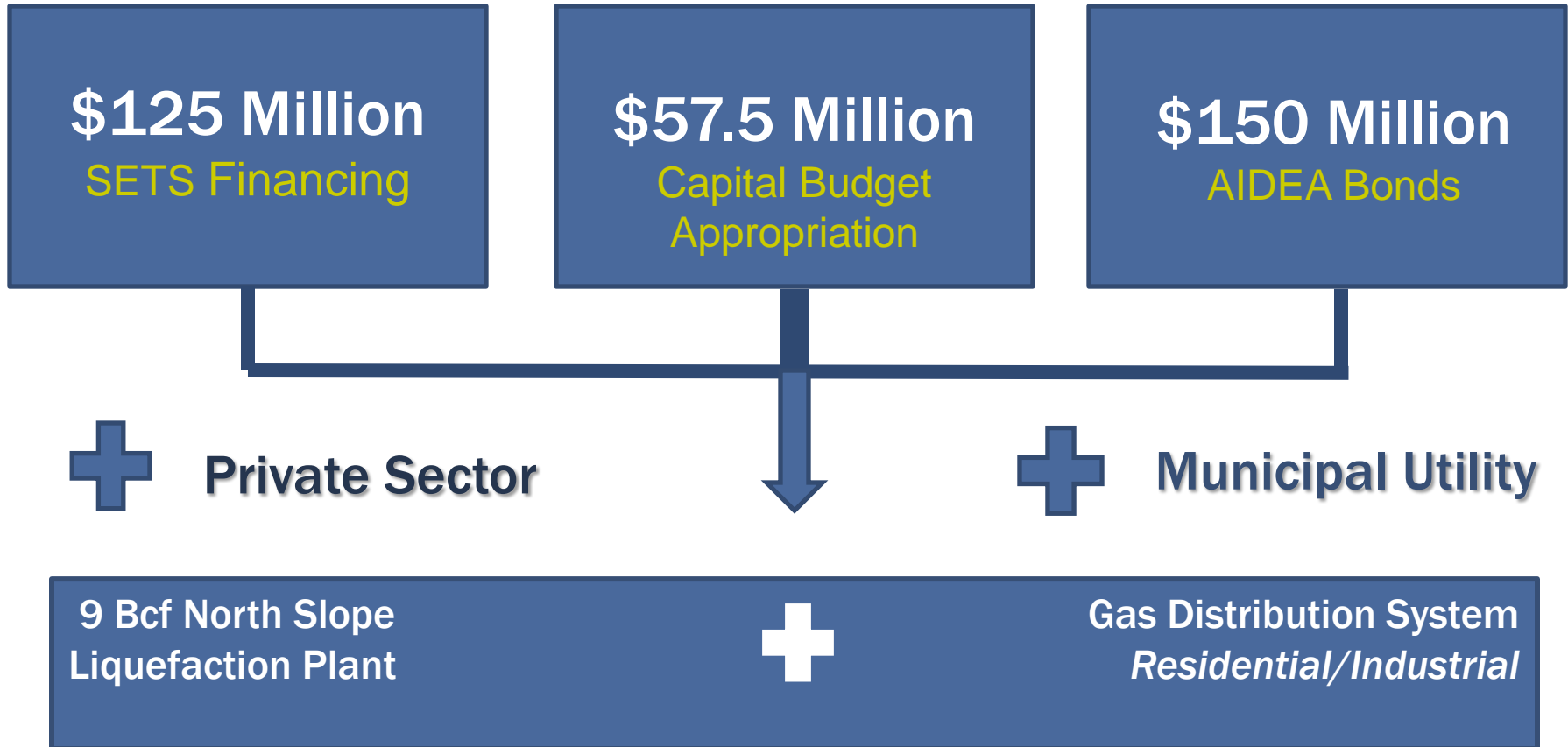




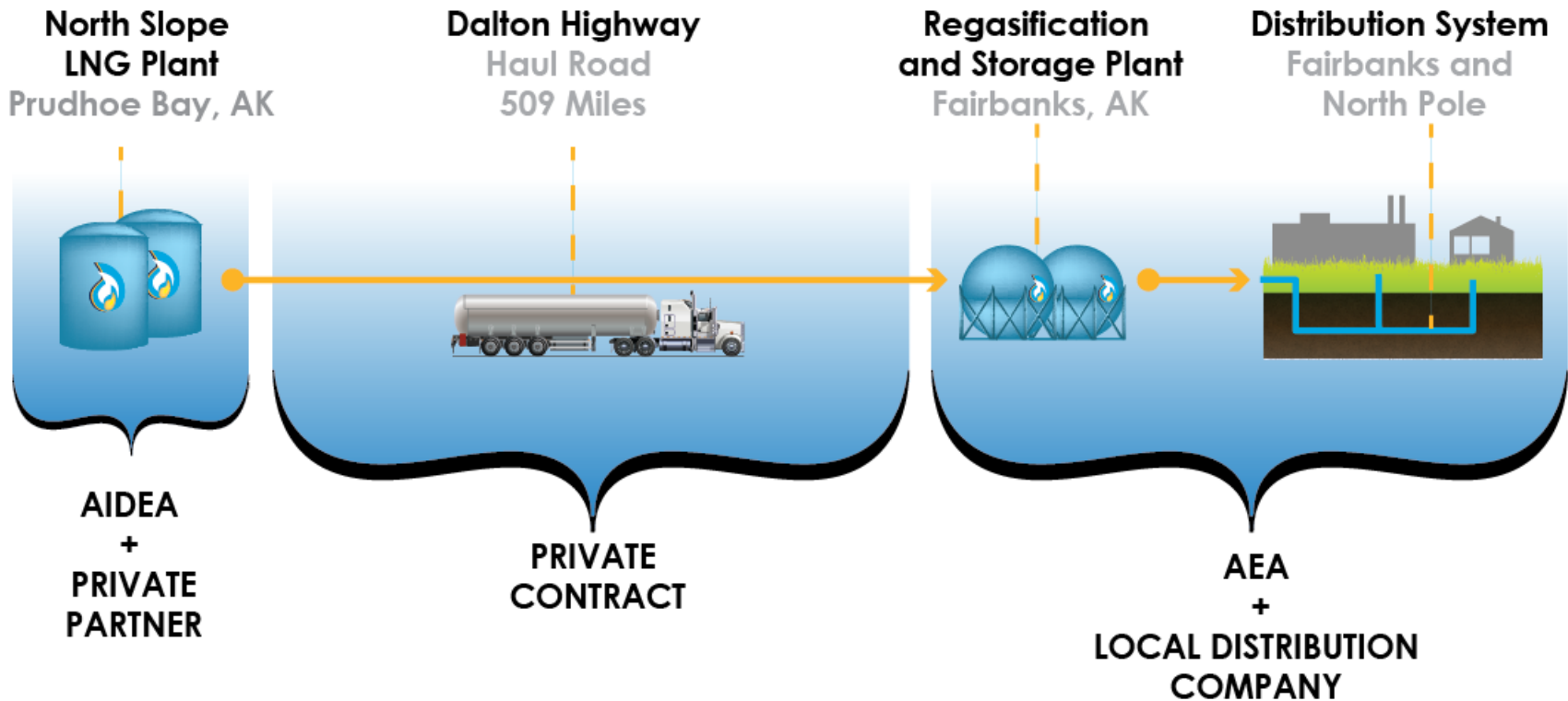
AIDEA Board Meeting October 29, 2013

Interior Energy Project Bringing North Slope Natural Gas to Alaskans

SB23 FINANCE PACKAGE



IEP PROJECT OVERVIEW



Supply chain optimization model:

- Shared with FNG and IGU and asked for comments and feedback.
- Video conference to walk FNG and IGU through model.
- Modified to capture benefits of potential dual-fuel facilities.

Independent 6 year build out model:

- Compares costs and demand of build out.
- Exclusive of CPCN applicant models already developed.

