionals	0	(741,399)	0	-100.0%
6 Interest and dividends received	0	7,588	8,548	12.7%
7 Net cash provided by (used in) operating activities	488,333	1,277,692	678,999	0.0%
8 Cash flows from capital and related financing activities				
9 Financing capital, operational, sources:				
10 Proceeds from issuance of long-term debt (Commercial)	0	2,094,000	0	-100.0%
11 Financing capital, operational, uses:				
12 Principal payments on long-term debt	(166,053)	(328,836)	(420,344)	27.8%
13 Interest paid	(35,169)	(125,569)	(174,469)	38.9%
14 Liquified natural gas inventory	(1,378,136)	(744,155)	(1,568,213)	110.7%
15 Proceeds from disposal of assets	0	2,500	0	-100.0%
16 Purchase of property, plant and equipment	(2,583,693)	(2,933,359)	(886,000)	-69.8%
17 Construction payable - operating capital projects	0	(491,505)	2,000	-100.4%
18 Financing capital, long-term debt, sources:				
19 Proceeds from issuance of long-term debt (SETS)	23,221,676	12,199,844	1,512,685	-87.6%
20 Proceeds from issuance of long-term debt (Bonds)	0	11,790,000	0	-100.0%
21 Financing capital, long-term debt, uses:				
22 Interest paid (Bonds)	0	(409,154)	(596,338)	45.7%
23 Purchase of inventory for future customer services	0	(520,653)	(484,700)	-6.9%
24 Construction work in progress (5.25 Storage)	(17,807,367)	(279,131)	(47,500)	-83.0%
25 Construction work in progress (Distribution and services)	0	(1,414,943)	(3,580,000)	153.0%
26 Construction work in progress (NP Storage)	0	(9,625,157)	(20,000)	-99.8%
27 Construction work in progress (Liquifaction)	0	(23,078)	(426,000)	1745.9%
28 Construction payable - IEP capital projects	0	(2,744,868)	51,667	-101.9%
29 Net cash provided by (used in) capital and related financing activities	1,251,258	6,445,936	(6,637,212)	-203.0%
30 Cash flows from investing activities				
31 Interest and dividends received	6,341	0	0	0.0%
32 Purchase of marketable securities	(50,000)	0	0	0.0%
33 Net cash provided by (used in) investing activities	(43,659)	0	0	0.0%
34 Net increase (decrease) in cash	1,695,932	7,723,628	(5,958,213)	-177.1%
35 Cash at beginning of period	5,953,432	7,649,364	15,372,992	101.0%
36				
37 Cash at end of period	7,649,364	15,372,992	9,414,779	-38.8%

Interior Alaska Natural Gas Utility Annual Summary

	FY 2020 (Actual)	FY 2021 (Projected)	FY 2022 (Budgeted)	% Change
Reconciliation of Net Income (Loss) to Net Cash Provided By (Used in) Operating Activities				
1 Operating income/(loss)	(2,602,365)	(4,102,891)	(5,394,692)	31.5%
2 Adjustments to reconcile net income to net cash provided by				
3 (used in) operating activities:				
4 Depreciation and amortization	3,213,450	4,596,039	5,354,766	16.5%
5 Bond premium	0	1,384,570	0	-100.0%
6 Bond issuance cost	0	(741,399)	0	-100.0%
7 Interest received	0	7,588	8,548	12.7%
8 Interest payments	35,169	534,723	770,807	44.2%
9 Other income (expense)	56,364	3,472	0	-100.0%
10 (Increase) decrease in assets				
11 Accounts receivable	(64,808)	61,631	(10,691)	-117.3%
12 Materials and supplies inventory	(345,216)	0	0	0.0%
13 Deposits and other current assets	(236,039)	(127,102)	(18,688)	-85.3%
14 (Increase) decrease in liabilities				
15 Accrued wages and burden	38,229	(26,604)	20,509	-177.1%
16 Accounts payable	279,093	(239,396)	(58,777)	-75.4%
17 Accumulated deferred compensation	50,000	0	0	0.0%
18 Other current and accrued liabilities	64,456	(72,938)	7,218	-109.9%
19 Net cash provided by (used in) operating activities	488,333	1,277,692	678,999	-46.9%

IGU Procurement Policy Revision

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

**INTERIOR GAS UTILITY
POLICY**

POLICY NO. 06

SUBJECT: Procurement

APPROVED BY:

PAGE 1 OF 1

EFFECTIVE DATE: June 6, 2017

REVISION DATE: _____

I. OBJECTIVE

- A. To establish the policy for conducting procurement of supplies, services, construction and professional services for IGU.

