

**December 1, 2015**

**TO: The AIDEA Board**

**FROM: Dan Britton  
President, FNG**

**SUBJECT: Recommended Pentex 2016 Budget & Rates**

## **BACKGROUND**

Resolution NO. G15-10 established the processes and standards by which the AIDEA Board serves as the budget approval and rate-setting governing body for Pentex Alaska Natural Gas Company, LLC (“Pentex”), during the interim period of AIDEA ownership of Pentex. FNG management has prepared, and the AIDEA Pentex/IEP team has reviewed, this proposed 2016 budget and rates for Pentex’s operating units: Fairbanks Natural Gas, LLC (“FNG”), Titan Alaska LNG, LLC (“Titan”), and Arctic Energy Transportation, LLC (“AET”). In order to establish rates effective January 1, 2016, the proposed rates will be established under the interim rate provisions of that resolution.

## **RECOMMENDATIONS**

The proposed Pentex budget and rates reflect projected environmental and economic conditions for 2016 as well as AIDEA IEP policy and investment / financial objectives. FNG’s President and AIDEA’s IEP/Pentex teams recommend that the Board:

1. Adopt the proposed 2016 Pentex subsidiary budgets
2. Approve the proposed 2016 FNG and Titan rates and the related tariff modifications

## **SUMMARY AND CONCLUSIONS**

The 2016 Pentex budget, based on conservative assumptions and grounded in IEP policy, maintains fiscal prudence and financial capacity despite projecting another year of low oil prices, moderate weather and dampened natural gas demand. However, elimination of corporate related-expenses and regulatory costs support significant rate reductions beginning on January 1, 2016.

Key highlights of the proposed 2016 Pentex budget and rates include:

- Approximately \$1.2 million reduction in general and administrative costs
- Roughly \$1.5 million earnings before interest, taxes, depreciation and amortization (EBITDA)
- Roughly break-even net income and maintained cash balances overall.
- Residential rate reduction of 13.5%
- Overall FNG rate reductions of approximately 10.4%

- \$585,000 of planned capital expenditures in FNG and Titan
- Approximately \$900,000 of return on investment to the AIDEA Revolving Fund (the remainder of AIDEA's ROI is planned for inclusion in the recapitalization of the system when FNG is transferred to a local control entity during 2016).

The table below summarizes key projected results of the Pentex 2016 budget:

<b>Summary 2016 Budget Projected Financial Results</b>	<b>Pentex</b>	<b>FNG</b>	<b>Titan</b>	<b>AET</b>
Net Income	\$3,665	\$84,619	\$8,576	(\$89,531)
EBITDA	\$1,529,075	\$927,168	\$558,365	\$43,542
Beginning Cash	\$2,906,783	\$2,178,059	\$716,006	\$12,719
Net Increase(decrease) in Cash	\$65,641	\$63,256	\$2,113	\$271
Ending Cash	\$2,972,424	\$2,241,315	\$718,119	\$12,990

NOTE: AET was established as a separate entity in 2014 as an experiment and does not really operate as a separate profit-making entity. If AIDEA were going to maintain an investment in Pentex for a longer period, AET would be re-absorbed into Titan. However, since it is anticipated that the Pentex investment will be very short term, AET has been left in status quo in the projected 2016 budget – with a net loss that is not material to the overall Pentex entity – and with a cash-neutral projection.

The tables below provide the estimated 2016 capital expenditures for FNG and Titan.

<b>Fairbanks Natural Gas, LLC Capital Budget</b>		<b>2016 Cost</b>
<b>Office &amp; Administration &amp; IT</b>		
Computer Replacement		\$10,000
Misc		10,000
		<b>\$20,000</b>
<b>Storage Sites</b>		
Computer & Software Upgrades		\$15,000
LNG Custody Transfer Meters		60,000
Security Cameras SS I & II		25,000
		<b>\$100,000</b>
<b>Operations</b>		
GIS Implementation		\$150,000
Meter Replacement Program		125,000
		<b>\$275,000</b>
<b>Total</b>		<b>\$395,000</b>

<b>Titan Alaska LNG, LLC Capital Budget - 2016</b>		<b>Cost</b>
<b>LNG - Plant Upgrades</b>		
Propane Chiller Upgrade		\$60,000
Civil Upgrades		15,000
Insulation (Plant Pipe)		100,000
Trailer Coil Replacement		15,000
<b>Total</b>		<b>\$190,000</b>

## IEP POLICY FOUNDATION

The 2016 budget (and draft projected rates) are based on several key IEP policy objectives:

- Maintain existing competent and efficient operations of the FNG utility and the Titan LNG plant
- Eliminate overhead, tax, regulatory, return and other costs related to corporate ownership
- Reduce rates immediately consistent with financial prudence and AIDEA financial projections
- Support potential for system expansion and customer conversion when market conditions improve

## KEY ASSUMPTIONS AND ESTIMATES

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

- Demand / Revenues
  - Weather conditions consistent with recent experience – “heating degree days” only slightly (5.9%) higher than 2015 – well below long term averages
  - Overall demand (total Bcf of gas sold/consumed) down approximately 13% from 2015 due to reduced demand from large commercial and interruptible customers
- Expenses
  - FNG General and Administrative expenses reduced ~40% due to elimination of corporate overhead and regulatory expenses
  - Conduct targeted capital renewal and maintenance at the Titan plant and in the FNG storage, re-gas and distribution system
  - Suspend expansions of the FNG distribution system until additional LNG supply and storage is implemented.

## PROJECTED FNG 2016 RATES

The table below summarizes FNG’s projected rates and sales by customer class for 2016.

# of Cust.	Customer Class	2015 Sales (Mcf)	2016 Sales (Mcf)	2015 Rate	2016 Rate	% Change
464	Residential	56,187	55,562	\$ 23.35	\$ 20.20	-13.5%
615	Small Commercial	381,167	396,208	\$ 22.91	\$ 20.16	-12.0%
31	Large Commercial	210,967	205,173	\$ 22.66	\$ 20.10	-11.3%
28	Interruptible - Small	73,367	81,318	\$ 20.39	\$ 20.03	-1.8%
2	Interruptible - Hospital	25,584	0	\$ 19.50	\$ -	N/A
1	UAF	0	0	\$ 19.50	\$ -	N/A
	<b>Total</b>	<b>747,272</b>	<b>738,261</b>	<b>\$ 22.47</b>	<b>\$ 20.13</b>	<b>-10.4%</b>

The table on pages 4 through 6 serves as a rate-setting checklist – relating the proposed Pentex budget and rates to the provisions of AIDEA Board Resolution NO. G15-10 by which the process for rate-setting was defined. Although this memo recommends setting interim rates, the process and information are sufficient to meet the permanent rate standards of the Resolution except for the time period for public notice and community input. AIDEA expects this process to be completed during Q 1 of 2016.  
 NOTE: This table covers only rates and does not include the additional elements of the FNG tariff, which will be sent under separate cover.

