



Interior Gas Utility

Board of Directors Meeting

September 3, 2019 @ 4:00 PM

100 Cushman Street, Suite 512, Fairbanks, Alaska

To participate via teleconference, call 1-800-315-6338;

when prompted, enter 47499

DRAFT AGENDA

I. Call to Order

- Roll call
- Approval of Agenda & Consent Agenda
(*Items marked with * are approved under consent agenda*)
- Approval of Minutes – 8/6/2019*, 8/12/2019*, 8/15/2019* and 8/20/2019*Page 02
- Approval of Financials – 06/25/2019*Page 12
- Public Comment – *limited to three minutes*

II. New Business (Board Discussion & Possible Action)

- Approval of Amendment to Commercial Lease Agreement
 - 3408 International Street, Fairbanks, AK
- Policy No. 7 Amendment
 - Allow General Signature of Non-disclosure agreements (NDA's)
by the General Manager (GM).....Page 24
- GM Contract ClausesPage 26

III. Other Business (Board Discussion & Possible Action)

- Action Items List.....Page 27

IV. Reports

- General ManagerPage 28
- IGU Attorney*Page 32

V. Correspondence

- Ft Wainwright EIS CommentPage 33

VI. Closing Comments

- General Manager
- IGU Attorney
- Directors

VII. Adjournment



Interior Gas Utility

Board of Directors Meeting
August 6, 2019 @ 4:00 P.M.

100 Cushman Street, Suite 512, Fairbanks, Alaska

Draft Minutes

A Meeting of the Board of Directors of the Interior Gas Utility was held Tuesday August 6, 2019, in the IGU Conference Room, Fairbanks, Alaska. IGU Board Chair, Steve Haagenon presiding.

Others in attendance were: Dan Britton (IGU General Manager), Laura Steel (IGU Secretary), Rene Broker (IGU Attorney), Mark Rockwell (FNG Director of Operations), & Member of the Public: Mike Walleri.

I. Call to Order

- Roll call

Steve Haagenon
Mike Miller (excused)
Gary Wilken
Jack Wilbur
Mary Nordale
Pamela Throop
Patrice Lee (telephonic)

- Approval of Agenda & Consent Agenda.

00:00:35 Moved by Director Wilbur, Seconded by Director Wilken, to accept the Agenda and Consent Agenda.

Moved to Amend by Director Nordale, Seconded by Director Throop, to strike IX from the Agenda.

Discussion, Email from IGU Attorney dated 7/25/2019 distributed to Directors, IGU Attorney explains this is a confidential matter.

00:10:13 Roll Call Vote: Wilbur Nay, Nordale Yea, Wilken Nay, Throop Yea, Lee Yea, Haagenon Nay. Vote tied so **Motion Fails**.

00:10:59 Motion passed with no objection to approve Agenda.

- Public Comment-None.

II. 00:11:27 Unfinished Business

- Administrative Topics

- Seating-Hard Copy suggested seating chart was distributed to the Directors by Director Wilken. Dan will have measurements and CAD drawings prepared.
- **00:21:46** Voting Order-IGU Attorney stated Chair votes last at FNSB. Roberts Rules are for Chair to vote last. Random order with Chair voting last was suggested.

- **00:30:08** Minutes-Example used will be July 23, 2019. Agenda will be copied into body of the email distribution for ease of email search.
- **00:32:14** Team Director Protocol-Discussed Directors on equal footing with staff, Lack of minutes or report back to the Board, Concern of Directors doing staff work, Suggested use of 'ad hoc' and 'special project' terms. Chairman Haagenson removed this and will no longer have teams at this time. It may be brought back by the Chair at some future date, but no date is set at this time.

III. 01:02:27 New Business

- Third Party Communications
 - IGU Attorney went through the lists and explained her view on the legality and ethical considerations on some of the examples. Board of Directors followed with line by line discussion on the legality and ethical considerations on the examples. Discussed recommended language from IGU Attorney.
- **02:04:53** Meeting Protocol
 - Chair suggested the topic be tabled.

02:05:29 Moved by Director Wilbur and seconded by Director Nordale to postpone the Meeting Protocol topic until the next meeting.

Motion passed with no objection.

IV. 02:05:36 Other Business

- Action Item List discussed.

V. Reports

- Power Point Presentation for Fitch will be distributed to the Board of Directors once it is in Final form.

VI. 02:13:42 Correspondence

- GM highlighted the correspondence provided as part of the Board packet.

VII. New Business (continued)

- IBEW Contract Ratification.
 - Discussed wage classes & Operator Tiers, benefits and key contract terms.
 - Operators will not be eligible for the IBEW medical plan.
 - We will bring the contract back to the board for a vote once we have a clean version.

VIII. 02:30:33 Closing Comments

- GM review needs to be filled out soon.

IX. Public Meeting ends @ 6:37 P.M. so Board can go into Closed Session.



SIGN IN SHEET

DATE: 8-6-19

Name, Title, and Company	
MARK Rockwell	
Address & Email	mrockwell@fgas.com
Dir. of Operations	No
Name, Title, and Company	
Mike Walleri	
Address & Email	on file
Name, Title, and Company	
Address & Email	Do you wish to testify today?
Name, Title, and Company	
Address & Email	Do you wish to testify today?
Name, Title, and Company	
Address & Email	Do you wish to testify today?
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Name, Title, and Company	
Address & Email	Do you wish to testify today?



Interior Gas Utility

Board of Directors Work Session

August 12, 2019 @ 9:00 A.M.

&

August 15, 2019 @ 9:00 A.M.

100 Cushman Street, Suite 512, Fairbanks, Alaska

DRAFT Minutes

A Work Session of the Board of Directors of the Interior Gas Utility was held Monday August 12, 2019, in the IGU Conference Room, Fairbanks, Alaska. IGU Board Chair, Steve Haagenson, presiding.

Others in attendance were: Dan Britton (IGU General Manager), Laura Steel (IGU Secretary), Michelle Hollowell (IGU Customer Service/Conversion Manager) and members of the Porcaro Team; Mark Hopkin, Bob Thompson, and Kristin Bitterman (telephonic).

Call to Order @ 9:05 A.M.

- Roll call
Steve Haagenson
Mike Miller
Gary Wilken
Jack Wilbur
Patrice Lee – Excused
Mary Nordale - Absent
Pamela Throop – Excused

- Approval of Agenda

00:00:32 Moved by Director Wilken and Seconded by Vice Chair Miller to approve the Agenda.

- No Public Comment

New Business - Introduction by Dan Britton

00:01:20 Discussion led by Mike Porcaro.

The Name – Consensus agreement to use ‘Interior Gas Utilities’ and ‘IGU’ as the names used going forward. Suggest bill inserts with paper bills showing the transition from FNG to IGU. Email bills can have direct mail postcard showing the same.

The Slogan – ‘Clean Affordable Natural Gas for the Interior’ is a positioning statement, but not a slogan, it’s too long.

00:26:45 Chair Haagenson suspends the rules, without objection, so the group can speak freely.

Discussion on Name, Slogan, Brand, & the transition continues.

The Brand – Options: 1st choice ‘Breathe Easier’, 2nd choice ‘Clean Affordable Warmth’. Identify what the naysayers and competition will throw at IGU to try and damage our growth.

