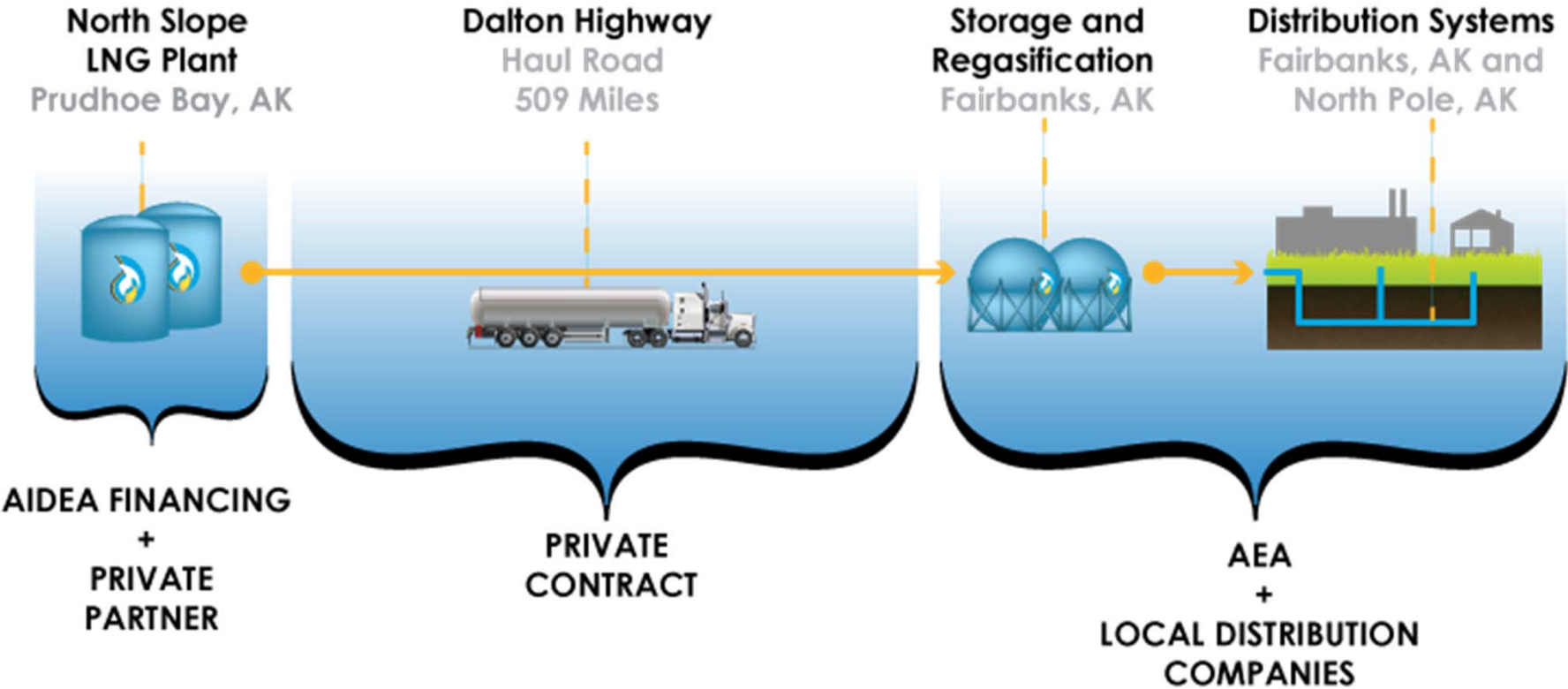




IEP Interior Delegation Project Update

Interior Energy Project October 7, 2014

PROJECT OVERVIEW



IEP GOALS



- **Supply natural gas to Interior Alaska:**
 - **At the lowest cost possible**
 - **As many Alaska customers as possible**
 - **As soon as possible**
- **IEP investments compliment alternative sources of gas supply**
- **Use private-sector mechanisms**