<b>Process Element (from Resolution NO. G15-10)</b>	<b>Status / Source</b>
3.1 – FNG President’s report and recommendation:	Report
• Initial rates and rate structure for FNG	Pages 3, 21
3.2 – FNG - Report shall identify:	
• FNG known and measureable costs and expenses	Page 9
○ Operating expenses	Page 9
○ Gas supply costs	Page 9
○ Taxes	No taxes projected
○ Cash working capital needs	Page 10
○ Planned capital expenditures (indicating time period, rate recovery)	Page 2, all recovered in 2016
• Any recommended reserves that need to be or are recommended to be funded	The maintained balance of cash – ~\$3.0 million serves as the recommended Pentex operating reserve – approximately 20% of annual expenditures. Pages 10, 13, 16, 19, 20
• Unless otherwise directed proposed rates shall include allowance for reimbursement of AIDEA expenses, including those related to FNG and its operations and expenses of completing the rate-setting procedure	The G&A expense budgets for Pentex provide sufficient capacity to reimburse AIDEA’s minimal costs. Page 18
• Unless otherwise directed, proposed rates shall include a recommended return for the outstanding capital investment AIDEA made	ROI of approximately \$900k, Pages: 2, 20
• Any return on AIDEA’s investment separately and clearly identified as distributions to be made to Pentex	Page 20
3.3 – Titan - Report shall identify:	
• All of Titan’s known and measureable costs of operation	Page 12
○ Expenses	Page 12

<b>Process Element (from Resolution NO. G15-10)</b>	<b>Status / Source</b>
<ul style="list-style-type: none"> <li>○ Planned capital expenses</li> </ul>	Page 12
<ul style="list-style-type: none"> <li>○ Recommended reserves</li> </ul>	See note above in section 3.2 regarding overall reserves
<ul style="list-style-type: none"> <li>• Recommended Titan rates and rate structure</li> <li>• Recommended affiliated company purchase price for LNG supplied by Titan to FNG</li> </ul>	Titan rates to FNG per Mcf are shown below: Jan       \$15.58 Feb       \$15.40 Mar       \$15.20 Apr       \$15.31 May       \$15.41 Jun       \$15.80 Jul        \$15.87 Aug       \$15.95 Sep       \$15.43 Oct       \$15.28 Nov       \$15.19 Dec       \$15.21
<b>3.4 – AET - Report shall identify:</b>	
<ul style="list-style-type: none"> <li>• All of AET’s known and measureable costs of operation</li> </ul>	Page 15
<ul style="list-style-type: none"> <li>○ Expenses</li> </ul>	Page 15
<ul style="list-style-type: none"> <li>○ Planned capital expenses</li> </ul>	Page 15
<ul style="list-style-type: none"> <li>○ Recommended reserves</li> </ul>	See note above in section 3.2 regarding overall reserves
<ul style="list-style-type: none"> <li>• Recommended AET rates and rate structure</li> <li>• Recommended affiliated company purchase price for Titan’s use of AET’s LNG fueling facilities</li> </ul>	AET’s projected pricing for 2016 is: <ul style="list-style-type: none"> <li>• Diesel: \$3.75/gal.*</li> <li>• LNG: \$2.23/gal.</li> </ul> *Estimated as intra-company cost, not market price
<b>3.5 – Public Disclosure</b>	
<ul style="list-style-type: none"> <li>• Report and recommended rates available to:               <ul style="list-style-type: none"> <li>○ IGU</li> <li>○ Fairbanks North Star Borough</li> <li>○ City of Fairbanks</li> <li>○ City of North Pole</li> <li>○ Public (through an Internet posting)</li> </ul> </li> <li>• Report and recommendations publicly available by any other means</li> <li>• Solicit public comment               <ul style="list-style-type: none"> <li>○ Writing</li> <li>○ One or more public meetings</li> </ul> </li> </ul>	To be distributed during the week of November 30, 2015 for review and comment until the December 17, 2015 AIDEA board meeting
<b>3.6 – AIDEA Decisions</b>	
<ul style="list-style-type: none"> <li>• Not sooner than 30 days after public disclosure</li> </ul>	AIDEA will have presentation of the

<b>Process Element (from Resolution NO. G15-10)</b>	<b>Status / Source</b>
<ul style="list-style-type: none"> <li>Public meeting with advance notice</li> </ul>	proposed budget and rates on 12/3/15 and a public hearing and adoption on 12/17/15
3.7 – AIDEA Board alternatives <ul style="list-style-type: none"> <li>Adopt rates as recommended in report</li> <li>Adopt modified rates</li> <li>Include return or defer return</li> <li>In no event establish rates so as to cause FNG, Titan or AET to operate at a loss</li> </ul>	See section 5.2 below
3.8 – Interim Rates <ul style="list-style-type: none"> <li>Interim rates allowed pending completion of full rate-setting procedure</li> <li>Interim rates may be established without opportunity for public comment or prior public notice</li> <li>Interim rates may remain in effect for six months.</li> <li>Interim rates may be refundable or non-refundable.</li> </ul> 3.9 – Periodic Revisions <ul style="list-style-type: none"> <li>Rates may be revised periodically as determined appropriate by AIDEA</li> <li>Revisions will use these rate procedures</li> <li>Revised rate structure may include reasonable charge to recoup any losses incurred</li> </ul>	This report recommends interim rates in order to allow adoption as of 1/1/16.  The interim rate process meets all of the planned permanent rate processes and standards except for the 30-day prior notice requirement.  Permanent rates will be established before 3/31/16
5.1 – Amendments <ul style="list-style-type: none"> <li>AIDEA board may amend</li> </ul>	
5.2 – Deviations and Waivers	
<ul style="list-style-type: none"> <li>AIDEA board may authorize deviations and waivers from these procedures on a case-by-case basis.</li> </ul>	One deviation or waiver required for these rates is the projected net loss for AET.

## **PENTEX 2016 SUMMARY BUDGET PROJECTIONS & RATE SUMMARY**

The following pages include summaries of:

- FNG 2016 budget estimates (with 4-year history\*) – pages 8 through 10
- Titan 2016 budget estimates (with 3-year history\*) – pages 11 through 13
- AET 2016 budget estimates (with 2-year history\*\*) – pages 14 through 16

\*NOTE: Prior to August 2013, Titan did not exist as a separate entity. The split of the Titan and FNG entities results in changes to the FNG expenses related to natural gas, trucking, LNG Trailer lease expenses and electricity, which, after the split become a single expense line for FNG.

\*\*NOTE: AET has only existed as a separate entity since 2014.