01:27:30 The Logo – IGU flame with IGU written in it, Use the color green somewhere in it, Don’t use lower case letters, Put our current arch over the entire logo.

01:53:25 Break for ten (10) minutes & Return to Work Session.

The Website/Social Media – Needs are different for the customer, board, and staff. The website should be geared 99% toward the customer. Porcaro will build the website on a template and give the log-in to Michelle Hollowell for maintaining internally.

02:04:13 Kristin arrives via teleconference @ 11:21 AM.

Discussion continues.

02:49:27 Kristin leaves the teleconference @ 12:06 PM.

Meeting will stand at ease until 9:00 A.M. on Thursday. Chair Haagenson will not be in attendance, but Vice Chair Miller will be. Thursday’s meeting will be a continuation of this meeting.

03:12:39 Moved by Vice Chair Miller and Seconded by Director Wilken to recess this meeting until 9:00 A.M. Thursday August 15, 2019.

Recessed without objection.

PART 2 WORK SESSION
Thursday August 15, 2019

Return to Session @ 9:15 A.M. Chair Miller presiding.

Absent were: Director Lee and Director Throop.

Meeting was adjourned @ 9:15 A.M. due to lack of participation.



Interior Gas Utility

Board of Directors Special Board Meeting
August 20, 2019 @ 4:00 P.M.
100 Cushman Street, Suite 512, Fairbanks, Alaska

DRAFT Minutes

A Special Board Meeting of the Board of Directors of the Interior Gas Utility was held Tuesday, August 20, 2019, in the IGU Conference Room, Fairbanks, Alaska. IGU Board Chair, Steve Haagenson, presiding.

Others in attendance were: Dan Britton (IGU General Manager), Rene Broker (CSG – IGU Attorney), Laura Steel (IGU Secretary), Wes Smith (IGU Controller), Zach Dameron (IGU Assistant Controller), and members of the Public; Liz Greig (Public), Jomo Stewart (FEDC), and Mike Walleri (Public).

I. Call to Order @ 4:00 P.M.

- Roll call
Steve Haagenson
Mike Miller
Patrice Lee
Mary Nordale
Pamela Throop
Gary Wilken
Jack Wilbur

- Approval of Agenda

***Moved by Vice Chair Miller and Seconded by Director Wilken to approve the Agenda.
Passed without objection.***

- Public Comment

00:01:05 Mike Walleri's comments on behalf of Director Lee re: legal matters before the Board.

II. Unfinished Business

00:04:53 Discussion begins on GM review. IGU Attorney hands out Draft Evaluation with summary of comments received from 5 of 7 Directors.

00:09:53 ***Moved by Director Wilken that Draft One of the General Manager Appraisal dated July 23, 2019 be laid on the table for discussion purposes for our meeting today.***

00:10:31 ***Point of Order by Director Wilbur.***

00:11:25 ***Second to Director Wilken's Motion by Vice Chair Miller.***

Discussion ensues regarding intent of motion, procedural questions, & GM Review.

00:16:16 Moved **by Director Nordale to postpone discussion of this document to an executive session to be set at a later date, preferably two weeks from today. Seconded by Director Lee.**

Discussion.

00:27:58 **Roll Call Vote on Director Nordale's Motion: Wilken Nay, Lee Yea, Miller Nay, Wilbur Nay, Throop Yea, Nordale Yea, Haagenson Nay. Motion Failed 3-4.**

Discussion of original motion, draft document, reviewing the document, and whether to discuss in executive session.

00:37:57 Director Wilken asks the Chair to grant him the privilege to remove his Motion and immediately replace it with a different Motion. **Director Wilken withdraws his Motion to lay this on the table as a subject for our discussion, Vice Chair Miller accepted the withdrawal.**

00:38:31 **Director Wilken Moved that the General Manager Appraisal dated July 23rd, 2019, Draft One, be accepted by this Board of Directors. Seconded by Vice Chair Miller.**

Discussion begins.

00:40:18 Started discussing the items one by one.

00:43:30 **Moved by Director Wilken that the hiring of the Operations position be deleted. Seconded by Vice Chair Miller.**

Discussion.

00:47:47 **Director Wilbur Moved for a friendly amendment to discuss the comments in the review, and then have a vote on the final page, at the end of the discussion. Director Wilken accepted the Amendment, Vice Chair Miller accepted the Amendment. Passed without objection.**

00:49:33 Continued going through the GM Review.

01:41:50 **Director Wilken withdrew his original motion. Vice Chair Miller accepted the withdrawal.**

01:42:20 **Moved by Director Wilbur to find that Dan Britton has met performance standards regarding his time as General Manager at IGU for the previous year, Seconded by Director Wilken.**

Roll Call Vote on Director Wilbur's Motion: Passed Unanimously.

01:43:22 **Break**

Discussion on next steps with the General Manager review and contract.

III. New Business

01:47:00 Discussion begins on Resolution 2019-04.

01:52:23 ***Moved by Director Wilbur to adopt Resolution 2019-04, Resolution to Approve GVEA Easement for New Underground Power Line at 2942 Tria Road, Seconded by Director Throop.***

Roll Call Vote: Passed Unanimously.

01:52:59 Discussion begins on IGU Policy No. 11, presented by Zach Dameron.

02:12:13 ***Moved by Director Nordale to Exclude the General Manager from IGU Policy No. 11.*** No motion on the floor yet.

Moved by Director Wilken to adopt IGU Policy No. 11, Seconded by Vice Chair Miller.

Moved by Director Nordale to Amend the Motion and Exclude the General Manager from IGU Policy No. 11, Seconded by Director Lee.

02:19:40 ***Roll Call Vote on Director Nordale's Motion. Nordale Yea, Miller Nay, Lee Yea, Throop Yea, Wilbur Nay, Wilken Nay, Haagenson Nay. Motion Fails 3-4.***

02:30:15 ***Moved by Director Wilbur to Amend the Motion and Reduce the cumulative compensatory hours from two hundred hours (200) to forty (40) hours.*** No Second.

02:31:45 ***Moved by Director Lee to Amend the Motion and Reduce the cumulative compensatory hours from two hundred hours (200) to eighty (80) hours, Seconded by Director Wilbur.***

Discussion.

02:38:48 ***Moved by Director Lee to Amend her Amendment to allow the eighty (80) hours to be used within two (2) years.*** Discussion. No Second.
Continued Discussion on IGU Policy No. 11.

02:42:24 ***Roll Call Vote on Amendment: Wilbur Yea, Throop Yea, Wilken Nay, Nordale Yea, Lee Yea, Miller Nay, Haagenson Yea. Motion Passed 5-2.***

Moved by Director Wilbur to incorporate into policy that the total comp time and PTO that can be accrued at the end of the year is 240 hours, Seconded by Director Throop.
Discussion.

02:51:00 ***Roll Call Vote: Wilken Nay, Lee Nay, Miller Nay, Wilbur Yea, Throop Yea, Nordale Nay, Haagenson Nay. Motion Fails 2-5.***

Chair asks if anyone wishes to reconsider their vote. Director Lee discusses her vote.
Director Throop changes her vote to Nay. Motion Fails 1-6.

