IGU BOARD OF DIRECTORS

Gary Wilken
Chair,
City of Fairbanks
Appointed Seat

Bob Shefchik
Vice Chair,
At-Large Seat B

Bert Bell
At-Large Seat D

Steve Haagenson
FNSB Appointed Seat

Luke Hopkins
At-Large Seat C

Mike Miller
City of North Pole
Appointed Seat

Jack Wilbur
At-Large Seat A
CONSTRUCTION

2022 Construction Season

- 635 new service lines
- 450 of those already turned on
- More than 3 miles of main line extensions

2023 Construction Season

- 600 new service lines
- Nearly 250 committed
- More than $1MM in main line extensions (proposed)
## COMMUNITY SAVINGS ANALYSIS

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>FY23 at last 12 month average oil prices</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Natural gas sales (MM BTUs)</strong></td>
<td>990,000</td>
<td>1,100,000</td>
</tr>
<tr>
<td><strong>Heating oil cost/gallon (delivered, avg)</strong></td>
<td>$3.83</td>
<td>$4.73</td>
</tr>
<tr>
<td><strong>Natural gas cost/ccf</strong></td>
<td>$2.05</td>
<td>$2.16</td>
</tr>
<tr>
<td><strong>Cost if using heating oil</strong></td>
<td>$28,000,000</td>
<td>$38,500,000</td>
</tr>
<tr>
<td><strong>Cost if using natural gas</strong></td>
<td>$20,300,000</td>
<td>$24,000,000</td>
</tr>
<tr>
<td><strong>Gross Savings</strong></td>
<td>$7,700,000</td>
<td>$14,500,000</td>
</tr>
<tr>
<td><strong>IGU Service Charges</strong></td>
<td>$(400,000)</td>
<td>$(600,000)</td>
</tr>
<tr>
<td><strong>Net Savings</strong></td>
<td>$7,300,000</td>
<td>$13,900,000</td>
</tr>
</tbody>
</table>

### Notes:
- Heating oil was calculated at 135,000 BTUs per gallon
- Natural gas was calculated at 100,000 BTUs per ccf
- Natural gas price was calculated as monthly revenues/sales, actual in FY22 and budgeted in FY23
- All amounts were rounded up
CURRENT STATUS

Feed Gas

IGU has a feed gas contract with Hilcorp in the Cook Inlet that satisfies the utility's current customer needs until 2032.

Liquefaction

IGU operates a Liquefaction facility (Titan) located in the Cook Inlet that has the capacity to produce 50,000 gallons of LNG per day. The LNG is then transported to Fairbanks and North Pole via truck on the Parks Highway.
FUTURE NEEDS

Liquefaction

In order to support its projected growth and to continue fulfilling its mission, IGU needs additional liquefaction capacity as soon as 2024.

Feed Gas

Hilcorp informed all utilities sourcing natural gas in the Cook Inlet that they should not rely on contractual renewals moving forward.
GAS SUPPLY EXPANSION OPTIONS

Titan 2 or No Action
Expansion of the Titan facility as evaluated in 2019 (improbable) or no action

Pt. McKenzie Incremental Expansion
Installation of a modular, temporary plant next to Titan

Canadian LNG Import
Purchasing LNG from Canadian producers

North Slope LNG supply
Contractual agreement with a third party LNG producer
Hilcorp provides Harvest with gas supply on IGU's behalf. The two are not contractually-bound for the purpose of this agreement.
<table>
<thead>
<tr>
<th><strong>MAJOR TERMS</strong></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Contract term</strong></th>
<th><strong>Capacity</strong></th>
<th><strong>Commitments</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>20 years: October 2024-June 2045; ability to increase term under both contracts</td>
<td>150,000 gallons/day, additional LNG production trains as necessary with potential for increased capacity</td>
<td>IGU to be the priority customer and to exclusively buy LNG from Harvest, unless IGU's needs exceed Harvest capacity</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Schedule</strong></th>
<th><strong>Trucking</strong></th>
<th><strong>ROFR</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>IGU will not need all the LNG the plant can produce in the earlier years. The plant will shut down in the summer to account for smaller demand</td>
<td>Potential options: contracts with trucking companies; IGU trucking or Harvest trucking</td>
<td>IGU has the right of first refusal in the event of an LNG plant sale.</td>
</tr>
</tbody>
</table>
Feed stock (Hilcorp)

$2.50/MCF - Contract Years 1-5 (fixed)
2% annual escalation - Contract Years 6 -20

Customer rates

While two of the major cost components have set, negotiated prices, one important element remains variable - trucking.