Also included (on pages 17 through 20) is a consolidated summary of the Pentex entity projected budgets for 2016.

Finally, on page 21, is a detailed summary of the projected 2016 FNG rates.

	2012 12 Months (Actual)	2013 12 Months (Actual)	2014 12 Months (Actual)	2015 12 Months (Projected)	2016 12 Months (Budgeted)	% Change
<b>BALANCE SHEET</b>						
<b>ASSETS</b>						
Utility Plant	19,574,554	17,782,763	25,008,646	32,337,163	31,890,789	-1.4%
Cash and cash equivalents	358,425	1,687,777	1,462,440	2,178,059	2,241,315	2.9%
Accounts receivable	2,674,170	3,059,673	2,610,212	2,329,161	2,082,107	-10.6%
Accounts receivable - affiliates	0	503,333	135,739	651	0	-100.0%
Materials & Supplies inventory	493,257	518,000	713,432	806,541	802,080	-0.6%
Deposits & Other Current Assets	106,611	113,753	88,447	83,352	88,873	6.6%
Investment in associated company	6,832,551	4,729,902	3,899,475	3,902,424	3,902,424	0.0%
Marketable securities available for sale	0	0	117,158	167,158	217,158	29.9%
Total Assets	<u>30,039,568</u>	<u>28,395,201</u>	<u>34,035,549</u>	<u>41,804,510</u>	<u>41,224,745</u>	<u>-1.4%</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
Accounts payable	1,244,000	467,638	196,044	842,314	57,885	-93.1%
Accounts payable - affiliates	0	2,972,720	1,764,902	1,200,000	1,597,958	33.2%
Accrued wages & burden	179,078	169,354	189,416	56,660	4,815	-91.5%
Accumulated Deferred Compensation	0	0	117,158	167,158	217,158	29.9%
Other current & accrued liabilities	122,955	27,911	28,167	9,142	22,219	143.0%
Note Payable	0	0	6,803,810	14,717,223	14,717,223	0.0%
Equipment loans payable	0	43,077	34,256	24,915	15,023	-39.7%
Total Liabilities	<u>1,546,033</u>	<u>3,680,700</u>	<u>9,133,753</u>	<u>17,017,412</u>	<u>16,632,279</u>	<u>-2.3%</u>
<b>MEMBER EQUITY</b>						
Member Equity	<u>28,493,535</u>	<u>24,714,501</u>	<u>24,901,796</u>	<u>24,787,097</u>	<u>24,592,465</u>	<u>-0.8%</u>
Total Members' Equity	<u>28,493,535</u>	<u>24,714,501</u>	<u>24,901,796</u>	<u>24,787,097</u>	<u>24,592,465</u>	<u>-0.8%</u>
Total Liabilities and Members' Equity	<u>30,039,568</u>	<u>28,395,201</u>	<u>34,035,549</u>	<u>41,804,510</u>	<u>41,224,745</u>	<u>-1.4%</u>

Fairbanks Natural Gas, LLC 2016 Budget Annual Summary

	2012 12 Months (Actual)	2013 12 Months (Actual)	2014 12 Months (Actual)	2015 12 Months (Projected)	2016 12 Months (Budgeted)	% Change
<b>STATEMENT OF OPERATIONS</b>						
Mcf:						
Residential	60,833	55,271	53,456	56,187	55,562	-1.1%
Small Commercial	410,379	383,430	376,124	381,167	396,208	3.9%
Large Commercial	228,164	200,168	201,172	210,967	205,173	-2.7%
Interruptible - Small	56,865	80,355	71,195	73,367	81,318	10.8%
Hospital	80,007	128,484	114,104	25,584	0	-100.0%
UAF	63,762	78,868	59,499	0	0	0.0%
TKA Commercial Gas Revenues	9,903	9,551	0	0	0	0.0%
Total Mcf	909,913	936,127	875,550	747,273	738,261	-1.2%
HDD	14,909	13,472	12,244	13,134	13,590	3.5%
REVENUE						
Residential Gas Revenues	1,407,775	1,290,589	1,249,476	1,289,361	1,122,228	-13.0%
Small Commercial Gas Revenues	9,143,213	8,781,952	8,616,696	8,729,811	7,987,879	-8.5%
Large Commercial Gas Revenues	5,170,189	4,535,798	4,558,555	4,780,512	4,123,858	-13.7%
Interruptible - Small	1,159,479	1,638,432	1,451,683	1,495,949	1,629,058	8.9%
Hospital Gas Revenues	1,560,137	2,505,438	2,225,028	498,888	0	-100.0%
UAF Revenues	1,243,359	1,537,926	1,160,231	0	0	0.0%
TKA Commercial Gas Revenues	241,980	139,890	0	0	0	0.0%
Service Charge Revenues	247,552	254,635	267,522	235,911	230,551	-2.3%
Other Revenue	0	32,510	7,786	29,559	30,000	1.5%
Net Revenue	20,173,684	20,717,170	19,536,977	17,059,991	15,123,573	-11.4%
Cost of Goods Sold						
Natural gas purchases						
Cost of gas	6,390,406	9,560,599	13,045,289	11,834,651	11,351,640	-4.1%
Trucking Expenses	2,389,050	1,614,342	0	0	0	0.0%
LNG Trailer Lease Payments	184,200	107,450	0	0	0	0.0%
Electricity	755,098	444,798	0	0	0	0.0%
Gas liquefaction expenses	1,001,455	640,147	0	0	0	0.0%
Fairbanks distribution operations	137,738	165,177	276,143	269,472	200,976	-25.4%
Fairbanks distribution maintenance	93,186	81,055	77,559	88,406	184,990	109.3%
Fairbanks storage & vaporization operations	97,945	70,884	376,123	389,865	395,025	1.3%
Fairbanks storage & vaporization maintenance	53,387	112,185	64,587	111,211	89,586	-19.4%
Engineering	111,129	104,109	86,077	140,509	247,027	75.8%
Talkeetna maintenance	2,850	7,492	0	0	0	0.0%
Customer Services	153,190	54,346	113,752	81,140	110,089	35.7%
Depreciation	1,283,329	1,135,606	776,702	832,338	841,374	1.1%
Capital Allowance	0	0	0	0	0	0.0%
Total Cost of Sales	12,652,963	14,098,190	14,816,232	13,747,592	13,420,708	-2.4%
Gross Margin	7,520,721	6,618,980	4,720,745	3,312,399	1,702,865	-48.6%
Gross Margin %	37.28%	31.95%	24.16%	19.42%	11.26%	-42.0%
Operating Expenses						
G&A - FNG	2,262,387	2,467,478	2,790,235	2,740,719	1,617,071	-41.0%
Total operating expenses	2,262,387	2,467,478	2,790,235	2,740,719	1,617,071	-41.0%
Operating Income	5,258,334	4,151,502	1,930,510	571,680	85,794	-85.0%
OTHER INCOME (EXPENSES)						
Interest income	48	25	1,339	2	0	-100.0%
Other Income (expense)	38,325	6,941	16,032	0	0	0.0%
Interest expense	-294	-13,908	-2,247	-1,726	-1,175	0.0%
Other expense	-194	0	-7,805	0	0	0.0%
Gain (loss) on disposal	0	20,000	-8,438	0	0	0.0%
Total other income (expense)	37,885	13,058	-1,119	-1,724	-1,175	0.0%
NET INCOME	5,296,219	4,164,560	1,929,391	569,956	84,619	-85.2%
OTHER COMPREHENSIVE INCOME						
Unrealized gains on available for sale securities	0	0	7,904	0	0	0.0%
PROVISION FOR INCOME TAXES	0	0	0	0	0	0.0%
NET INCOME	5,296,219	4,164,560	1,937,295	569,956	84,619	-85.2%
EBITDA	6,541,663	5,287,108	2,707,212	1,404,018	927,168	-34.0%

