



IGU Update

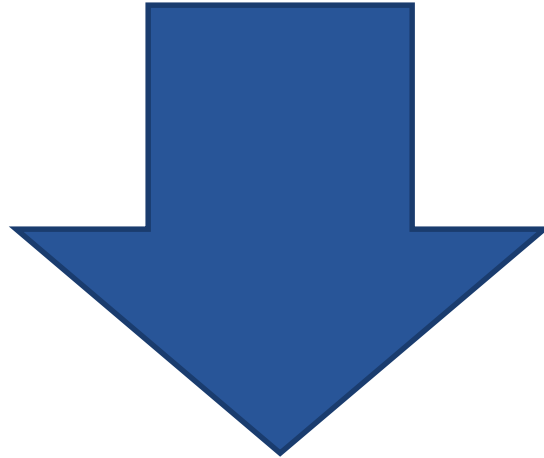
July 8, 2014

Community Energy Meeting

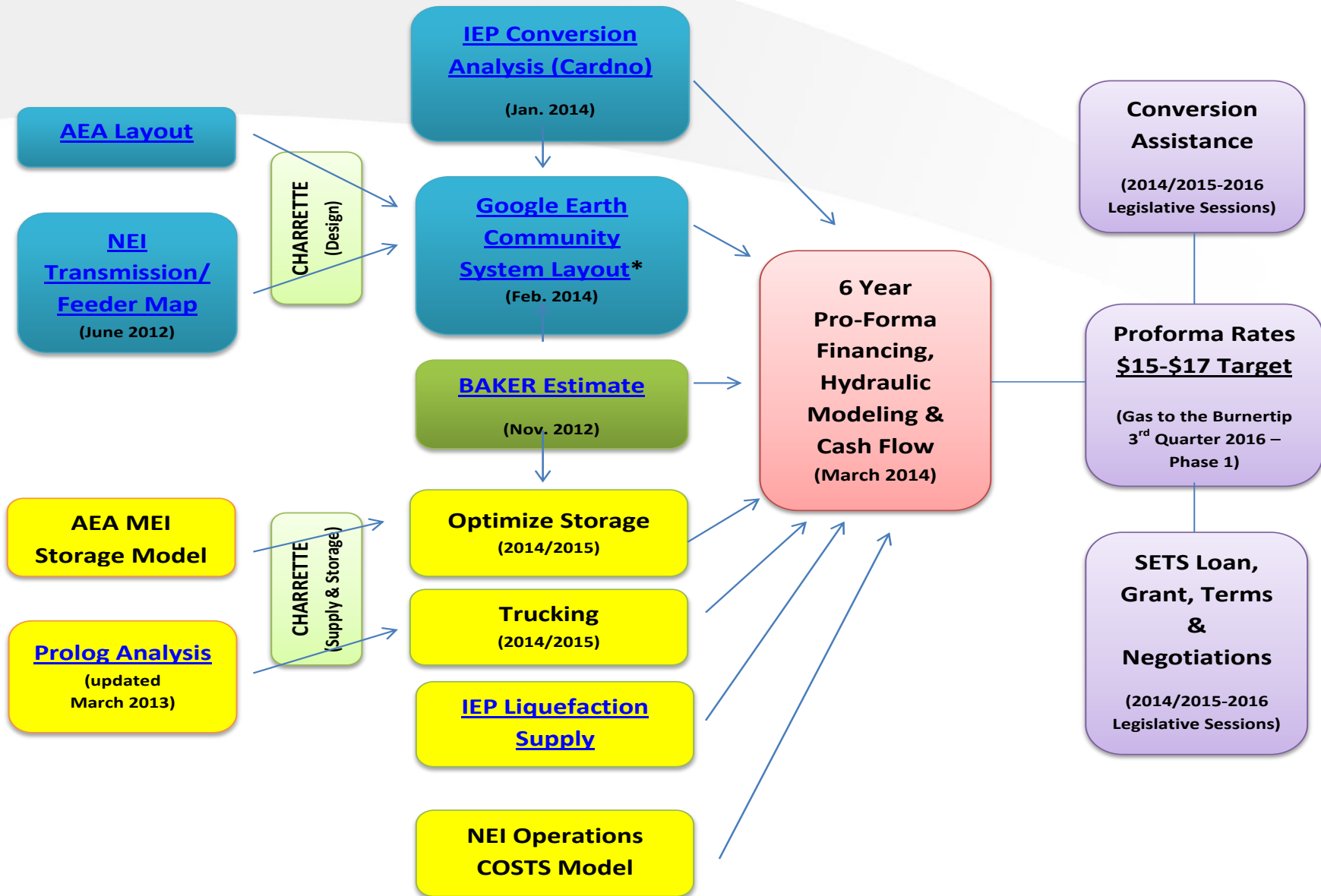


Mission & Vision