SB23 FINANCE PACKAGE



\$125 Million

SETS Financing

\$57.5 Million

Capital Budget
Appropriation

\$150 Million

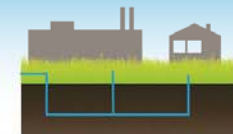
AIDEA Bonds

+ *Private Sector*

+ *Municipal Utility*



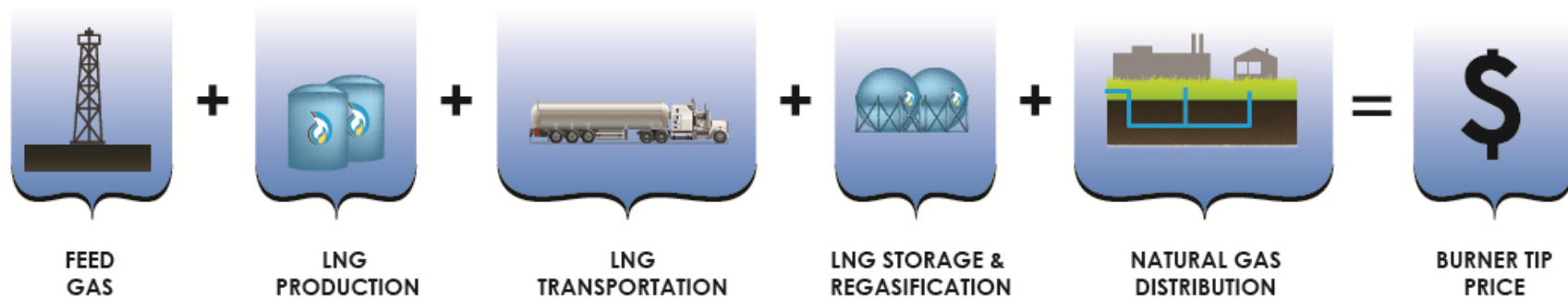
**North Slope
Liquifaction Plant**



Gas Distribution Systems
Residential / Industrial

COST OF SERVICE OVERVIEW

Cost of Natural Gas to the End User



Each of these cost components are dependent upon operation and maintenance cost, general and administration cost, depreciation, debt service, and other market influences.

As the IEP develops and contracts are finalized; AIDEA and AEA, in partnership with IEP utilities, will refine the range of costs one may expect when first gas comes to market.

FINANCIAL MODEL

- MWH, in conjunction with AIDEA, developed a model to refine the price
- Planners gauge how much each project component contributes to the price of delivered gas (*burner tip price*)
- AIDEA and MWH will work with utilities to determine end costs