## Fairbanks Natural Gas, LLC 2016 Budget Annual Summary

	2012 12 Months (Actual)	2013 12 Months (Actual)	2014 12 Months (Actual)	2015 12 Months (Projected)	2016 12 Months (Budgeted)	% Change
<b>STATEMENT OF CASH FLOWS</b>						
<b>OPERATING ACTIVITIES</b>						
Net income/(loss) for the period	5,296,219	4,164,560	1,929,391	569,956	84,619	-85.2%
Adjustments to reconcile to cash provided by operations						
Depreciation, capital allowance and amortization	1,283,329	1,135,606	776,702	832,338	841,374	1.1%
Changes in operating assets and liabilities						
Accounts receivable	-410,632	-385,503	449,461	416,791	247,055	-40.7%
Accounts receivable - affiliates	0	-503,333	409,583	-651	651	0.0%
Deposits & Other Current Assets	-16,463	-7,142	25,306	5,095	-5,521	-208.4%
Investment in associated company	0		1,000,000	-2,949	0	0.0%
Marketable securities available for sale	50,000	0	0	0	-50,000	0.0%
Accounts payable	-559,610	-776,362	-271,594	81,368	-784,430	-1064.1%
Accounts payable - affiliates	0	2,972,720	-1,207,818	0	397,958	0.0%
Accrued wages & burden	-11,652	-9,724	20,062	-132,757	-51,845	0.0%
Accumulated Deferred Compensation	0		117,158	0	50,000	0.0%
Other current & accrued liabilities	69,939	-95,044	256	-26,929	13,076	0.0%
Cash provided/(used) by operations	5,701,130	6,495,778	3,248,507	1,742,261	742,939	-57.4%
<b>INVESTING ACTIVITIES</b>						
Materials & Supplies inventory	11,171	-103,369	-221,438	-93,110	4,461	0.0%
New Plant (Capital Budget)	-1,310,316	-2,677,463	-8,029,586	-8,067,586	-395,000	0.0%
Other Capital Expenditures	-1,102,933	-869,682	-267,809	-60,019	0	0.0%
Cash used in investing activities	-2,402,078	-3,650,514	-8,518,833	-8,220,715	-390,539	0.0%
<b>FINANCING ACTIVITIES</b>						
(Payment) proceeds of financing	-21,825	484,088	6,794,989	7,904,072	-9,893	-100.1%
AIDEA ROI	0	0	0	0	-279,251	0.0%
Paid in Capital	-3,777,206	-2,000,000	-1,750,000	-710,000	0	0.0%
Cash provided (used) by financing activities	-3,799,031	-1,515,912	5,044,989	7,194,072	-289,144	-104.0%
NET INCREASE (DECREASE) IN CASH	-499,979	1,329,352	-225,337	715,619	63,256	-91.2%
CASH - beginning of period	858,404	358,425	1,687,777	1,462,440	2,178,059	48.9%
CASH - end of period	358,425	1,687,777	1,462,440	2,178,059	2,241,315	2.9%

## Titan Alaska LNG, LLC 2016 Budget - Annual Summary

	2012 12 Months (Actual)	2013 12 Months (Actual)	2014 12 Months (Actual)	2015 12 Months (Projected)	2016 12 Months (Budgeted)	% Change
<b>BALANCE SHEET</b>						
<b>ASSETS</b>						
Utility Plant	\$ -	\$ 3,398,104	\$ 3,346,569	\$ 2,919,902	\$ 2,564,499	-12.2%
Cash and cash equivalents	-	6,293	1,158,472	716,006	718,119	0.3%
Accounts receivable	-	14,919	8,243	16,427	13,027	-20.7%
Accounts receivable - affiliates	-	2,950,562	1,893,733	1,720,845	1,608,153	-6.5%
Materials & Supplies inventory	-	47,866	55,629	55,629	55,629	0.0%
Deposits & Other Current Assets	-	7,849	42,772	48,746	48,214	-1.1%
Total Assets	\$ -	\$ 6,425,593	\$ 6,505,418	\$ 5,477,556	\$ 5,007,642	-8.6%
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
Accounts payable	\$ -	1,463,873	1,354,796	1,111,392	\$ 1,329,704	19.6%
Accounts payable - affiliates	-	493,641	142,715	-	-	0.0%
Accrued wages & burden	-	56,598	47,417	4,400	4,451	1.2%
Other current & accrued liabilities	-	45,561	399,485	100,841	99,123	-1.7%
Equipment loans payable	-	417,514	321,338	221,316	117,323	-47.0%
Total Liabilities	\$ -	\$ 2,477,187	\$ 2,265,751	\$ 1,437,949	\$ 1,550,601	7.8%
MEMBER EQUITY		3,948,406	4,239,667	4,039,607	3,457,041	-14.4%
Total Liabilities and Stockholders' Equity	\$ -	\$ 6,425,593	\$ 6,505,418	\$ 5,477,556	\$ 5,007,642	-8.6%