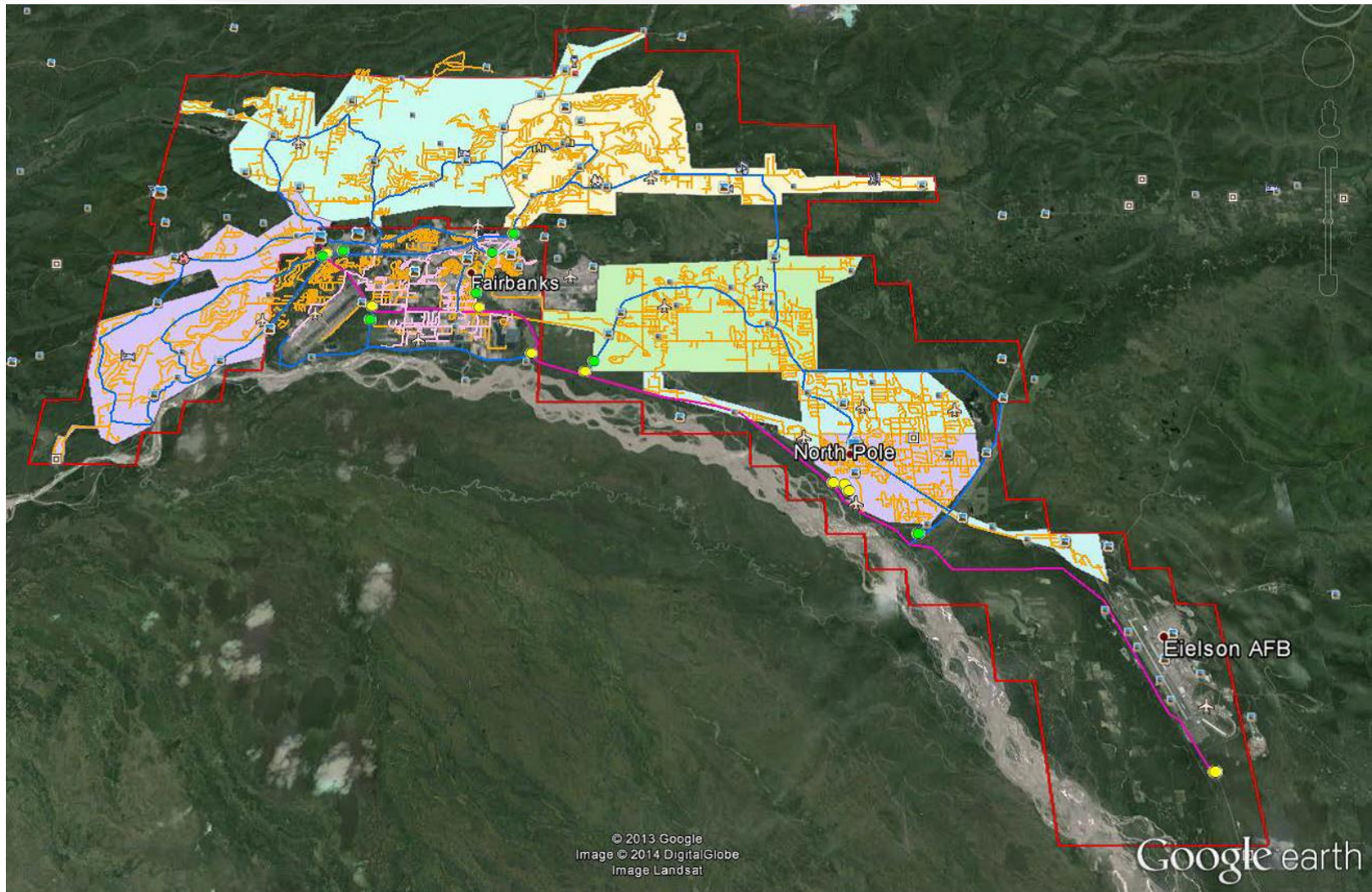
- *The IGU's mission is to provide low cost (\$15-17/mcf), natural gas to the most people possible, as soon as possible.*