Started process to work with Local Governments on streamlining permitting for installing of pipes for distributions system.

ENGAGING IEP STAKEHOLDERS

- **Participated in 2 DEC/EPA air quality public meetings to answer questions about scope and timing of IEP.**
- **Presentation to State of Alaska Public Facilities staff on Project. Emphasis on early conversion of State offices in the FNSB to assist with early demand.**
- **Expecting IGU survey results and will compare to results of Cardno's focus groups and analysis.**

CONVERSION PROGRESS

- **AIDEA/AEA hired Cardno to investigate natural gas conversions:**
 - **Potential conversion finance options.**
 - **Natural gas customer focus groups in FNSB**
 - **Analysis of expected conversion rates over time and area.**
 - **Refining LNG demand estimates.**
- **Information used for project planning and developing natural gas conversion programs.**

POTENTIAL CONVERSION PROGRAMS



- **AIDEA and AEA are exploring finance programs to help customers convert to gas.**
- **Finance program could reduce consumers' upfront costs and increase conversion speed.**
- **Potential for partnerships –AHFC & FNSB:**
 - **AIDEA hopes to provide program assistance and some financing.**
 - **Ongoing meetings to explore options.**

LNG TRUCKING ANALYSIS

- ④ **Trucking costs were estimated by PROLOG and included in July Feasibility Report:**
 - Based on existing road use regulations.
- ④ **LNG fueled trucks proposed:**
 - Diesel trucks cost approximately \$1.00 per Mcf more.
- ④ **LNG fueled trucks are gaining support:**
 - Cummins 12L engine now available.
 - Cummins 15L engine due in 2015.
- ④ **LNG fueled tractors requires mid-point refueling.**
- ④ **LNG trailers are readily available.**

LNG TRUCKING CHARRETTE

- **AIDEA and AEA are planning an LNG trucking charrette.**
- **Alaska Department of Transportation and Public Facilities is part of planning process.**
- **Key stakeholders will be invited:**
 - **Local trucking companies.**
 - **Alaska DOT&PF.**
 - **AIDEA team (HDR, PROLOG).**
- **Discuss trucking costs and feasibility of using LNG trucks.**

LNG PLANT COMMERCIAL PROCESS

- **AIDEA is developing commercial terms with three respondents to July RFO:**
 - **PENTEX**
 - **SPECTRUM**
 - **GVEA**
- **AIDEA is refining potential terms with each potential participant.**

LNG PLANT COMMERCIAL PROCESS

- **Results of final refined business terms from each respondent will be presented to Public and the AIDEA Board.**
- **AIDEA management will make recommendation to AIDEA Board:**
 - **Project that best achieves IEP targets.**
 - **Project will protect AIDEA's interests appropriately.**
- **AIDEA Board will select best project offer.**
- **Management will negotiate final business structure and agreements with project sponsor selected with goal of bringing back final project and business structure to Board in December.**

LNG PLANT COMMERCIAL PROCESS

- **AIDEA is still pursuing North Slope LNG plant permits:**
 - Necessary permits are underway by HDR.
 - All permits projected to be obtained on time.
- **AIDEA is issuing RFP's for long lead time items and construction of LNG plant pad.**
- **All permit and RFP work will be transferred to entity that develops the LNG plant.**