## Titan Alaska LNG, LLC 2016 Budget - Annual Summary

	2012 12 Months (Actual)	2013 12 Months (Actual)	2014 12 Months (Actual)	2015 12 Months (Projected)	2016 12 Months (Budgeted)	% Change
<b>STATEMENT OF OPERATIONS</b>						
Mcf's	0	401,268	876,288	775,003	776,132	0.1%
<b>REVENUE</b>						
TKA Commercial Gas Revenues	\$ -	\$ 89,054	\$ 193,604	\$ 128,126	\$ 106,985	-16.5%
AET Commercial Gas Revenues	-	457,994	104,958	110,862	129,454	16.8%
Fairbanks Natural Gas, LLC	-	5,210,742	12,520,584	12,151,325	11,650,845	-4.1%
Other Revenue	-	-	317,032	234,719	-	-100.0%
Net Revenue	\$ -	\$ 5,757,790	\$ 13,136,178	\$ 12,625,032	\$ 11,887,283	-5.8%
<b>Cost of Goods Sold</b>						
Natural gas purchases						
Cost of gas	\$ -	2,661,065	6,625,305	6,432,907	6,094,920	-5.3%
Trucking Expenses	-	1,096,052	2,221,359	2,021,914	1,964,484	-2.8%
LNG Trailer Lease Payments	-	76,750	184,200	144,600	141,000	-2.5%
Electricity	-	320,342	821,475	918,184	902,365	-1.7%
Gas liquefaction expenses	-	592,066	1,201,911	1,069,797	1,640,165	53.3%
Talkeetna operations	-	-	-	-	-	0.0%
Talkeetna maintenance	-	585	20,331	6,305	7,750	22.9%
Depreciation	-	242,769	571,532	609,476	545,403	-10.5%
Capital Allowance	-	-	-	-	-	0.0%
Total Cost of Sales	\$ -	\$ 4,989,629	\$ 11,646,113	\$ 11,203,183	\$ 11,296,086	0.8%
Gross Margins	\$ -	\$ 768,161	\$ 1,490,065	\$ 1,421,850	\$ 591,198	-58.4%
<b>Operating Expenses</b>						
G&A - LNG	\$ -	189,642	434,202	643,153	578,236	-10.1%
Total operating expenses	\$ -	\$ 189,642	\$ 434,202	\$ 643,153	\$ 578,236	-10.1%
Operating Income	\$ -	\$ 578,519	\$ 1,055,863	\$ 778,696	\$ 12,962	-98.3%
<b>OTHER INCOME (EXPENSES)</b>						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Other Income (expense)	-	-167	-	-	2,400	0.0%
Interest expense	-	-4,198	-14,602	-10,757	-6,786	0.0%
Gain (loss) on disposal	-	-	-	32,000	0	-100.0%
Total other income (expense)	\$ -	\$ (4,365)	\$ (14,602)	\$ 21,243	\$ (4,386)	-120.6%
INCOME BEFORE TAXES	\$ -	\$ 574,154	\$ 1,041,261	\$ 799,940	\$ 8,576	-98.9%
PROVISION FOR INCOME TAXES	-	-	-	-	-	0.0%
NET INCOME	\$ -	\$ 574,154	\$ 1,041,261	\$ 799,940	\$ 8,576	-98.9%
EBITDA	\$ -	\$ 816,923	\$ 1,612,793	\$ 1,409,416	\$ 558,365	-60.4%
	0.00%	14.19%	12.28%	11.16%	4.70%	-57.9%

## Titan Alaska LNG, LLC 2016 Budget - Annual Summary

	2012 12 Months (Actual)	2013 12 Months (Actual)	2014 12 Months (Actual)	2015 12 Months (Projected)	2016 12 Months (Budgeted)	% Change
<b>STATEMENT OF CASH FLOWS</b>						
<b>OPERATING ACTIVITIES</b>						
Net income/(loss) for the period	\$ -	\$ 816,923	\$ 1,612,793	\$ 799,940	\$ 8,576	-98.9%
Adjustments to reconcile to cash provided by operations						
Depreciation, capital allowance and amortization	-	242,769	571,532	609,476	545,403	-10.5%
Changes in operating assets and liabilities						
Accounts receivable	-	(14,919)	6,676	(16,427)	3,400	0.0%
Accounts Receivable - Affiliates	-	(2,950,562)	1,056,829	181,131	112,692	-37.8%
Deposits & Other Current Assets	-	(7,849)	(34,923)	(5,974)	532	0.0%
Accounts payable	-	1,647,479	(109,077)	(386,120)	218,313	0.0%
Accounts payable - affiliates	-	493,641	(392,915)	-	-	0.0%
Accrued wages & burden	-	56,598	(9,181)	(43,017)	51	0.0%
Other current & accrued liabilities	-	45,561	353,924	(298,644)	-1,718	0.0%
Cash provided/(used) by operations	\$ -	\$ 329,641	\$ 3,055,658	\$ 840,365	\$ 887,249	5.6%
<b>INVESTING ACTIVITIES</b>						
Materials & Supplies inventory	\$ -	\$ 23,101	\$ (7,763)	\$ -	\$ -	0.0%
New Plant/Construction in Progress	-	(80,183)	(478,008)	(182,809)	-190,000	0.0%
Other Capital Expenditures	-	-	-	-	-	0.0%
Cash used in investing activities	\$ -	\$ (57,082)	\$ (485,771)	\$ (182,809)	\$ (190,000)	0.0%
<b>FINANCING ACTIVITIES</b>						
Payment (proceeds) of financing	\$ -	-23,497	-96,176	-100,022	(103,993)	0.0%
AIDEA ROI	-	-	-	-	(591,142)	0.0%
Paid in Capital	-	-	(750,000)	(1,000,000)	-	0.0%
Cash provided (used) by financing activities	\$ -	\$ (23,497)	\$ (846,176)	\$ (1,100,022)	\$ (695,135)	0.0%
NET INCREASE (DECREASE) IN CASH	\$ -	\$ 249,062	\$ 1,723,711	\$ (442,466)	\$ 2,113	0.0%
CASH - beginning of period	-	-	249,062	1,972,773	716,006	-63.7%
CASH - end of period	\$ -	\$ 249,062	\$ 1,972,773	\$ 1,530,307	\$ 718,119	-53.1%

## Arctic Energy Transport, LLC 2016 Budget Summary

	2012 12 Months (Actual)	2013 12 Months (Actual)	2014 12 Months (Actual)	2015 12 Months (Projected)	2016 12 Months (Budgeted)	% Change
<b>BALANCE SHEET</b>						
<b>ASSETS</b>						
Utility Plant	\$ -	\$ -	\$ 2,487,478	\$ 2,362,248	\$ 2,229,175	-5.6%
Cash and cash equivalents	-	-	26,384	12,719	12,990	2.1%
Accounts receivable	-	-	-	-	-	0.0%
Accounts receivable - affiliates	-	-	25,503	-	18,108	0.0%
Materials & Supplies inventory	-	-	19,765	7,719	9,978	29.3%
Deposits & Other Current Assets	-	-	12,214	5,307	5,378	1.3%
Total Assets	\$ -	\$ -	\$ 2,571,344	\$ 2,387,992	\$ 2,275,629	-4.7%
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
Accounts payable	\$ -	\$ -	10,672	1,080	\$ 4,446	311.6%
Accounts payable - affiliates	-	-	147,358	126	10,194	7987.4%
Accrued wages & burden	-	-	-	-	-	0.0%
Other current & accrued liabilities	-	-	3,602	-	-	0.0%
Total Liabilities	\$ -	\$ -	\$ 161,632	\$ 1,206	\$ 14,640	1113.6%
MEMBER EQUITY	-	-	2,409,712	2,386,786	2,260,988	-5.3%
Total Liabilities and Stockholders' Equity	\$ -	\$ -	\$ 2,571,344	\$ 2,387,992	\$ 2,275,629	-4.7%