02:53:23 Roll Call Vote to Approve Policy No. 11 as Amended to 80 hours compensatory time accrual: Wilken Yea, Lee Yea, Miller Yea, Wilbur Nay, Throop Yea, Nordale Yea, Haagenon Yea. Motion Passed 6-1.

IV. Other Business

02:54:00 Discussion begins on Action Items List. Gas Supply proposals received & MAP Consulting was selected, with another proposer possibly doing some technical work for us.

03:01:15 Discussion begins on North Pole Storage Update. We wouldn't add customers over the winter so only a few months difference to the customers between temporary and permanent facility. A temporary facility is not used for long term (possibly a 6-month limit) so would still need to build the permanent facility. Will speak with Mayor Welch regarding the future gas demand in the North Pole area. Authority of GM moving forward discussed.

V. Unfinished Business continued

03:29:32 IBEW contract ratification discussion begins. Recommended to accept the contract.

03:33:05 Moved by Director Wilbur to approve the Operations Agreement Covering Terms and Conditions of Employment between IGU/FNG LLC Fairbanks Alaska and Local No. 1547 IBEW AFL-CIO Fairbanks Alaska, Seconded by Director Wilken. Discussion.

03:39:06 Roll Call Vote: Motion passed unanimously.

VI. Communications

Discussed letter re: Vice Chair Miller's appointment.

VII. Closing Comments @ 03:41:19

VIII. New Business continued

03:50:39 Moved by Director Wilbur to go into executive session to discuss matters that the immediate knowledge of which would clearly have an adverse effect upon the finances of the public utility; matters within the attorney client privilege and specifically to have a candid discussion of the facts and strategies concerning the allegations and demands contained in an August 12, 2019 letter sent to IGU counsel re: internal, confidential disciplinary matter and alleging violations of law and imposition of improper sanctions, Seconded by Vice Chair Miller. Attendees in the Executive Session will be limited to Board Members and the IGU Attorney.

03:52:29 Director Lee excluded herself so that there is no conflict.

03:53:48 Roll Call Vote: Wilken Yea, Miller Yea, Wilbur Yea, Throop Yea, Nordale Yea, Haagenon Yea. Motion Passed unanimously.

IX. Public Session Adjourns.



SIGN IN SHEET

DATE: August 20, 2019

Name, Title, and Company		
Liz Greig		
Address & Email	on file	Do you wish to testify today?
		no
Name, Title, and Company		
Zach Daneman		
Address & Email	on file	Do you wish to testify today?
		No
Name, Title, and Company		
Jono Stewart FEDC		
Address & Email	on File	Do you wish to testify today?
		NO
Name, Title, and Company		
Mick Waller		
Address & Email	on file	Do you wish to testify today?
		yes
Name, Title, and Company		
Nesley Smith, Controller, FNB, LLC		
Address & Email		Do you wish to testify today?
		NO
Name, Title, and Company		
Address & Email		Do you wish to testify today?
Name, Title, and Company		
Address & Email		Do you wish to testify today?
Name, Title, and Company		
Address & Email		Do you wish to testify today?



Interior Gas Utility

Finance Committee Meeting

June 25, 2019 @ 12 NOON

3408 International Street, Fairbanks, Alaska

DRAFT MINUTES

I. Call to Order @ 12:00 P.M.

- a. Roll Call-Doug Bishop - excused, David Durham (telephonic) (signed off at 12:56 PM), Mary Nordale, Patrice Lee; Other: Dan Britton, Wes Smith & Laura Steel.
- b. Approval of Agenda - Moved by Mary, Seconded by David, Approved.
- c. Approval of Minutes – Moved by Mary, Seconded by Patrice, Approved.

II. Monthly Financials - Profit & Loss - May 2019

- a. IGU Financial Statements and footnotes reviewed.
 - Discussed Outside services will be over budget due to Lobbyist contract. Discussed future lobbying. Legal services will be under budget.
- b. FNG Financial Statements and footnotes reviewed.
 - Due to warmer month, revenues were lower for residential and small commercial customers.
- c. Titan Alaska Financial Statements and footnotes reviewed.
 - There were no sales from AET to Titan.
- d. AET Financial Statements and footnotes reviewed.
 - Discussed some technical issues with T-800's that are being worked through.

III. Project Financing

- a. Short term financing required to continue some of our projects, followed up by our long-term financing to pay off our short term. We are in conversations with 3 different entities for short term financing.
- b. FNSB-7.5 M was asked for and this Thursday will be a continuation of the conversation at Assembly.
- c. Last week's response from AIDEA was a concurrence for bond proceeds to be used. AIDEA has a desire to participate in short term financing with local banks and would take a portion of the loan. This may allow for an increase of the line of credit. We responded to their request for information. They meet Wednesday with their Board Of Directors.
- d. * David Durham is Chief Credit Administrator at Mt McKinley so wants to confirm there is no conflict with him as a Finance Committee Member.
- e. We have engaged Fitch and will have a site visit July 29-31, 2019 to help with our bonding.
- f. Mary requested spreadsheets showing the change to ratepayers when there is a change in gas prices. Dan responded that we have that in the Board Of Directors packet and if that is not what she wants, we will talk about getting her what she needs.

- g. Patrice asks for a Dashboard for the Board as an overall view, with a goal of September deadline. Wes asks for their ideas and what they think the public needs to see.
- h. * Mary Nordale uses Mike Cook as her accountant and has for over 40 years so wants to confirm there is no conflict with her as a Board member and Finance Committee Member.

IV. Closing Comments – Meeting Adjourned @ 1:19 P.M.

- a. The Finance Committee recommended that the IGU Board accept the May 2019 Financial Report as presented at their meeting.
- b. The next meeting will be July 23, 2019.

Interior Alaska Natural Gas Utility
Financial Statements - with budget comparison
May 31,

	May 2019 (Actual)	May 2019 (Budget Rev 1)	May 2019 (Variance) fav/(unfav)	Footnote	YTD 2019 (Actual)	YTD 2019 (Budget Rev 1)	YTD 2019 (Variance) fav/(unfav)
STATEMENT OF OPERATIONS							
Operating revenues							
Contract revenue - FNSB	0	0	0		304,575	304,575	0
Total operating revenue	0	0	0		304,575	304,575	0
Operating expenses							
Administration and general expenses	79,877	58,527	(21,350)	(a)	594,625	680,854	86,229
Depreciation	300	300	0		3,304	3,304	0
Total operating expense	80,177	58,827	(21,350)		597,930	684,158	86,229
Operating income (loss)	(80,177)	(58,827)	(21,350)		(293,355)	(379,584)	86,229
Net operating margin %	0.0%	0.0%	0.0%		-96.3%	-124.6%	28.3%
Non operating income (expense)							
Interest income	0	0	0		468	0	468
Other income (expense)	0	0	0		11,807	0	11,807
Other income - transfer in (out)	0	58,527	(58,527)	(b)	0	693,333	(693,333)
Total non operating income (expense)	0	58,527	(58,527)		12,275	693,333	(681,058)
Change in net position	(80,177)	(300)	(79,877)		(281,080)	313,749	(594,829)
Net position - beginning of period	369,505	970,516	(601,012)		570,408	656,467	(86,059)
Net position - end of period	289,328	970,216	(680,888)		289,328	970,216	(680,888)



INTERIOR GAS UTILITY
CLEAN LOW COST NATURAL GAS FOR THE INTERIOR

Variance to Budget Footnotes
May 31, 2019

- (a) - Administration and general expenses were \$21K over budget for May due to a timing difference between actual outside services - general expenses and budgeted outside services - general expenses.
- (b) - Other income - transfer in (out) was \$59K under budget for May due to no transfer of cash from FNG was required during the period for the day to day operations of the Utility.