NS LNG PLANT PERMITS

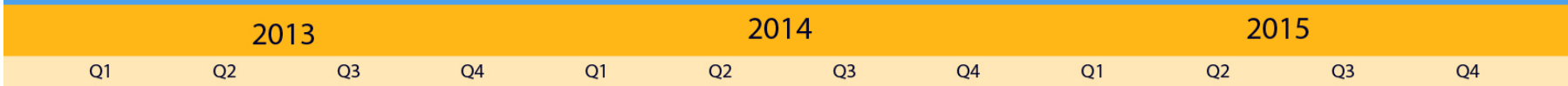
Permit/Approval	Description/Requirement	Status
ADEC Air Permit	Needed prior to installation of air polluting equipment	In progress; anticipate submittal 12/3/13; receipt by Fall 2014
USACE Wetlands/Section 404 permit	Needed prior to pad/road construction	Preliminary application materials submitted; NEPA process on track for March 2014 decision
Environ. Assessment (EA)	Needed for 404 wetlands permit	EA started; anticipate information to be added to 404 application in January
USFWS ESA Section 7 Consultation	Needed prior to Spring 2014 construction work	Associated with NEPA process for USACE Section 404 permit
USFWS Letter of Authorization	Needed prior to Spring 2014 construction work	In progress; anticipate submittal Oct 2013
DNR SHPO Section 106 Consultation	Needed prior to Spring 2014 construction work	Site survey completed; cultural report in progress; Report needed for EA and Section 404 permit
ADEC Section 401 Certification	Needed prior to Spring 2014 construction work	Application indirectly submitted with the USACE 404 permit application
DNR ML&W Pad and Road Lease	Needed prior to Spring 2014 construction work	Lease application to be submitted 9/30/13; anticipate receipt March 2014
DNR ML&W Material Sale Contract	Needed prior to Spring 2014 construction work	Lease application submitted; anticipate receipt March 2014
SPCO Pipeline Right-of-Way Application	Needed prior to pipeline construction (late Fall 2014)	In progress; anticipate submittal shortly
RCA CPCN	Needed prior to pipeline construction (late Fall 2014)	In progress; anticipate submittal shortly