Arctic Energy Transport, LLC 2016 Budget Summary

	2012 12 Months (Actual)	2013 12 Months (Actual)	2014 12 Months (Actual)	2015 12 Months (Projected)	2016 12 Months (Budgeted)	% Change
<b>STATEMENT OF OPERATIONS</b>						
Mcf's	0	0	6,378	2,197	8,378	281.3%
<b>REVENUE</b>						
Titan Commercial Gas Revenues	\$ -	\$ -	\$ 122,683	\$ 30,750	\$ 226,350	636.1%
Fairbanks Natural Gas, LLC	-	-	33,557	13,558	-	-100.0%
Other Revenue	-	-	-	-	-	0.0%
Net Revenue	\$ -	\$ -	\$ 156,240	\$ 44,308	\$ 226,350	410.9%
<b>Cost of Goods Sold</b>						
Natural gas purchases						
Cost of gas	\$ -	\$ -	110,234	35,776	129,454	261.8%
Fairbanks Operations	-	-	5,631	8,552	8,680	1.5%
Big Lake Operations	-	-	10,574	15,095	7,868	-47.9%
Depreciation	-	-	129,735	131,782	133,073	1.0%
Capital Allowance	-	-	-	-	-	0.0%
Total Cost of Sales	\$ -	\$ -	\$ 256,174	\$ 191,206	\$ 279,075	46.0%
Gross Margins	\$ -	\$ -	\$ (99,935)	\$ (146,898)	\$ (52,725)	0.0%
<b>Operating Expenses</b>						
G&A - LNG	\$ -	\$ -	84,975	52,778	36,806	-30.3%
Total operating expenses	\$ -	\$ -	\$ 84,975	\$ 52,778	\$ 36,806	-30.3%
Operating Income	\$ -	\$ -	\$ (184,910)	\$ (199,676)	\$ (89,531)	0.0%
<b>OTHER INCOME (EXPENSES)</b>						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Other Income (expense)	-	-	-	-	-	0.0%
Interest expense	-	-	-	-	-	0.0%
Gain (loss) on disposal	-	-	-	-	-	0.0%
Total other income (expense)	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
INCOME BEFORE TAXES	\$ -	\$ -	\$ (184,910)	\$ (199,675.92)	\$ (89,531)	0.0%
PROVISION FOR INCOME TAXES	-	-	-	-	-	0.0%
NET INCOME	\$ -	\$ -	\$ (184,910)	\$ (199,676)	\$ (89,531)	0.0%
EBITDA	\$ -	\$ -	\$ (55,174)	\$ (67,894)	\$ 43,542	0.0%
	0.00%	0.00%	-35.31%	-153.23%	19.24%	0.0%

## Arctic Energy Transport, LLC 2016 Budget Summary

	2012 12 Months (Actual)	2013 12 Months (Actual)	2014 12 Months (Actual)	2015 12 Months (Projected)	2016 12 Months (Budgeted)	% Change
<b>STATEMENT OF CASH FLOWS</b>						
<b>OPERATING ACTIVITIES</b>						
Net income/(loss) for the period	\$ -	\$ -	\$ (184,910)	\$ (199,676)	\$ (89,531)	0.0%
Adjustments to reconcile to cash provided by operations						
Depreciation, capital allowance and amortiza	-	-	129,735	131,782	133,073	1.0%
Changes in operating assets and liabilities						
Accounts receivable	-	-	-	-	-	0.0%
Accounts Receivable - Affiliates	-	-	67,214	25,503	-18,108	-171.0%
Materials & Supplies inventory	-	-	4,891	-	-2,259	0.0%
Deposits & Other Current Assets	-	-	(12,214)	6,907	-71	-101.0%
Accounts payable	-	-	2,465	(9,592)	3,366	0.0%
Accounts payable - affiliates	-	-	67,107	(147,232)	10,194	0.0%
Accrued wages & burden	-	-	3,602	-	-	0.0%
Other current & accrued liabilities	-	-	-	(3,602)	-126	0.0%
Cash provided/(used) by operations	\$ -	\$ -	\$ 77,891	\$ (195,909)	\$ 36,538	0.0%
<b>INVESTING ACTIVITIES</b>						
New Plant/Construction in Progress	\$ -	\$ -	\$ (54,015)	\$ 5,494	\$ -	-100.0%
Other Capital Expenditures	-	-	-	-	-	0.0%
Cash used in investing activities	\$ -	\$ -	\$ (54,015)	\$ 5,494	\$ -	-100.0%
<b>FINANCING ACTIVITIES</b>						
Payment (proceeds) of financing	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
AIDEA ROI	-	-	-	-	(36,266)	0.0%
Paid in Capital	-	-	-	176,750	-	-100.0%
Cash provided (used) by financing activities	\$ -	\$ -	\$ -	\$ 176,750	\$ (36,266)	-120.5%
NET INCREASE (DECREASE) IN CASH	\$ -	\$ -	\$ 23,876	\$ (13,665)	\$ 271	0.0%
CASH - beginning of period	-	-	2,508	26,384	12,719	-51.8%
CASH - end of period	\$ -	\$ -	\$ 26,384	\$ 12,719	\$ 12,990	2.1%

**Pentex Alaska Natural Gas Company, LLC**  
**Consolidating Financial Statements - Budgeted Basis**  
**Year Ended December 31, 2016**  
**(Unaudited)**