II. POLICY

- A. IGU procurements will be conducted in accordance with the IGU Procurement Manual.

III. RESPONSIBILITIES

A. The Board shall:

- (1) Authorize the award of contracts that exceed the limits of the General Manager's delegation of authority prior to the General Manager executing the contract.
- ~~(2) Receive and consider formal written appeals of protest decisions or appeals of contractor claim decisions of the General Manager when the General Manager is acting as the Procurement Officer.~~
- (2) Establish general policies to guide the General Manager's development of, or revisions to, the IGU Procurement Manual. These general policies are:
 - Provide for a fair and competitive procurement process with any exceptions to a competitive process driven by practical business needs or emergency.
 - Provide for the fair, prompt and efficient resolution of procurement disputes and appeals thereof.
 - Provide a clear and easily understood procurement manual.

B. The General Manager shall:

- (1) Develop and maintain the IGU Procurement Manual.
- (2) Annually conduct a comprehensive review of the Procurement Manual, review the Procurement Manual with the Board, present to the Board proposed changes to the Procurement Manual, and solicit Board input on the Procurement Manual and proposed changes.
- (3) Conduct IGU procurement in accordance with the IGU Procurement Manual.
- (4) Delegate, as necessary, procurement authority in writing to qualified

employees or agents of IGU.

- (5) Maintain procurement records.
- (6) Ensure contractors perform in accordance with the terms and conditions of their contract with IGU.