Fairbanks Natural Gas, LLC
Financial Statements - with budget comparison
May 31,

	May 2019 (Actual)	May 2019 (Budget)	May 2019 (Variance) fav/(unfav)	Footnote	YTD 2019 (Actual)	YTD 2019 (Budget)	YTD 2019 (Variance) fav/(unfav)
STATEMENT OF OPERATIONS							
Mcf:							
Residential	2,044	2,201	(158)		50,988	54,800	(3,812)
Small Commercial	14,733	17,166	(2,433)		337,586	385,740	(48,154)
Large Commercial	7,548	8,144	(596)		186,369	205,219	(18,850)
Interruptible - Small	4,414	2,617	1,797		58,158	49,652	8,506
Interruptible - Large	1,254	791	463		32,965	16,728	16,236
Hospital	5,389	0	5,389		40,807	0	40,807
UAF	3,505	0	3,505		18,524	0	18,524
FNG	25	40	(15)		721	1,029	(309)
Total Mcf	38,911	30,959	7,952		726,117	713,169	12,948
HDD	370	462	(92)		11,715	13,290	(1,575)
Operating revenues							
Residential Gas Revenues	42,530	45,808	(3,278)	(a)	1,061,067	1,140,395	(79,328)
Small Commercial Gas Revenues	305,855	356,360	(50,505)	(b)	7,008,282	8,007,960	(999,678)
Large Commercial Gas Revenues	156,250	168,581	(12,331)	(c)	3,857,842	4,248,033	(390,191)
Interruptible - Small	88,406	52,419	35,988	(d)	1,164,901	994,532	170,369
Interruptible - Large	22,015	13,652	8,363	(e)	555,785	288,563	267,223
Hospital Gas Revenues	94,570	0	94,570	(f)	743,866	0	743,866
UAF Revenues	61,513	0	61,513	(g)	323,414	0	323,414
Service Charge Revenues	26,376	24,522	1,854		287,565	277,079	10,486
Other Revenue	1,287	2,500	(1,213)		16,631	27,500	(10,869)
Total operating revenue	798,801	663,841	134,960		15,019,354	14,984,061	35,292
Operating expenses							
Natural gas purchases	604,054	476,158	(127,896)	(h)	11,375,895	10,933,375	(442,519)
Fairbanks distribution operations	22,201	26,628	4,427		271,040	291,163	20,124
Fairbanks distribution maintenance	21,483	8,026	(13,457)	(i)	89,945	88,291	(1,654)
Fairbanks storage & vaporization operations	16,040	19,184	3,143		325,217	364,553	39,337
Fairbanks storage & vaporization maintenance	2,888	6,500	3,612		42,852	69,482	26,630
Engineering	16,650	18,474	1,824		184,862	203,215	18,353
Customer Services	21,231	22,123	892		178,817	240,758	61,941
Administration and general expenses	133,050	121,048	(12,002)	(j)	1,376,609	1,354,528	(22,081)
Depreciation	68,221	68,473	252		756,327	761,819	5,492
Total operating expense	905,818	766,614	(139,204)		14,601,563	14,307,185	(294,378)
Operating income (loss)	(107,017)	(102,774)	(4,244)		417,791	676,876	(259,085)
Net operating margin %	-13.4%	-15.5%	2.1%		2.8%	4.5%	-1.7%
Non operating income (expense)							
Gain (loss) from disposition of property, plant and equipment	1,342	0	1,342		3,842	0	3,842
Interest income	557	0	557		6,712	0	6,712
Other income (expense)	9,426	0	9,426	(k)	676,331	659,266	17,065
Net increase in fair value of investments	0	0	0		24,299	0	24,299
Total non operating income (expense)	11,324	0	11,324		711,183	659,266	51,918
Change in net position	(95,693)	(102,774)	7,081		1,128,974	1,336,142	(207,168)
Net position - beginning of period	23,669,031	23,175,138	493,893		22,444,364	22,371,028	73,335
Net position - end of period	23,573,338	23,072,364	500,974		23,573,338	23,707,170	(133,832)
Net Margin %	-11.98%	-15.48%			7.52%	8.92%	
EBITDA	(38,796)	(34,301)	(4,496)		1,174,118	1,438,695	(264,577)



Variance to Budget Footnotes
May 31, 2019

(a) - Residential revenue was \$3K¹ lower than budgeted. Heating Degree Days (HDD) were lower than budget for the month. Actual HDD was 370 versus 462 in the budget. (HDD = a measure of how much (in degrees), and for how long (in days), outside air temperature was lower than a specific "base temperature" (or "balance point")). The base temperature that is used for our calculation is 65 degrees F. The HDD used in the budget is based on a 21 year average of HDD. There were 31 days in the billing cycle for May.

	Actual	Budget	F (U) Variance
Total Mcf per mo	2,044	2,201	(158)
Rate per Mcf	\$ 20.81	\$ 20.81	\$ -
Residential gas billings for May, 2019	<u>\$ 42,530</u>	<u>\$ 45,808</u>	<u>\$ (3,278) ¹</u>

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

	Budget
HDD	462
Base	1.70
Per DD	0.007
Customers	442
Total Mcf per month ((Base+(PerDD*HDD))*Customers)	<u>2,201</u>
Total Mcf per month	2,201
Rate per Mcf	\$ 20.81
Total residential monthly revenue - gas sales	<u>\$ 45,808</u>

(b) - Small Commercial revenue was \$51K¹ lower than budgeted. Heating Degree Days (HDD) were lower than budgeted for the month. Actual HDD was 370 versus 462 in the budget. The average temperature in May 2019 and 2018 was 53.1° F and 49.2° F respectively. There were 31 days in the billing cycle for May.

	Actual	Budget	F (U) Variance
Total Mcf per mo, adjusted for Weather Factor	14,733	17,166	(2,433)
Rate per Mcf	\$ 20.76	\$ 20.76	\$ -
Small commercial revenue	\$ 305,855	\$ 356,360	\$ (50,505)
Billing allowances	-	-	-
Small Commercial gas sales for May, 2019	<u>\$ 305,855</u>	<u>\$ 356,360</u>	<u>\$ (50,505) ¹</u>

(c) - Large Commercial revenue was \$12K¹ lower than budget. Actual customer count was 31 compared to the budget at 31 customers. Large Commercial revenue budget is not based on HDD. Large Commercial revenue budget is calculated based on historical usage data that has been accumulated for each customer.