Preliminary estimates indicate a customer rate range between ~$21.8/MCF (current pricing) and ~$26/MCF for the duration of the contract. At the highest estimated cost, natural gas will remain competitive if heating fuel is $3.51 or more.

IGU will do everything in our power to keep rates low and avoid the projected increases if possible.
HISTORIC MOMENT

This will be the first time natural gas from the North Slope has been commercialized outside of the North Slope.
FORT WAINWRIGHT EIS

Current Status

The Combined Heat and Power Plant at Fort Wainwright, completed in 1955, is one of the oldest operational coal-fired power plants in the United States, and is operating approximately 30 years beyond the average design life of similar facilities.

Next Steps

- Demolition of the existing power plant
- Installation of distributed natural gas boilers
- Purchase of electricity from the local electric utility
- Targeted completion date: 2026
- Estimated natural gas load: 1.5 BCF
### Interior Alaska Natural Gas Utility

**IGU Financial Summary:**

**Income Statement and Funds Available for Debt Service**

**Base Case - 07/27/2020 (Last Board Review)**

<table>
<thead>
<tr>
<th>Line No.</th>
<th>ITEM</th>
<th>FY 2023 (Proforma)</th>
<th>FY 2023 (Projected)</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Customers</td>
<td>2143</td>
<td>2358</td>
<td>215</td>
</tr>
<tr>
<td>1</td>
<td>Gas Sales (MCF)</td>
<td>1,426,188</td>
<td>1,123,539</td>
<td>(302,649)</td>
</tr>
<tr>
<td>2</td>
<td>Average Rate Revenue per MCF ($/MCF)</td>
<td>$18.99</td>
<td>$22.13</td>
<td>$3.14</td>
</tr>
<tr>
<td>3</td>
<td>Operating Revenues</td>
<td>$27,078,316</td>
<td>$24,860,381</td>
<td>($2,217,935)</td>
</tr>
<tr>
<td>4</td>
<td>Operating Expenses</td>
<td>$27,078,316</td>
<td>$24,860,381</td>
<td>($2,217,935)</td>
</tr>
<tr>
<td>5</td>
<td>Non Operating (Revenues) Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Interest Expenses (Excludes Capitalized Interest)</td>
<td>96,147</td>
<td>156,365</td>
<td>60,218</td>
</tr>
<tr>
<td>24</td>
<td>Interest/Investment Earnings/Other Income</td>
<td>(265,705)</td>
<td>(186,770)</td>
<td>78,935</td>
</tr>
<tr>
<td>25</td>
<td>ST - Non-Operating Items</td>
<td>7,282,995</td>
<td>5,511,880</td>
<td>($1,771,115)</td>
</tr>
<tr>
<td>26</td>
<td>Net Income</td>
<td>($5,834,249)</td>
<td>($3,569,632)</td>
<td>2,264,617</td>
</tr>
<tr>
<td>27</td>
<td>Funds Available for Debt Service</td>
<td>$1,714,451</td>
<td>$2,129,017</td>
<td>414,566</td>
</tr>
<tr>
<td>28</td>
<td>Debt Service Coverage - SETS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>Debt Service Coverage - Bonds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>Debt Service Coverage - Commercial</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>Total Debt Service Coverage - Combined</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>Depreciable Assets</td>
<td>$221,078,977</td>
<td>$178,880,840</td>
<td>($42,198,137)</td>
</tr>
</tbody>
</table>

**Footnotes:**

1. Line 12 = Line 8 minus Line 11
2. Line 21 = Line 12 minus Line 19
3. Line 29 = Line 21 minus Line 27
4. Line 31 = Line 29 plus Line 24 plus Line 25
5. Line 40 = SETS debt service set at 1.0
6. Line 41 = Funds remaining after SETS and Commercial debt service divided by Line 36
7. Line 42 = Commercial debt service set at 1.2
8. Line 43 = Line 31 divided by Line 38

*The Proforma includes the LNG Plant Administrative & General expenses of approximately $530K in the Cost of Gas while the Projection includes Administrative & General expenses inclusive in Administrative & General/Engineering expense line.*
BONDING STATUS

$5.2 MM  
SERVICE LINE INSTALLATIONS

$2.3 MM  
MAIN LINE INSTALLATIONS

$1.8 MM  
PIPE, METERS & PARTS

$9.3 MM  
BOND FUNDS CONSUMED

$700 K   
BOND FUNDS REMAINING

FUTURE FINANCING NEEDS

$10MM  
GAS MAINS & SERVICES

$6.75MM  
LNG TRANSPORT TRAILERS