Reports

-Marketing Report

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

-General Manager Report

-Attorney Report

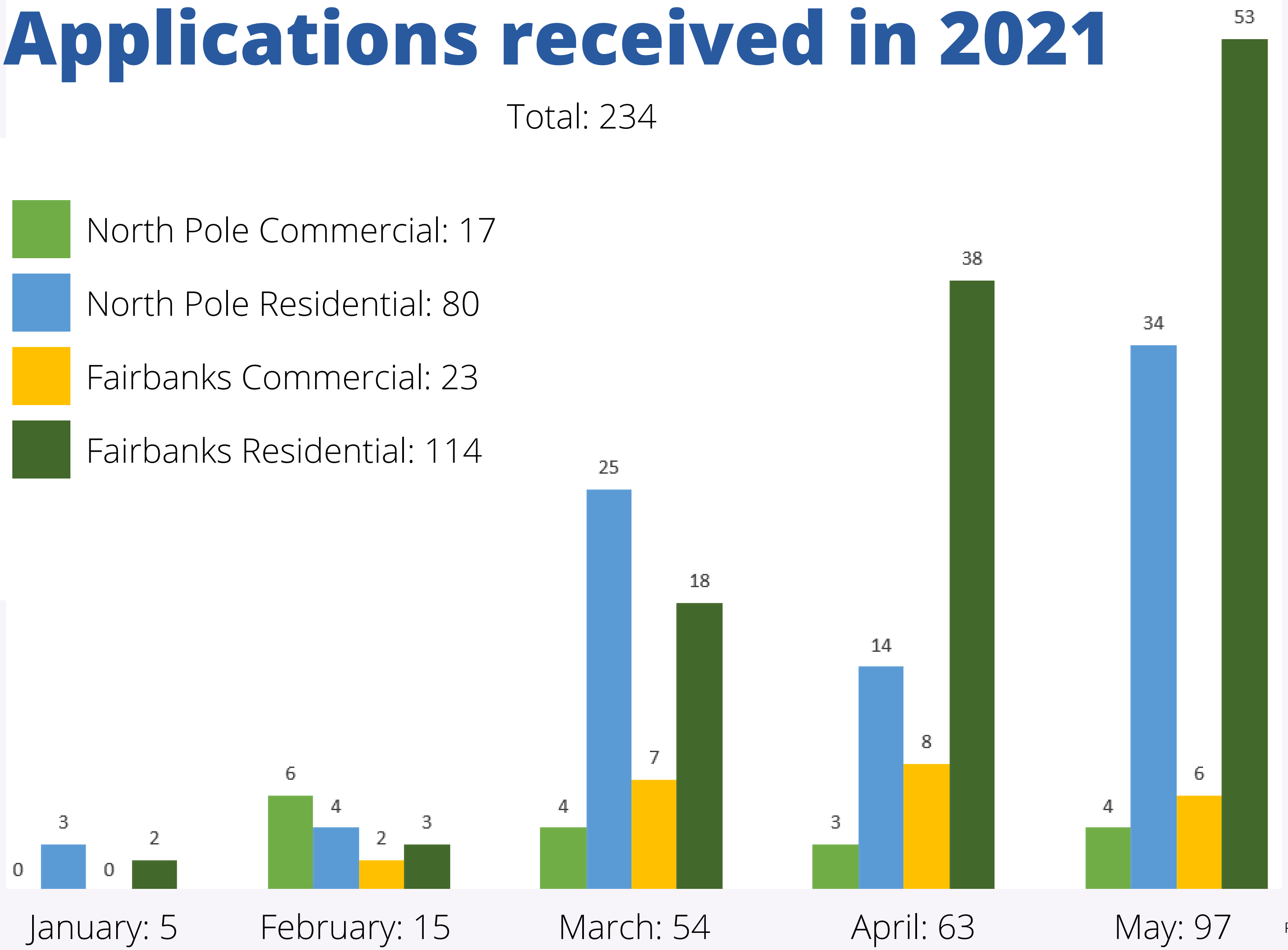
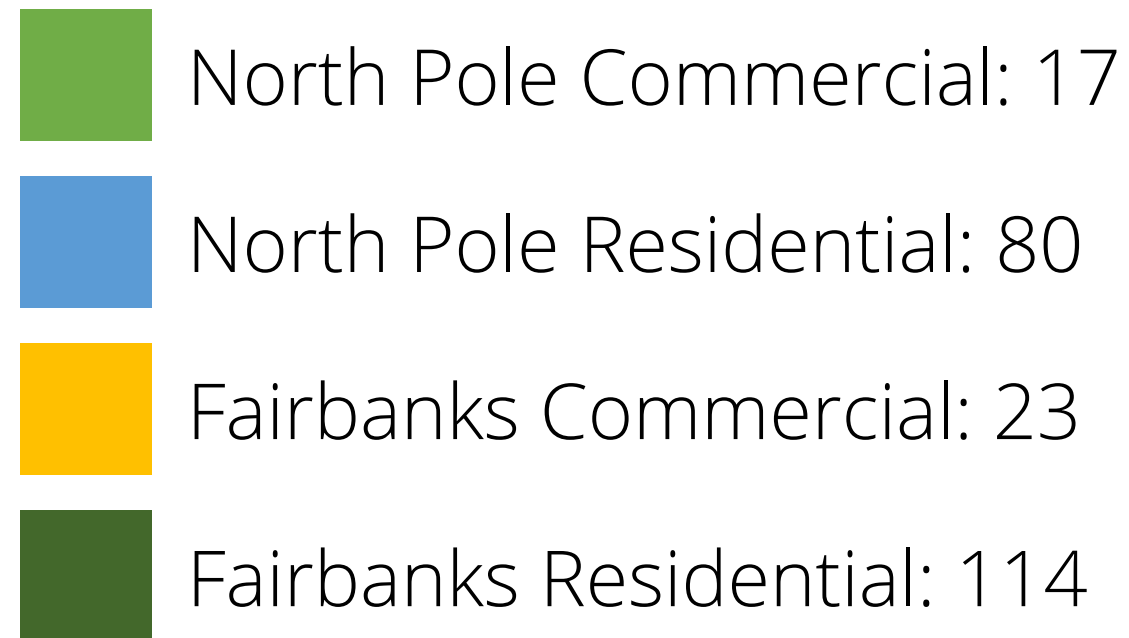
Marketing Report