	Actual	Budget	F (U) Variance
Total Mcf gas sales	7,548	8,144	(596)
Rate per Mcf	\$ 20.70	\$ 20.70	\$ -



Variance to Budget Footnotes
May 31, 2019

Large commercial revenue	\$ 156,250	\$ 168,581	\$ (12,331)
Billing allowances	-	-	-
Large Commercial gas sales for May, 2019	<u>\$ 156,250</u>	<u>\$ 168,581</u>	<u>\$ (12,331) ¹</u>

(d) - Interruptible - Small revenue was \$36K¹ higher than budgeted. Interruptible - Small revenue budget is not based on HDD. Interruptible - Small revenue budget is calculated based on historical usage data that has been accumulated for the expected customer base.

	<u>Actual</u>	<u>Budget</u>	<u>F (U) Variance</u>
Total Mcf gas sales	4,414	2,617	1,797
Rate per Mcf	<u>\$ 20.03</u>	<u>\$ 20.03</u>	<u>\$ -</u>
Interruptible - Small gas sales for May, 2019	<u>\$ 88,406</u>	<u>\$ 52,419</u>	<u>\$ 35,988 ¹</u>

(e) - Interruptible - Large revenue was \$8K¹ higher than budgeted due to FNSB School District now using gas as their primary heating fuel.

	<u>Actual</u>	<u>Budget</u>	<u>F (U) Variance</u>
Total Mcf gas sales	1,254	791	463
Rate per Mcf	<u>\$ 17.55</u>	<u>\$ 17.25</u>	<u>\$ 0.30</u>
Interruptible - Large gas sales for May, 2019	<u>\$ 22,015</u>	<u>\$ 13,652</u>	<u>\$ 8,363 ¹</u>

(f) - Hospital revenue was \$95K¹ higher than budgeted due to the Hospital switching their boilers to gas during the billing cycle and the imaging center continues to use. Hospital revenue budget is now based on HDD.

	<u>Actual</u>	<u>Budget</u>	<u>F (U) Variance</u>
Total Mcf gas sales	5,389	-	5,389
Rate per Mcf	<u>\$ 17.55</u>	<u>\$ 17.25</u>	<u>\$ 0.30</u>
Hospital gas sales for March, 2019	<u>\$ 94,570</u>	<u>\$ -</u>	<u>\$ 94,570 ¹</u>

(g) - UAF revenue was \$62K¹ higher than budgeted due to UAF using gas with its new power plant. I do expect this to continue until UAF has completed its startup of the new plant.

	<u>Actual</u>	<u>Budget</u>	<u>F (U) Variance</u>
Total Mcf gas sales	3,505	-	3,505



Variance to Budget Footnotes
May 31, 2019

Rate per Mcf	<u>\$ 17.55</u>	<u>\$ 17.25</u>	<u>\$ 0.30</u>
UAF gas sales for May, 2019	<u>\$ 61,513</u>	<u>\$ -</u>	<u>\$ 61,513 ¹</u>

(h) - Natural gas purchases were \$128K over budget for May due to higher natural gas sales than budgeted.

(i) - Fairbanks distribution maintenance expense was \$13K over budget largely due to a timing difference between actual vs budgeted expenses.

(j) - G&A - FNG expenses were \$12K over budget largely due to various accounts being over budget. The detail expense report will cover the various accounts.

(k) - Non operating income (expense) - Other income (expense) was \$9K over budget largely due to the budget did not include intercompany revenue. The intercompany revenue is derived from FNG charging IGU for labor and associated burden.

Titan Alaska LNG, LLC
Financial Statements - with budget comparison
May 31,

	May 2019 (Actual)	May 2019 (Budget)	May 2019 (Variance) fav/(unfav)	Footnote	YTD 2019 (Actual)	YTD 2019 (Budget)	YTD 2019 (Variance) fav/(unfav)
STATEMENT OF OPERATIONS							
Mcf:							
TKA Commercial Gas	1,047	1,095	(48)		9,184	8,598	586
AET Commercial Gas	373	838	(465)		6,671	7,687	(1,016)
Fairbanks Natural Gas, LLC	41,095	31,733	9,361		736,111	730,998	5,112
Total Mcf	42,515	33,666	8,849		751,966	747,283	4,683
Operating revenues							
TKA Commercial Gas Revenues	18,330	19,163	(833)		160,720	150,463	10,257
AET Commercial Gas Revenues	5,849	12,902	(7,053)		105,189	118,250	(13,061)
Fairbanks Natural Gas, LLC	643,951	488,690	155,261	(a)	11,484,357	11,222,898	261,459
Other Revenue	0	0	0		0	0	0
Total operating revenue	668,129	520,754	147,375		11,750,265	11,491,611	258,654
Operating expenses							
Natural gas purchases	369,400	285,799	(83,601)	(b)	6,444,861	6,249,648	(195,213)
Trucking expenses	108,691	73,835	(34,856)	(c)	2,024,710	1,800,526	(224,184)
Electricity	51,024	45,818	(5,205)		877,561	928,575	51,014
Gas liquefaction expenses	115,949	109,557	(6,392)		1,414,330	1,434,904	20,575
Talkeetna maintenance	0	229	229		6,727	2,521	(4,206)
Administration and general expenses	46,276	43,067	(3,209)		434,566	473,887	39,321
Interest expense	3,305	3,305	0		39,021	39,021	0
Depreciation	27,877	28,251	374		326,500	329,757	3,257
Total operating expenses	722,521	589,862	(132,659)		11,568,275	11,258,840	(309,435)
Operating income (loss)	(54,392)	(69,107)	14,715		181,991	232,771	(50,781)
Operating margin %	-8.1%	-13.3%			1.5%	2.0%	
Non operating income (expense)							
Gain (loss) from disposition of property, plant and equipment	0	0	0		0	0	0
Interest income	0	0	0		0	0	0
Other income (expense)	(10,569)	200	(10,769)		(1,437)	2,200	(3,637)
Total non operating income (expense)	(10,569)	200	(10,769)		(1,437)	2,200	(3,637)
Change in net position	(64,961)	(68,907)	3,946		180,553	234,971	(54,418)
Net position - beginning of period	4,859,223	5,047,903	(188,680)		4,613,709	4,744,024	(130,316)
Net position - end of period	4,794,262	4,978,996	(184,734)		4,794,262	4,978,996	(184,734)
EBITDA	(23,210)	(37,551)	14,341		547,511	601,549	(54,038)



Variance to Budget Footnotes
May 31, 2019

(a) - Fairbanks Natural Gas, LLC revenue was \$155K¹ higher than budgeted due to increased volumes sold. There were 31 days in the billing cycle for May.

	Actual	Budget	F (U) Variance
Total Mcf per mo, adjusted for Weather Factor	41,095	31,733	9,361
Rate per Mcf	\$ 15.67	\$ 15.40	\$ 0.27
FNG, LLC revenue	\$ 643,951	\$ 488,690	\$ 155,261
Billing allowances	-	-	-
FNG, LLC gas sales for April, 2019	<u>\$ 643,951</u>	<u>\$ 488,690</u>	<u>\$ 155,261</u> ¹

(b) - Natural gas purchases was \$84K higher than budget for May due to higher gas sales.