	Fairbanks Natural Gas, LLC	Titan Alaska LNG, LLC	Arctic Energy Transportation, LLC	Polar LNG, LLC	Inter-company Eliminations	Pentex Alaska Natural Gas Co., LLC
<b>BALANCE SHEET</b>						
<b>ASSETS</b>						
Property, Plant & Equipment	31,890,789	2,564,499	2,229,175	3,701,571	162,248	40,548,282
Cash and cash equivalents	2,241,315	718,119	12,990	7,462	0	2,979,886
Accounts receivable	2,082,107	13,027	0	0	0	2,095,134
Accounts receivable - affiliates	0	1,608,153	18,108	0	-1,626,261	0
Materials & Supplies inventory	802,080	55,629	9,978	0	-215,447	652,240
Deposits & Other Current Assets	88,873	48,214	5,378	0	0	142,464
Investment in associated company	3,902,424	0	0	0	-3,902,424	0
Marketable securities available for sale	217,158	0	0	0	0	217,158
Total Assets	<u>41,224,745</u>	<u>5,007,642</u>	<u>2,275,629</u>	<u>3,709,033</u>	<u>-5,581,884</u>	<u>46,635,164</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
Accounts payable	57,885	1,311,596	4,446	0	0	1,373,927
Accounts payable - affiliates	1,597,958	18,108	10,194	0	-1,626,261	0
Accrued wages & burden	4,815	4,451	0	0	0	9,266
Accumulated Deferred Compensation	217,158	0	0	0	0	217,158
Other current & accrued liabilities	22,219	99,123	0	0	0	121,341
Note Payable	14,717,223	0	0	0	0	14,717,223
Equipment loans payable	15,023	117,323	0	0	0	132,346
Total Liabilities	<u>16,632,279</u>	<u>1,550,601</u>	<u>14,640</u>	<u>0</u>	<u>-1,626,261</u>	<u>16,571,260</u>
<b>MEMBER EQUITY</b>						
Member Equity	<u>24,592,465</u>	<u>3,457,041</u>	<u>2,260,988</u>	<u>3,709,033</u>	<u>-3,955,623</u>	<u>30,063,904</u>
Total Members' Equity	<u>24,592,465</u>	<u>3,457,041</u>	<u>2,260,988</u>	<u>3,709,033</u>	<u>-3,955,623</u>	<u>30,063,904</u>
Total Liabilities and Members' Equity	<u>41,224,745</u>	<u>5,007,642</u>	<u>2,275,629</u>	<u>3,709,033</u>	<u>-5,581,884</u>	<u>46,635,164</u>

**Pentex Alaska Natural Gas Company, LLC**  
**Consolidating Financial Statements - Budgeted Basis**  
**Year Ended December 31, 2016**  
**(Unaudited)**

	<b>Fairbanks Natural Gas, LLC</b>	<b>Titan Alaska LNG, LLC</b>	<b>Arctic Energy Transportation, LLC</b>	<b>Polar LNG, LLC</b>	<b>Inter-company Eliminations</b>	<b>Pentex Alaska Natural Gas Co., LLC</b>
<b>STATEMENT OF OPERATIONS</b>						
Mcf:						
Residential	55,562	0	0	0	0	55,562
Small Commercial	396,208	0	0	0	0	396,208
Large Commercial	205,173	0	0	0	0	205,173
Interruptible - Small	81,318	0	0	0	0	81,318
Hospital	0	0	0	0	0	0
UAF	0	0	0	0	0	0
TKA Commercial Gas Revenues	0	10,030	0	0	0	10,030
Fairbanks Natural Gas, LLC	0	757,724	0	0	-757,724	0
Titan Commercial Gas Revenues	0	0	8,378	0	-8,378	0
AET Commercial Gas Revenues	0	8,378	0	0	-8,378	0
Other Revenue	0	0	0	0	0	0
Total Mcf	738,261	776,132	8,378	0	-774,480	748,291
HDD	13,590					13,590
<b>REVENUE</b>						
Residential Gas Revenues	1,122,228	0	0	0	0	1,122,228
Small Commercial Gas Revenues	7,987,879	0	0	0	0	7,987,879
Large Commercial Gas Revenues	4,123,858	0	0	0	0	4,123,858
Interruptible - Small	1,629,058	0	0	0	0	1,629,058
Hospital Gas Revenues	0	0	0	0	0	0
UAF Revenues	0	0	0	0	0	0
TKA Commercial Gas Revenues	0	106,985	0	0	0	106,985
Fairbanks Natural Gas, LLC	0	11,650,845	0	0	-11,650,845	0
Titan Commercial Gas Revenues	0	0	226,350	0	-226,350	0
AET Commercial Gas Revenues	0	129,454	0	0	-129,454	0
Service Charge Revenues	230,551	0	0	0	0	230,551
Other Revenue	30,000	0	0	0	0	30,000
Net Revenue	15,123,573	11,887,283	226,350	0	-12,006,649	15,230,558

**Pentex Alaska Natural Gas Company, LLC**  
**Consolidating Financial Statements - Budgeted Basis**  
**Year Ended December 31, 2016**  
**(Unaudited)**

	Fairbanks Natural Gas, LLC	Titan Alaska LNG, LLC	Arctic Energy Transportation, LLC	Polar LNG, LLC	Inter-company Eliminations	Pentex Alaska Natural Gas Co., LLC
Cost of Goods Sold						
Natural gas purchases						
Cost of gas	11,351,640	6,094,920	129,454	0	-11,699,725	5,876,288
Trucking Expenses	0	1,964,484	0	0	-160,560	1,803,924
LNG Trailer Lease Payments	0	141,000	0	0	0	141,000
Electricity	0	902,365	0	0	0	902,365
Gas liquefaction expenses	0	1,640,165	0	0	0	1,640,165
Fairbanks distribution operations	200,976	0	0	0	0	200,976
Fairbanks distribution maintenance	184,990	0	0	0	0	184,990
Fairbanks storage & vaporization operations	395,025	0	0	0	-146,364	248,661
Fairbanks storage & vaporization maintenance	89,586	0	0	0	0	89,586
Engineering	247,027	0	0	0	0	247,027
Talkeetna maintenance	0	7,750	0	0	0	7,750
Customer Services	110,089	0	0	0	0	110,089
Fairbanks Operations	0	0	8,680	0	0	8,680
Big Lake Operations	0	0	7,868	0	0	7,868
Depreciation	841,374	545,403	133,073	0	0	1,519,850
Capital Allowance	0	0	0	0	0	0
Total Cost of Sales	<u>13,420,708</u>	<u>11,296,086</u>	<u>279,075</u>	<u>0</u>	<u>-12,006,649</u>	<u>12,989,220</u>
Gross Margin	<u>1,702,865</u>	<u>591,198</u>	<u>-52,725</u>	<u>0</u>	<u>0</u>	<u>2,241,338</u>
Gross Margin %	11.26%					
Operating Expenses						
G&A	1,617,071	578,236	36,806	192	0	2,232,305
Total operating expenses						
Operating Income	<u>85,794</u>	<u>12,962</u>	<u>-89,531</u>	<u>-192</u>	<u>0</u>	<u>9,033</u>
OTHER INCOME (EXPENSES)						
Interest income	0	0	0	0	0	0
Other Income (expense)	0	2,400	0	0	0	2,400
Interest expense	-1,175	-6,786	0	0	0	-7,960
Other expense	0	0	0	0	0	0
Gain (loss) on disposal	0	0	0	0	0	0
Total other income (expense)	<u>-1,175</u>	<u>-4,386</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-5,560</u>
NET INCOME	84,619	8,576	-89,531	-192	0	3,472
OTHER COMPREHENSIVE INCOME						
Unrealized gains on available for sale securities	0	0	0	0	0	0
PROVISION FOR INCOME TAXES	0	0	0	0	0	0
NET INCOME	<u>84,619</u>	<u>8,576</u>	<u>-89,531</u>	<u>-192</u>	<u>0</u>	<u>3,472</u>
EBITDA	925,994	553,979	43,542	-192	0	1,523,322