Prepared by: Elena Sudduth
Customer Service/Marketing Manager

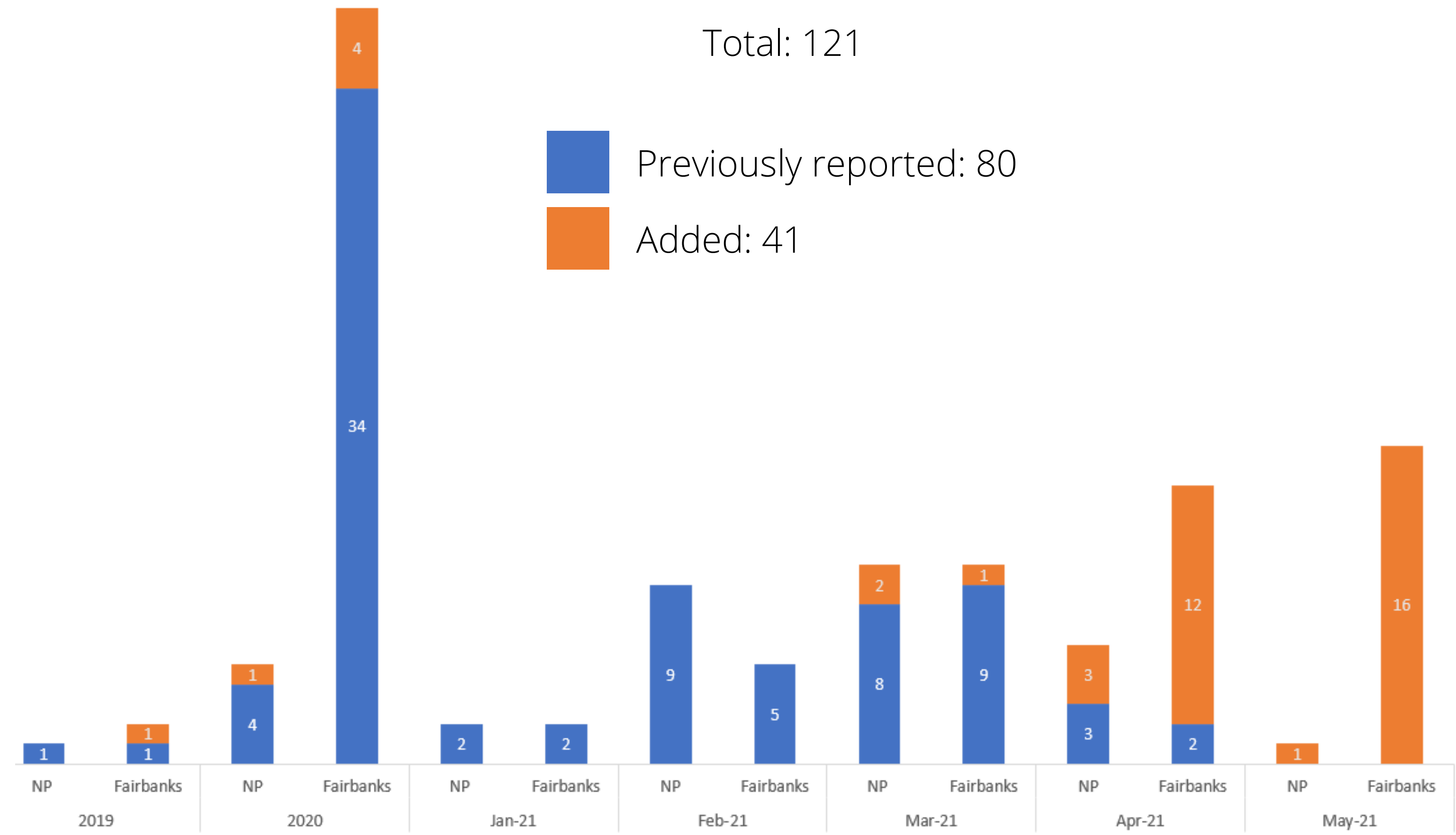


Applications received in 2021

Total: 234

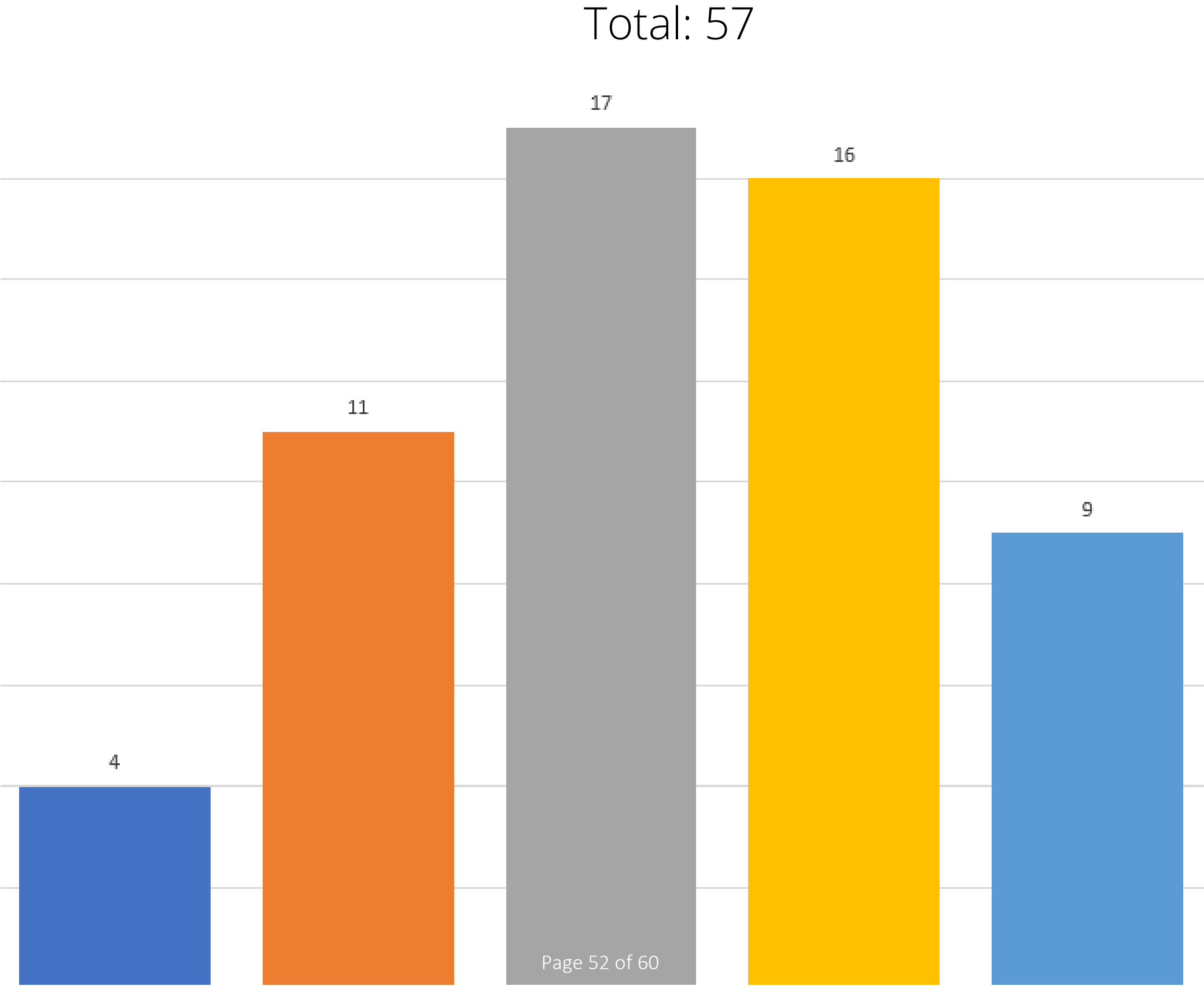


Applications accepted for 2021 install



2021 Service Turn Ons

- January
- February
- March
- April
- May



IABA Home Show

The home show was a success. We collected 27 applications and many people took applications with them. We had a lot of good conversations to current and potential customers.

Mailer

The postcard presented at the last board meeting was received by potential customers that are on the natural gas distribution lines. We received many inquiries and several applications as a result.

Contractor program

IGU is working on a contractor certification program. When interested contractors submit an application and fulfill all requirements, to include participation in an IGU-led training, they will be able to have their business added to the IGU website, be invited to future trainings and networking opportunities.

North Pole connections

IGU has 10 North Pole customers who are using natural gas out of the 15 service lines installed in 2020.

Facebook campaign report

The three gift card giveaways completed so far have generated a combined 2,302 views and 341 engagements.

Website

Changes are being made to the IGU website to ensure better flow, consistency, and appearance. An update report will be provided at the next board meeting.