(c) - Trucking expenses was \$35K over budget due to increased sales and decreased trip utilizing the T-800 tractors to transport the LNG trailers to FNG. The average gallons per load were 10K compared to 10K budgeted.

Arctic Energy Transportation, LLC
Financial Statements - with budget comparison
May 31,

	May 2019 (Actuals)	May 2019 (Budget Rev 1)	May 2019 (Variance) fav/(unfav)	Fn	YTD 2019 (Actuals)	YTD 2019 (Budget Rev 1)	YTD 2019 (Variance) fav/(unfav)
STATEMENT OF OPERATIONS							
Mcf:							
Titan Alaska LNG, LLC	0	838	(838)		2,684	7,687	(5,002)
Fairbanks Natural Gas, LLC	412	0	412		3,410	0	3,410
Total Mcf	412	838	(425)		6,094	7,687	(1,592)
Operating revenues							
Titan Alaska LNG, LLC	0	22,635	(22,635)	(a)	72,462	207,676	(135,214)
Fairbanks Natural Gas, LLC	6,464	0	6,464		54,189	0	54,189
Total operating revenue	6,464	22,635	(16,171)		126,651	207,676	(81,025)
Operating expenses							
Natural gas purchases	6,289	12,902	6,613		98,323	118,250	19,926
Fairbanks Operations	480	490	11		5,380	5,392	12
Big Lake Operations	1,522	1,262	(259)		16,164	13,886	(2,277)
Administration and general expenses	2,415	2,038	(377)		24,368	22,420	(1,949)
Depreciation	11,147	11,120	(27)		122,614	122,317	(297)
Total operating expenses	21,852	27,812	5,961		266,849	282,265	15,416
Operating income (loss)	(15,388)	(5,177)	(10,211)		(140,198)	(74,589)	(65,609)
Operating margin %	-238.1%	-22.9%			-110.7%	-35.9%	
Non operating income (expense)							
Gain (loss) from disposition of property, plant and equipment	0	0	0		0	0	0
Interest income	0	0	0		0	0	0
Other income (expense)	0	0	0		0	0	0
Total other income (expense)	0	0	0		0	0	0
Change in net position	(15,388)	(5,177)	(10,211)		(140,198)	(74,589)	(65,609)
Net position - beginning of period	1,884,621	1,951,710	(67,088)		2,009,431	2,021,121	(11,690)
Net position - end of period	1,869,233	1,946,532	(77,299)		1,869,233	1,946,532	(77,299)
EBITDA	(4,241)	5,942	(10,184)		(17,584)	47,729	(65,313)



Variance to Budget Footnotes
May 31, 2019

(a) - Titan Alaska LNG, LLC gas revenues were \$23K¹ lower than budgeted due to no trips being made by Titan's LNG tractors for deliveries to FNG.

	Actual	Budget	F (U) Variance
Total Mcf per month	-	838	(838)
Rate per Mcf	\$ 27.02	\$ 27.02	\$ -
Titan gas billings for May, 2019	\$ -	\$ 22,635	\$ (22,635) ¹

**INTERIOR GAS UTILITY
POLICY**

POLICY NO. 07

PAGE 1 OF 2

**SUBJECT: CONTRACT AUTHORIZATION
& SIGNATURE AUTHORITY**

EFFECTIVE DATE: AUGUST 7, 2018

REVISION DATES: _____

APPROVED BY:

1. **PURPOSE**

To establish a policy to delegate certain signature and approval authority for contracts, agreements and other written documents occurring in the normal course of business but arising outside the procurement context and to ensure proper guidelines for the Board's delegation of signature and approval authority for all contracts legally binding on IGU.

2. **POLICY**

(a) Delegation of Contracting and Signature Authority to the General Manager. The Board delegates to the General Manager authority to approve any transaction legally binding on IGU occurring in the normal course of business that does not specifically require board action and which the General Manager has no conflict of interest or will receive any personal benefit. The General Manager may not delegate this authority without Board approval. The General Manager, prior to exercising this authority, is responsible for determining whether the transaction meets the following standards:

- Complies with all applicable laws, IGU policies and procedures, as well as any lender, grantor or other applicable restrictions.
- Where appropriate, the transaction, proposal or agreement includes the appropriate provisions recommended by IGU's corporate counsel.
- Funds have been appropriated or are otherwise allocated within regularly approved budgets and the resources (funding, personnel, facilities and space) required to fulfill the commitment are available.
- No real or apparent conflict of interest exists on the part of the approving and involved officials and employees and if it exists the issues have been disclosed to the Board and resolved prior to entering into the transaction.

(b) Transactions that require board authorization prior to signature.

- Any substantive modification to a Board approved contract that is not authorized in the contract itself or in the procurement policy.
- Transactions exempted from the procurement policy. [Currently these are Contracts for legal services and expert witnesses, banking and investment services, grants, loans, loan guarantees, bonds, bond guarantees or other indebtedness of IGU, cooperative agreements, MOU's or contracts between IGU and the FNSB, the state, its political subdivisions, and other governments or political subdivisions]

including the Alaska Railroad, contracts to acquire or supply natural gas and or LNG, partnership or joint venture agreements for utility services not tied to specific performance contracts, acquisition or disposal of real property or interests in real property, employment agreements, collective bargaining agreements, or labor relation services, insurance and insurance related contracts including employee benefits, services and products for IGU or its employees.]

- ~~Non-disclosure agreements.~~
- Agreements involving or setting legislative policy.

(c) Procurement policy. Other than the standards set forth in 2. (a), this policy excludes transactions covered by and separately addressed in the procurement policy and for which the Board has already made specific delegations of authority in Resolution #2018-01.

3. **REFERENCES**

IGU Board Bylaws Article IV General Manager authorizing the GM or designee to sign all contracts, escrow agreements and deeds, leases, grant or loan applications and agreements, and intergovernmental agreements, consistent with Board fiscal policies.

IGU Board Bylaws Article X—Financial Transactions §2 requiring adoption of fiscal policies including contract authorizations and signatory authority.

4. **DEFINITION**

IGU—IGU and any entities owned or controlled by IGU including Pentex, FNG, Titan and AET.

Board—IGU Board of Directors

General Manager—General Manager of IGU

Contract—Any document legally binding on IGU except contracts, change orders, amendments or other documents governed by IGU Procurement Policy 06.

5. **RESPONSIBILITIES**

The General Manager is responsible for compliance with and administration of this policy.