**Pentex Alaska Natural Gas Company, LLC**  
**Consolidating Financial Statements - Budgeted Basis**  
**Year Ended December 31, 2016**  
**(Unaudited)**

	Fairbanks Natural Gas, LLC	Titan Alaska LNG, LLC	Arctic Energy Transportation, LLC	Polar LNG, LLC	Inter-company Eliminations	Pentex Alaska Natural Gas Co., LLC
<b>STATEMENT OF CASH FLOWS</b>						
<b>OPERATING ACTIVITIES</b>						
Net income/(loss) for the period	84,619	8,576	-89,531	-192	0	3,472
Adjustments to reconcile to cash provided by operations						
Depreciation, capital allowance and amortization	841,374	545,403	133,073	0	0	1,519,850
Changes in operating assets and liabilities						
Accounts receivable	247,055	3,400	0	0	0	250,455
Accounts receivable - affiliates	651	112,692	-18,108	0	-1,626,261	-1,531,025
Materials & Supplies inventory	4,461	0	-2,259	0	0	2,202
Deposits & Other Current Assets	-5,521	532	-71	0	0	-5,059
Investment in associated company	0	0	0	0	0	0
Marketable securities available for sale	-50,000	0	0	0	0	-50,000
Accounts payable	-784,430	218,313	3,366	0	0	-562,751
Accounts payable - affiliates	397,958	0	10,194	0	1,626,261	2,034,413
Accrued wages & burden	-51,845	51	0	0	0	-51,794
Accumulated Deferred Compensation	50,000	0	0	0	0	50,000
Other current & accrued liabilities	13,076	-1,718	-126	0	0	11,232
Cash provided/(used) by operations	747,400	887,249	36,538	-192	0	1,670,994
<b>INVESTING ACTIVITIES</b>						
New Plant (Capital Budget)	-395,000	-190,000	0	0	0	-585,000
Other Capital Expenditures	0	0	0	0	0	0
Cash used in investing activities	-395,000	-190,000	0	0	0	-585,000
<b>FINANCING ACTIVITIES</b>						
(Payment) proceeds of financing	-9,893	-103,993	0	0	0	-113,885
AIDEA ROI	-279,251	-591,142	-36,266	0	0	-906,660
Paid in Capital	0	0	0	0	0	0
Cash provided (used) by financing activities	-289,144	-695,135	-36,266	0	0	-1,020,545
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>63,256</b>	<b>2,113</b>	<b>271</b>	<b>-192</b>	<b>0</b>	<b>65,449</b>
CASH - beginning of period	2,178,059	716,006	12,719	7,654	0	2,914,437
CASH - end of period	2,241,315	718,119	12,990	7,462	0	2,979,886

FNG 2016 Budget - DRAFT Rate Structure

<b>REVENUE</b>	2014	2015 (Projected)	2016 (Budgeted)	% Change
<b>Residential</b>				
Number of Residential customers		464	464	
HDD (Heating Degree Days)				
Jan	1,757	1,757	2,321	32.1%
Feb	1,923	1,923	1,828	-4.9%
Mar	1,565	1,565	1,722	10.0%
Apr	921	921	951	3.3%
May	416	416	469	12.7%
Jun	172	172	141	-18.0%
Jul	137	137	111	-19.0%
Aug	185	185	268	44.9%
Sep	549	549	571	4.0%
Oct	1,228	1,199	1,199	0.0%
Nov	1,618	1,853	1,853	0.0%
Dec	1,925	2,156	2,156	0.0%
Total	12,396	12,833	13,590	5.90%
Gas price per Mcf	\$ 23.35	\$ 23.35	\$ 20.20	-13.5%
Customer Charge	\$ 9.20	\$ 9.20	\$ 9.20	
Annual Mcf's	53,456	56,187	55,562	-1.1%
Annual Revenue	\$ 1,249,476	\$ 1,289,361	\$ 1,122,228	-13.0%
<b>Small Commercial</b>				
Number of Small Commercial custc	615	615	615	
Gas price per Mcf	\$ 22.91	\$ 22.91	\$ 20.16	-12.0%
Customer Charge	\$ 17.25	\$ 17.25	\$ 17.25	
Annual Mcf's	376,124	381,167	396,208	3.9%
Annual Revenue	\$ 8,616,696	\$ 8,729,811	\$ 7,987,879	-8.5%
<b>Large Commercial</b>				
Number of Large commercial custo	31	31	31	
Gas price per Mcf	\$ 22.66	\$ 22.66	\$ 20.10	-11.3%
Customer Charge	\$ 57.50	\$ 57.50	\$ 57.50	0.0%
Annual Mcf's	201,172	210,967	205,173	-2.7%
Annual Revenue	\$ 4,558,555	\$ 4,780,512	\$ 4,123,858	-13.7%
<b>Interruptible - Small</b>				
Number of customers	22	28	28	
Gas price per Mcf	\$ 20.39	\$ 20.39	\$ 20.03	-1.8%
Customer Charge	\$ 57.50	\$ 57.50	\$ 57.50	0.0%
Annual Mcf's	71,195	73,367	81,318	10.8%
Annual Revenue	\$ 1,451,683	\$ 1,495,949	\$ 1,629,058	8.9%
<b>Interruptible - Hospital</b>				
Number of customers	2	2	2	
Gas price per Mcf	\$ 19.50	\$ 19.50	\$ -	-100.0%
Customer Charge	\$ 500.00	\$ 500.00	\$ 500.00	0.0%
Annual Mcf's	114,104	25,584	0	-100.0%
Annual Revenue	\$ 2,225,028	\$ 498,888	\$ -	-100.0%
<b>UAF</b>				
Number of customers	1	1	1	
Gas price per Mcf	\$ 19.50	\$ 19.50	\$ -	-100.0%
Customer Charge	\$ 500.00	\$ 500.00	\$ 500.00	0.0%
Annual Mcf's	59,499	0	0	0.0%
Annual Revenue	\$ 1,160,231	\$ -	\$ -	0.0%
Total Annual Mcf's	875,550	747,272	738,261	-1.2%
Total Annual Revenue \$	19,261,669	16,794,521	14,863,023	-11.5%
Average Rate \$/Mcf \$	22.00	22.47	20.13	-10.4%