NS LNG PLANT PERMITS

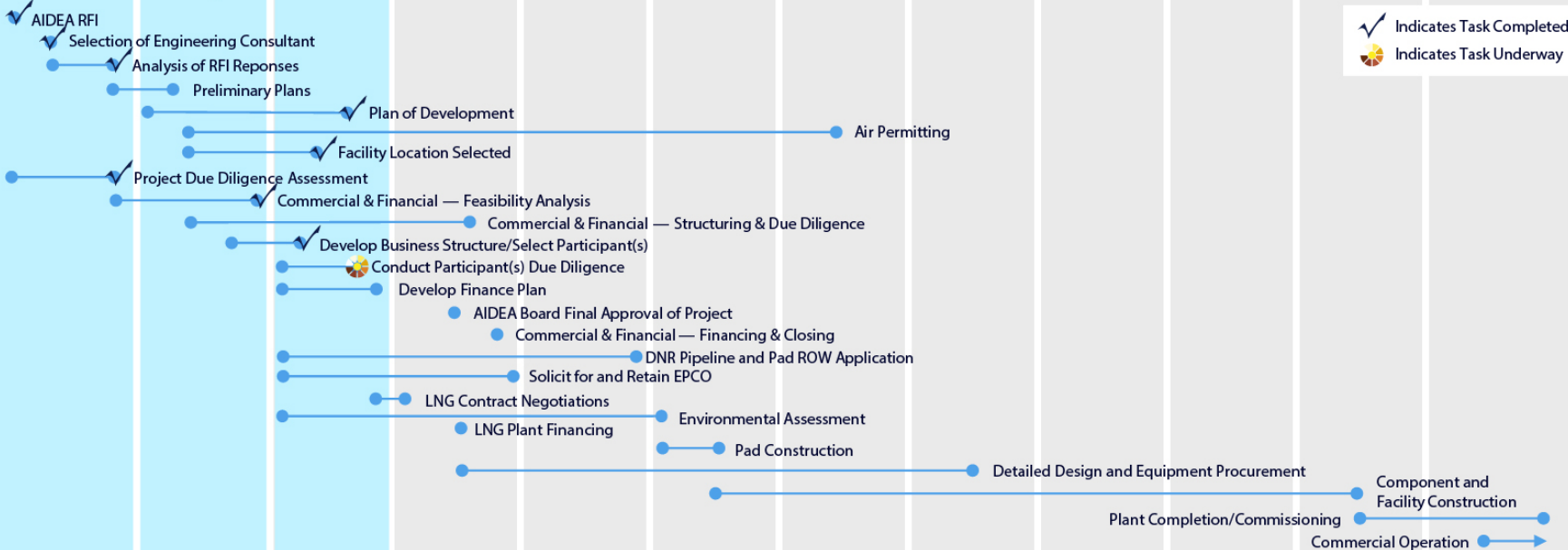


Permit/Approval	Description/Requirement	Status
Gas Purchase Agreement (with BP & WIOs)	Needed to finalize commercial agreements	Initiated process with BP
AOGCC Meter & Withdrawal Approval	Needed with gas contract	Initiated process with BP; anticipate 6+ months once submitted
NSB Cultural Resource Clearance	Needed prior to Spring 2014 construction work	Site survey completed; cultural report in progress; anticipate submittal in Nov 2013
NSB Development Permit	Needed prior to Spring 2014 construction work	In progress; anticipate submittal in Nov 2013; permit receipt by Mar 2014
PBU Road Use Agreement and Approval to Construct	Needed prior to Spring 2014 construction work	Anticipate submittal in Oct 2013; receipt by Dec 2013
DNR ML&W Tundra Travel Permit	Needed prior to Jan 2015 ice road/pad construction	Anticipate submittal in Oct 2014; receipt by Dec 2014
DNR ML&W Temporary Water Use Permit	Needed prior to Jan 2015 ice road/pad construction	Anticipate submittal in Oct 2014; receipt by Dec 2014
ADF&G Fish Habitat Disturbance Permit	Needed prior to Jan 2015 ice road/pad construction	Anticipate submittal in Oct 2014; receipt by Dec 2014
FAA Form 7460	Needed prior to construction of facility in Spring 2015	Anticipate submittal in Oct 2014; receipt by Dec 2014
State Fire Marshal Review	Needed prior to construction of facility in Spring 2015	Anticipate submittal in Sept 2014; receipt by Dec 2014

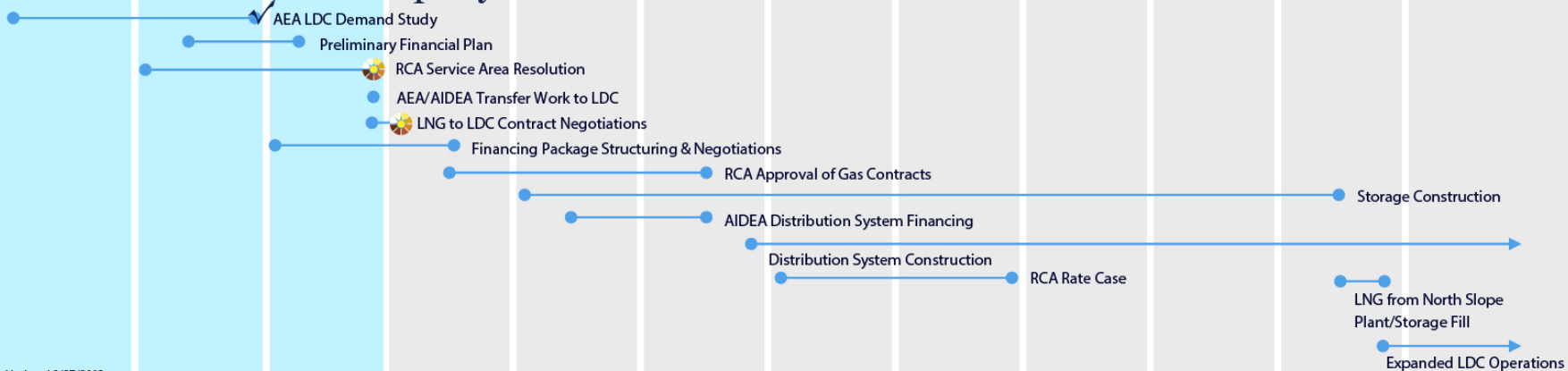
AIDEA Interior Energy Project - Schedule



LNG Facility



Local Distribution Company





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