6. **PROCEDURE**

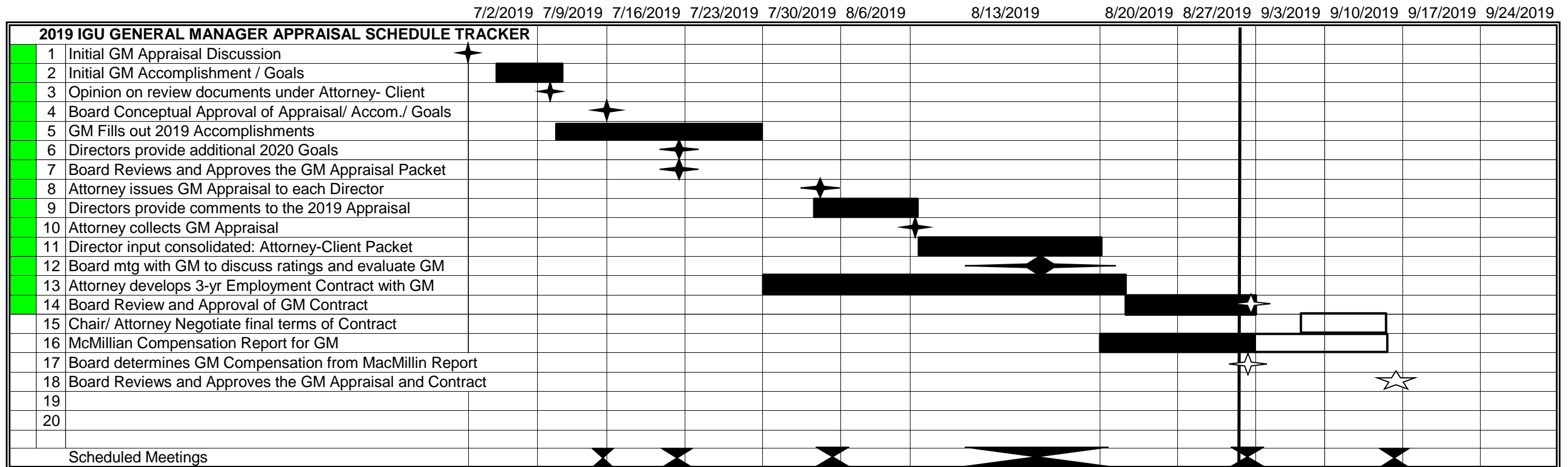
(a) The General Manager shall ensure that he has the appropriate contract and signature authority prior to approving and signing a transaction.

(b) The General Manager shall ensure that the transaction to be approved meets the standards set forth in this policy.

(c) Any required board authority has been obtained prior to signature.

7. **ANNUAL REVIEW DATE**

The General Manager will review this document in August of each year and make recommendations to the Board for any needed revisions.



LEGEND:

■	On schedule, within costs, meeting quality.	Not Completed	★	Completed	◆	Intermediate Milestone
■	Caution- there are areas of concern that must be resolved for successful completion.	★	★	★	★	Completion Milestone
■	Alert- This activity will need major attention for successful completion.	■	■	■	■	Activity with specific time

IGU ACTION ITEM LIST

Item	Action	Responsible Person	Date Initiated	Due Date	Status	Notes
1	GM Employment Review	IGU Board		8/20/19	Completed	See item specific schedule
2	Confirmation of Mat-Su Permitting - part of FEED work	Dan Britton	2/5/2019		Have identified future permits needed	
3	List of Commercial Buildings for Natural Gas Conversion UPDATE	Michelle Hollowell	2/12/2019	8/1/19	In development	
4	Policy Drafted on Public Records Retention	IGU Attorney	12/13/2018	9/1/19	In progress	
5	New Schedule - Consolidated Format	Mark Rockwell	1/22/2019		In progress	
6	Alternatives for North Pole Storage	Dan Britton	4/23/2019	8/31/19	In progress	CNG Trailers, Queen, Security Issues
7	FEED	Dan Britton	7/2/2019	10/1/19	In progress	
8	New Project Manager hire	Mark Rockwell	7/2/2019	10/1/19	In progress	See item specific schedule
9	Financial Advisor - Bond Issuance Closing	Wes Smith	7/2/2019	10/17/19	In progress	
10	Gas Supply	Dan Britton	7/1/2019		Selected Negotiator	MAP selected for gas supply negotiations
11	IGU Policy 09 Relationship Between the IGU Board of Directors and the General Manager	IGU Board	9/4/2018		Tabled on 9/4/18	
12	IGU Policy 10 Delegation of Authority by the IGU Board of Directors to the General Manager	IGU Board	9/4/2018		Tabled on 9/4/18	
13	GVEA Term Sheet	Dan Britton & Robin Brena	4/23/2019	9/1/19		
14	Duties and Powers of the IGU Board of Directors Chair	IGU Board	4/23/2019			
15	First Gas - Large Tank, Titan	Dan Britton	7/2/2019	Spring 2020		
16	Entity Integration - Recommendation with a schedule	Dan Britton, IGU Attorney, FA, Accounting		10/29/19		
17	GM Contract	IGU Board			9/1/2019 review	See item specific schedule

General Manager Report – For the month of August, 2019**General**

- The agreement with the IBEW has been ratified by both parties and took effect on August 23, 2019.

Financial / Accounting

- Finance Committee met on August 27, 2019 and reviewed unaudited financials for June 30, 2019, and accepted Financials as presented and recommended Board approval.
- IGU and Pentex financial integration ongoing.
- Continuing to provide information to Fitch Rating Agency for credit rating.
- Continued to work with AIDEA on documents relating to the increase of the SET's loan from \$125MM to \$135MM.

Marketing

- Participated in Tanana Valley State Fair, August 2-11
- Participated in Chena Hot Springs, Renewable Energy Fair. August 8th.
- Presented imaging and logo ideas to IGU Board of Directors, and finalizing options for further discussion.
- Installed 4 Commercial and 8 Residential Service Lines in preparation for availability of supply.

Operations**Titan**

- Titan produced 100% of the required LNG for FNG and its other customers, without interruption.
- Titan is completing major maintenance activities on reciprocating engines and replacing failed motor leads and motors on Ethane System.
- Zero Lost Time Injuries, Zero Vehicle Accidents.
- Zero Third Party Damage.

FNG

- 100% delivery reliability with no supply interruptions. Inventories were maintained above 5 days.
- Zero Lost Time Injuries, Zero Vehicle Accidents.
- Zero Third Party Damage.

IGU

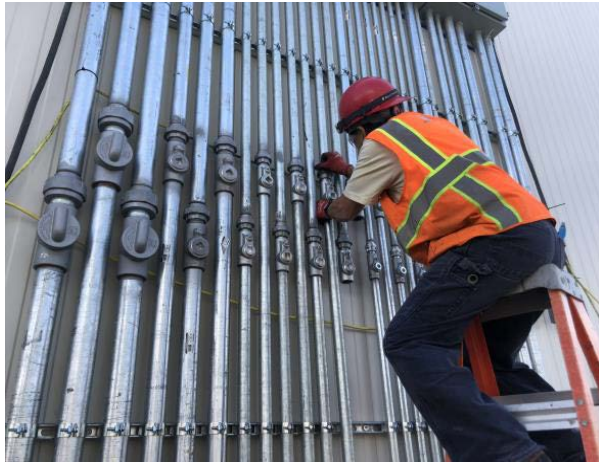
- Distribution System intact with no recorded pressure loss.
- Zero Third Party Damage.

Capital Projects

5.25 MM Gallon Storage Project

- Substantial completion of tank reached. Tank being maintained under nitrogen purge.
- Balance of Plant Phase 4 contract work progressing, Fill, Vaporizer and Boil-Off Gas Piping ongoing. Electrical work Ongoing.

