Mission & Vision

- The IGU's mission is to provide low cost, clean burning, natural gas to the most people in the Fairbanks North Star Borough as possible, as soon as possible.

- As a public utility, the IGU is focused on bringing down energy costs and improving the quality of life for all those who live here and visit here. We are focused on bringing both economic and environmental relief to the residents of the Interior to keep our community vibrant.

- www.interiorgas.com
Background

- 2012 - Transfer of Utility Power from Cities of North Pole and Fairbanks
- IGU is governed and supported by FNSB
- Seven appointed board members
- SB 23 – Interior Energy Plan (IEP)
- RCA application and CPCN award
- Hired MWH
Board of Directors

Seven appointed board members by three municipalities:

- Bob Shefchik, Chair
- Mike Meeks, Vice-Chair
- Steve Haagenson, General Manager
- Frank Abegg, Director
- Bill Butler, Director
- Jim Laiti, Director
- Oran Paul, Director
SB 23 – Interior Energy Project (IEP)

- Passed 28th Legislature in 2013 with $332.5 MM financing package
- North Slope Gas Plant
- Trucking
- Natural Gas Distribution System
**IEP PROJECT OVERVIEW**

- **North Slope LNG Plant**
  - Prudhoe Bay, AK

- **Dalton Highway**
  - Haul Road
  - 509 Miles

- **Storage and Regasification**
  - Fairbanks, AK

- **Distribution System**
  - Fairbanks and North Pole

**AIDEA FINANCING**
- + PRIVATE PARTNER

**PRIVATE CONTRACT**

**AEA**
- + LOCAL DISTRIBUTION COMPANY
RCA APPLICATION & CPCN AWARD

- Application submitted in July 2013
- CPCN awarded December 20, 2013
The Team

MWH brings local knowledge with global resources

- Steve Haagenson, General Manager, extensive utility experience, GVEA, Statewide Energy Coordinator, AEA, among others

- Bob Shefchik, Board Chair, extensive financing and negotiation experience, FNSB, UAF Special Assistant

- David Prusak, Project Manager, with over 30 years of natural gas experience

- Bob Woodhouse, Project Director, past experience with Doyon Utilities

- Mindy O’Neall, Public Outreach & Engagement, communications and public relations experience
IGU FINANCING
IGU Financing

All financing options are driven to meet $15/mcf at the meter – key success factor

- FNSB – support and bridge loans
- AIDEA – low interest loans, grants, bonds
- Private investors
- Consumer base (eventually)
FNSB SUPPORT OF IGU

- Wholly owned, independent entity of FNSB
- Administrative and grant support 2012-2014
- Granted $7.5 MM line of credit
State of Alaska Financing

- $8.1 MM Initial Financing Approved April 3
- SB 23 delivered $332.5 million in grants, bonds and SETS loans for IEP
- Capital budget and gas storage legislation
- Authority to provide flexible terms for loans
- Partner in IEP development
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*NOTE: Service line installations will occur for 6 years after they begin in each phase of the work.*
Schedule Phases 1-6

- **2015** Initial Construction & construction of temporary gas storage (Phase 1)
- **2016** First Gas – continue through North Pole/Badger Road (Phase 2)
- **2017** Complete Badger Road, Move North and West of NP– completion of a permanent storage facility (Phase 3.
- **2018** North of Fairbanks – Chena Hot Springs Rd. (Phase 4)
- **2019** Farmer’s Loop and Goldstream areas to University of Alaska, Fairbanks (Phase 5)
- **2020** Chena Ridge and West of Fairbanks (Phase 6)
Planning Maps
Phase 1
Phase 2
Phase 3
Phase 4
Phase 5
Phase 6
Costs (projected by IGU)

- 4,630,854 linear feet (877 miles of pipe including service lines)

- Total Pipeline Cost – $251,672,000

- Storage/Regasification - $30,000,000
Jobs*

- **Short Term Estimates**
  - 250-840 – IEP
  - 350 Construction jobs (2014-2021)

- **Long Term Estimates**
  - 780 local jobs (2014-2028)
  - Of which 720 indirectly supported

*Source: CardnoENTRIX 2014 (based on IMPAN modeling by AIDEA)
Economic Impact*

- **Short Term**
  - $29.1 MM average total annual income generated by construction activities of which $25 MM expected construction employee income

- **Long Term**
  - $32.2 MM in income, $19.7 MM indirectly supported by FNSB businesses

*Source: CardnoENTRIX 2014 (based on IMPAN modeling by AIDEA)*
Environmental Impact*

- Price driven $15/mcf = $2/gal heating oil
- 74-77% reduction wood space burners
- Reduction of wood use by 43-47% with LNG
- Assuming this, 14-38% PM 2.5 reduction in winter, possibly $64-200 MM benefit in health and property values

*Source: CardnoENTRIX, 2014 – excluding wood-only burning households
CONVERSIONS
GOALS
CONVERSION RATE
COSTS
ASSISTANCE
Goals

- 75% community conversion rate by Phase 6
- Reduce average monthly energy bills by 40%
- Reduce air pollution by 30%+
Conversion Rate

In order to attain 75%+ household conversion customers must see:

1) Lower energy bills

2) ROI of 3-5 years

3) Incentive program to assist in paying upfront costs that is easy to apply for and understand.
IGU Customer Projection (2016-2027)

Phase 1-6 Build-out

- Single Family Residential
- Multi-Family
- Commercial Small
- Commercial Medium
Conversion Costs

- Average estimated cost = $7000

- Anticipate 75% or 17,500 single-family residential homes will convert by Year 12 (2027)

- ROI 3-5 years
Steps Forward

- Secure Financing
- Permitting & ROW work
- Hire Consultants for design, engineering and storage development
- Hire CEO, CFO
- Select an Operator
- Community Outreach
Conversion Assistance

- On-bill pay – (OBP)
- State assistance program (AHFC)
- Tax Incentives
- Private Loans

There are lots of options, but one main solution needs to be in place to ensure a high rate of conversions.
Public Outreach

- Community Meetings
- Newsletters
- Presentations

Website: interiorgas.com
Questions?

Contact us:

907.374.4474

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interiorgas.com
THANK YOU