This drives everything for the IGU



Full System Build-out



RFP – PHASE 1

PHASE 1 MAP
FULL BUILD-OUT
DISTRIBUTION COSTS

Phase 1



Work to date w/ Cash on hand

- Utility Formation
- CPCN
- Retained MWH
 - Phase 1 Design
 - Storage Analysis
 - Financial Modeling
 - Pro-Forma

AIDEA Loan

- \$8.1 M Design
 - Phase 1 Design
 - Phase 2 Design (60%)
 - Storage (Permanent and Temporary)
 - Hydraulic Modeling
 - Program Management
 - Misc. Capital Expenditures

Hydraulic Modeling

- ENSTAR performing these services for the entire system
- Completed by mid-September

Gas Operator

- Contract out:
 - Customer Service
 - Operations and Maintenance
 - Billing and Collections
 - Service line Installation
 - Meter Installation / maintenance
 - Meter Reading System
 - Emergency Response Line (24/7)

- ‘On board’ by Fourth Quarter 2014

Owner Procured Pipe and Valves

Phase 1 Materials

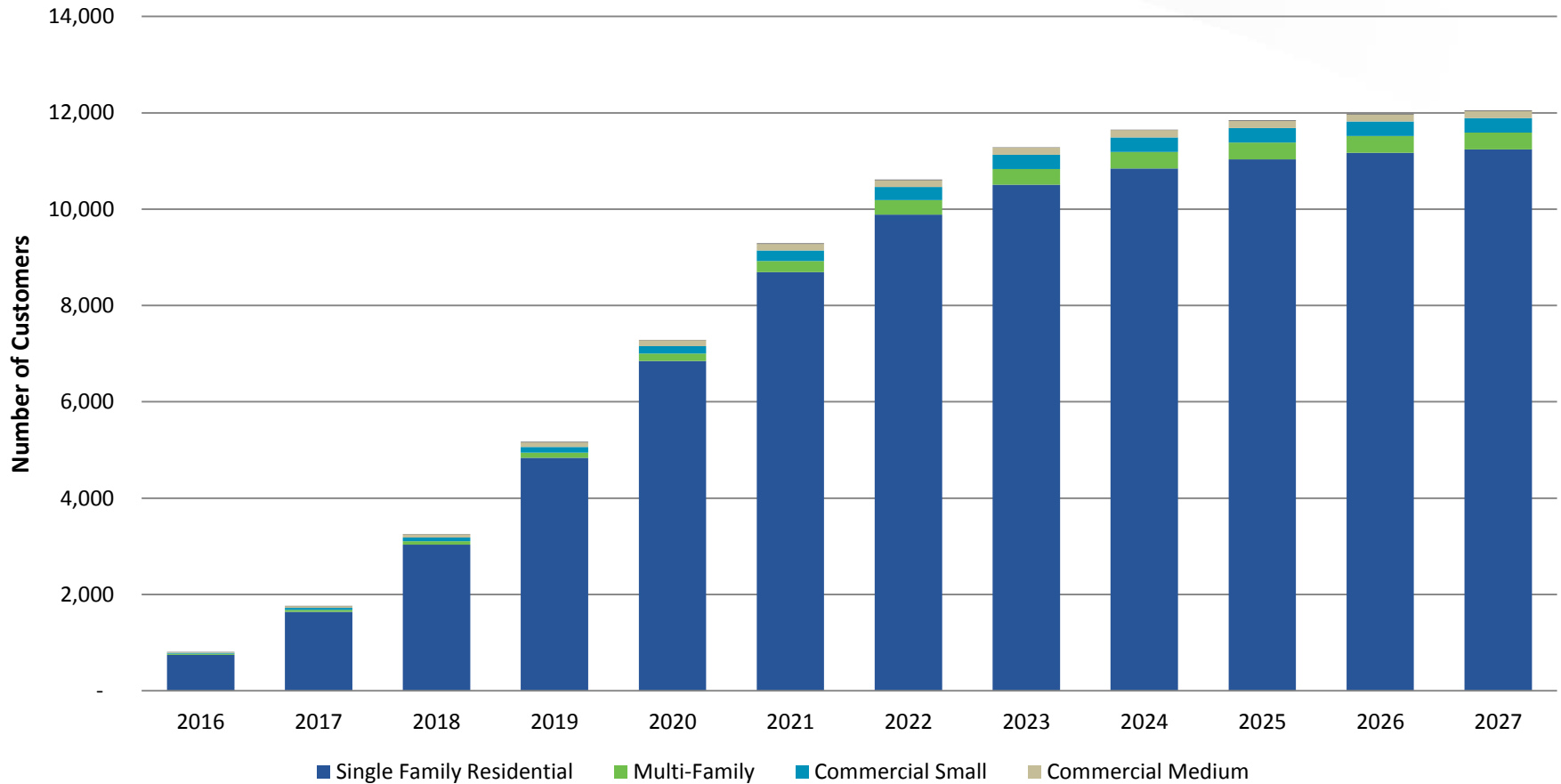
- Request Funding from AIDEA in September
- Bidding in October
- FOB Fairbanks – April 2015