Conduit Installation at Multi-Purpose Building



Motor Control Center in Multi-Purpose Building



Piping in Trench



Connecting System to Existing Distribution Piping



Fabricated Piping for Vaporizer



Piping Fabrication in Kenai



North Pole Storage

- Request for bids for North Pole LNG Storage Facility Ground Improvement issued on 8/25/2019 with Bids due on September 10, 2019.
- Revised drawings and re-bid work ongoing with a target re-bid issuance of September 25, 2019.

Titan Expansion

- Liquefaction and pretreatment, storage tank, transport loading facility and power generation proposals received, evaluations continue.
- Request for best and final offers on liquefaction and pretreatment equipment issued August 28, 2019.
- 35% Design Review completed.
- Additional design and details ongoing.
- Project Manager search advertisement closed and interviews ongoing.

MEMORANDUM

TO: IGU Board
FROM: A. Rene Broker
SUBJECT: Summary of Activity
DATE: August 27, 2019

Over the last month we have been engaged on the following issues, **excluding** highly confidential matters.

1. IBEW final contract review.
2. AIDEA Financing Agreement packet review.
3. Open Meetings Act and Free Speech related Board memos and research.
4. Preparation for and attend Fitch ratings presentation and follow-up meeting.
5. GM Appraisal process and drafting.
6. Ongoing interaction with Chairman Haagenson and General Manager Britton regarding the above issues, public record, NDA's, open meeting issues, contract/procurement issues and other issues that are raised on a day-to-day basis.
7. Attend Board meetings.

CORRESPONDENCE
PUBLIC COMMENT
FORT WAINWRIGHT EIS



The Interior Gas Utility (IGU) supports the conversion of coal-fired central heat to natural gas. IGU is well positioned to supply natural gas to either the centralized or the decentralized natural gas option. Natural gas consumption on Fort Wainwright, Alaska (FWA) would produce many benefits, to the base and the community. As a public utility, IGU is focused on lowering energy costs and improving the quality of life for all those who live here and visit here. We are focused on bringing economic and environmental relief to the residents of the Interior to keep our community vibrant and healthy. IGU is able to provide FWA with reliable and sustainable heating that complies with Army installation energy security requirements and air quality regulations for the Fairbanks North Star Borough.

Natural gas infrastructure requires less of a footprint than steam utilidor and is less intrusive to the surrounding land through simplified routing of gas piping. Natural gas requires less excavation and essentially has no impact to groundwater and surface water while coal requires significant water usage to remove impurities. The infrastructure from natural gas does not impact recreational resources of walk and bike paths, river access, etc.

The benefits of natural gas include areas such as land use, air quality, noise, geological and soil resources, water resources, socioeconomics, traffic and transportation, solid waste and hazardous materials, and human health and safety. "DOE analyses indicate that every 10,000 U.S. homes powered with natural gas instead of coal avoids the annual emissions of 1,900 tons of NO_x, 3,900 tons of SO₂, and 5,200 tons of particulates."(1)

Air quality in the Fairbanks North Star Borough is of high concern and natural gas is the cleanest burning fossil fuel. Natural gas releases 50% less CO₂ than coal. Natural gas also produces less SO₂, NO, and mercury compounds than coal. Coal leaves behind ash that needs to be disposed of, and natural gas equals no ash. The ash from coal has contributed to contamination of ground water in many states that now have to deal with contaminated water issues caused by leaching of toxic chemicals into the water tables. Ash disposal has additional regulations, procedures, safety concerns and costs.

The U.S. Energy Information Administration states – "Burning natural gas for energy results in fewer emissions of nearly all types of air pollutants and carbon dioxide (CO₂) than burning coal or petroleum products to produce an equal amount of energy.

Environmentally natural gas is the best choice for providing reliable, clean energy. Since natural gas provides a cleaner source for heat it means better health for the community on and off the base. The increased health benefits improve mission readiness. Natural gas will provide FWA with the ability to provide reliable heat that resolves current safety, resiliency, fiscal, and regulatory concerns.

3408 International Street
Fairbanks, AK 99701

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interiorgas.com

From a financial perspective, IGU is the best solution. IGU is a municipally owned public utility and therefore is tax exempt. The tax exempt status provides a significant cost savings to FWA by eliminating the current tax repayment requirement for capital investment. The cost savings continues in regards to the health benefits of cleaner air, which equates to fewer medical bills and more productivity.

IGU is able to supply FWA with the needed energy security supply of natural gas to satisfy the mission ready critical components. The construction of our 5.25MM capacity tank will ensure our ability to meet the demand necessary for smooth operations and security of supply that meet the requirements of DOD. Our large storage tank is scheduled for completion Fall 2019. The tank provides a viable, reliable source of natural gas that gives IGU the ability to state that we can unequivocally provide FWA with natural gas.

In addition to our 5.25MM gallon capacity storage tank, we are expanding our Titan Alaska Liquefied Natural Gas (LNG) facility in Point Mackenzie. LNG is the method for provision of natural gas to the Fairbanks area. Natural gas is liquefied at the Titan Alaska LNG facility, supplied with gas from the Cook Inlet and transported in cryogenic vessels to the Interior. This method of delivery of natural gas to smaller markets has a long history and is a common solution to provide natural gas to markets not served by pipelines in the current energy market. (2) As part of this supply chain, IGU has expansion capabilities to meet the natural gas demands of Fort Wainwright while continuing to provide natural gas to Fairbanks area residents and businesses.

IGU has a contract with Braemar Technical Services to conduct the front-end engineering and design for the expansion (100,000gpd). The final investment decision for the 2 year construction expansion will be finalized by the end of 2019. After this initial planned expansion, the Titan plant will have the ability to further increase capacity by an additional 3 billion cubic feet (Bcf) per year to meet any future FWA demand. With the large storage tank and the Titan expansion, IGU will provide FWA with access to energy security that provides for a strengthened, ready and resilient base.

The need for LNG storage and regasification would be dependent upon the model of natural gas usage selected by FWA. IGU could also provide services for the buildout of a natural gas distribution system for the installation if desired. Ownership of the storage and/or distribution lines would be an option for FWA. Depending upon the selected mode of gas usage, nearby IGU transmission lines can be extended to provide service to the installation from the east. Additionally, development plans within the current IGU service area envision extension of service lines to the area immediately west of FWA; together, offering the installation a highly desirable redundant supply capability.



IGU has the support of the Fairbanks North Star Borough community leaders. IGU, through its wholly owned subsidiary, Fairbanks Natural Gas, has reliably provided natural gas to Fairbanks area residences and businesses for over 20 years. The management team has unrivaled experience managing the sourcing of gas as well as developing, building and operating the associated liquefaction, transportation, storage and ultimately distribution facilities in a safe, reliable manner.

IGU is qualified from a financial, technical, operational and management perspective to lead the effort to provide gas to Interior natural gas customers, including Fort Wainwright, and recommends the selection of natural gas as the option for Fort Wainwright. IGU is available to assist the DOD in any way necessary to develop and implement natural gas to provide heat and/or power to Fort Wainwright. IGU stands ready to economically, reliably, and safely meet the natural gas needs of Fort Wainwright.

- (1) Proceedings of the National Academy of Sciences 109:6435-6440
- (2) Alaska Journal of Commerce – LNG trucking expands as option in absence of pipelines 8/7/2019

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