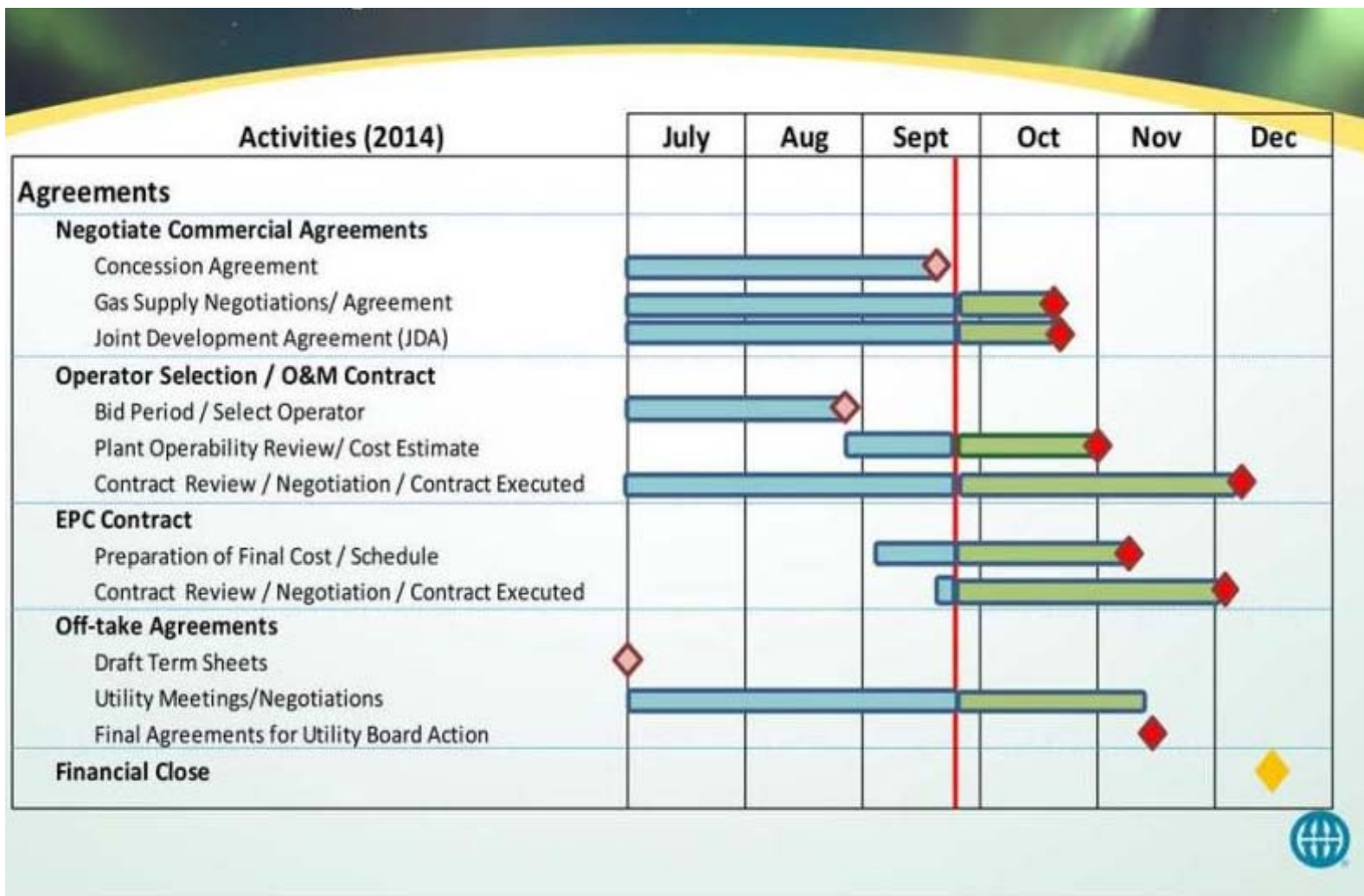


CONCESSION AGREEMENT



- **Concession Agreement signed on September 19, 2014**
- **Materially the same to the version approved by the AIDEA board on August 25, 2014.**
- **Concession Agreement provides legal and financial framework Northern Lights Energy, LLC**
- **Financial structure continues to move forward**

IEP COMMERCIAL AGREEMENT SCHEDULE



UTILITY OFF-TAKE AGREEMENTS



- **MWH lead commercial negotiations with GVEA, FNG, and IGU in Fairbanks-Next Meeting October 8th**
- **Fairbanks utilities proposing a “Buyers’ Club”**
- **AIDEA staff participating**

COMPLETED MILESTONES NORTH SLOPE



- **Pad and access road construction completed on North Slope**
- **All facility construction permits expected by October 10th**



COMPLETED MILESTONES FNSB DISTRIBUTION SYSTEMS



- **FNG Storage Tank Financing In Progress**
(5.25MM gallon tank)
- **\$15MM loan to FNG** *(2014 build-out)*
- **\$8.1MM loan to IGU** *(Project Development)*
- **29 miles of new FNG pipe installed**
- **IGU build-out modeling in development using AIDEA loan proceeds**

OTHER PROGRESS TO DATE

- **While the participating entities refine the financial structure, progress is underway**
- **Efforts include:**
 - **North Slope LNG Plant**
 - **Trucking and Storage**
 - **Distribution**
 - **Engineering**



NEXT STEPS



🕒 **November 2014**

- **Class I engineering cost estimate delivered**
- **Financial model price agreement**

🕒 **December 2014**

- **Financial close**

2014 FNG DISTRIBUTION BUILD-OUT EFFORTS



← Distribution pipe pressure testing



→ Distribution pipe build-out along Pike's Landing Road

Photos provided courtesy of Fairbanks Natural Gas

IGU 2014 FIELD SEASON WORK



ROW core drilling

Wetland mapping



COMMUNITY OUTREACH



- **Participated in the FEDCO Community Energy Meeting August 18, 2014.**
- **Alaska Oil and Gas Congress presentation September 26, 2014.**
- **AIDEA field office coming to Fairbanks October 2014.**
- **Ongoing coordination with local Conversion Working Group.**
- **Local Radio programs.**



QUESTIONS

interiorenergyproject.com