Phase 2

- Begin Field work starting in September
- Design, ROW, Environmental Permitting
- 2016 Construction

IGU Customer Projection (2016-2027)

Phase 1-6 Build-out



Distribution Costs

Item	Amount (\$ millions)
Natural Gas Distribution System (Phases 1 - 6)	\$ 251.7
Storage Facilities (temporary and permanent)	\$ 36.0
Other Capital Items (equipment, furniture, IT, etc.)	\$ 0.2
Program Management	\$ 11.5
Total Capital Improvements	\$299.4

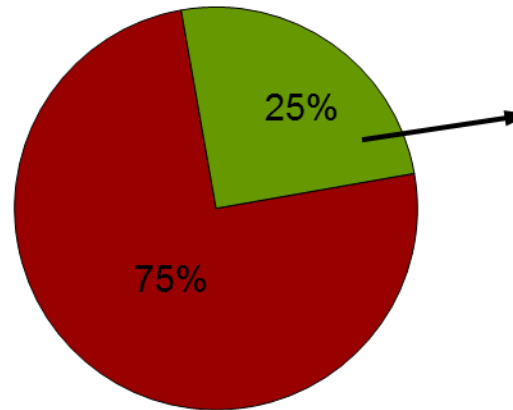
Pipeline Construction by Phase

Phase 1	\$25,969,000
Phase 2	\$37,016,000
Phase 3	\$48,356,000
Phase 4	\$57,933,000
Phase 5	\$49,748,000
Phase 6	\$32,650,000

Gas Supply and Distribution Costs (2016-17)

Target Rate is \$15/mcf

Cost of Gas	\$11.89
<u>Local Distribution</u>	<u>\$ 3.61</u>
Retail Rate	\$15.50



Distribution Costs

- Operations & Maintenance
- Security Storage Only
- Customer Accounting
- Administrative & General
- Depreciation
- Margin

Cost of Gas Supply

- LNG – liquefy/regas
- Trucking/Transportation

Questions?

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INTERIOR GAS UTILITY