Yard Signs



General Manager Report – For the month of May 2021

General

- 2525 Phillips Field Road Purchase, Closing set for June 1, 2021
- Meeting held with Cryopeak 5/20/2021 regarding possible LNG purchases.
- Top Speed agreement has not been executed. Terms have been agreed to; however Top Speed is working on additional logistics before they are prepared to execute an agreement.

Financial / Accounting

- Finance Committee met on May 25, 2021 and recommended IGU Board acceptance of the March Financials as presented.

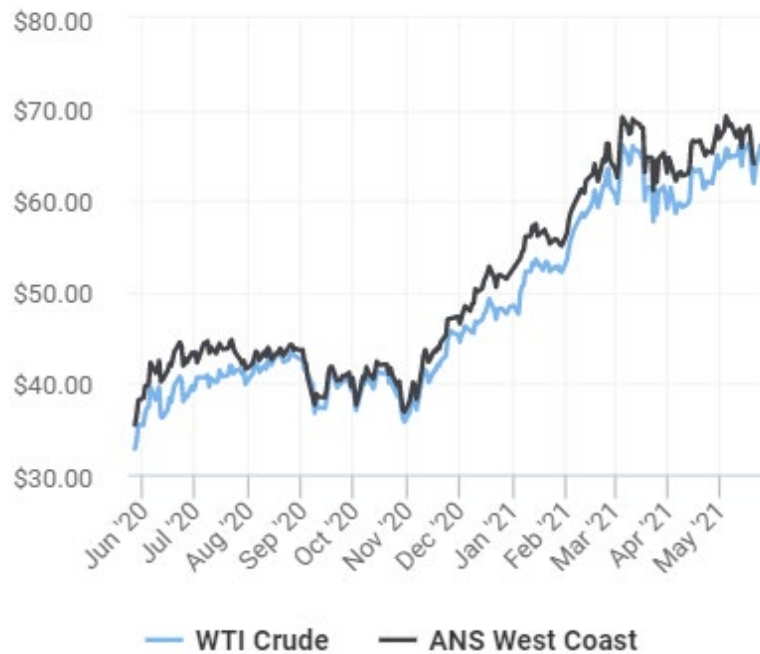
Marketing

- An updated Marketing Report has been provided under separate cover.

Oil Markets

Date	West Texas Intermediate	ANS West Coast
5/26/2021	\$66.05	\$67.67

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



Residential Heating Oil Average Price as of 5/12/2021 - \$3.03 / gallon

Natural Gas Oil Equivalent* - \$2.80, 8% below Oil.

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

Operations

Titan LNG Plant

- Titan continues to operate under reduced production. Initial repairs were completed on the Booster, however after initial testing a second issue was found requiring further repairs. Parts have been ordered and repairs will be finalized when received. Production is exceeding usage and inventory continues to build.
- Zero Lost Time Injuries, Zero Titan Vehicle Accidents.
- Zero Third Party Damage.

IGU Storage Sites and Distribution Systems

- 100% delivery reliability with no firm supply interruptions. LNG Inventory has increased from 1,881,802 gallons as of April 28, 2021, to 2,200,000 gallons as of May 26, 2021. IGU continues to maintain in excess of 30 days of supply inventory.
- North Pole Storage Site and distribution in continuous uninterrupted operation.
- Fairbanks Storage Site 1 and Site 3 in continuous uninterrupted operation.
- Fairbanks distribution system in continuous service.
- Zero Lost Time Injuries, Zero Vehicle Accidents.
- Zero Third-Party Damage.

Capital Projects

North Pole Storage

- The North Pole Storage facility is substantially complete. The punch list items are ongoing, with an expected completion in June, 2021.

The project is expected to be closed out within budget.

2021 Mains & Services

Two contracts have been completed for new service and main line installations. IGU seasonal staff are being hired and trained for service line installs.

Titan Expansion

- The Titan Final Investments decision remains paused.

MEMORANDUM

TO: IGU Board

FROM: A. Rene Broker

SUBJECT: Summary of Activity

DATE: May 26, 2021

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

1. Procurement policy and related issues.
2. Communications with GM Britton/staff on miscellaneous business issues.
3. GM Britton's employment contract and deferred compensation.
4. Mount McKinley financing/closing documents.
5. IGU Board meetings.

Director Requests for IGU Information

Closing Comments

- General Manager
- IGU Attorney
- Directors

ADJOURNMENT