# Interior Energy Project

Quarterly Report to the Alaska State Legislature

Fourth Quarter 2022





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# List of Acronyms & Abbreviations

AIDEA	Alaska Industrial Development and Export Authority
ARRC	Alaska Railroad Corporation
AS	Alaska Statute
Cryopeak	Cryopeak LNG Solutions Corporation
FA	Financing Agreement
FNG	Fairbanks Natural Gas
FNSB	Fairbanks North Star Borough
НВ	House Bill
Hilcorp	Hilcorp Alaska, LLC
IEP	Interior Energy Project
IGU	Interior Gas Utility
LNG	liquefied natural gas
MOU	Memorandum of Understanding
PACE	Property Assessed Clean Energy
Pentex	Pentex Alaska Natural Gas Company, LLC
PSA	Purchase and Sale Agreement
RUS	Rural Utilities Service
SETS	Sustainable Energy Transmission and Supply Development Fund
SLA	Session Laws of Alaska
TAG	Targeted Airshed Grant
USDA	United States Department of Agriculture



# **Interior Energy Project**

### **Introduction** Quarterly Report to the Alaska State Legislature

On April 27, 2015, the 29th Alaska Legislature passed House Bill (HB) 105, which was signed into law on June 30, 2015. This legislation was enacted to renew and advance the Interior Energy Project (IEP), a project designed to bring low-cost energy to as many residents and businesses of Interior Alaska as possible, as quickly as possible. The financing package refreshed by this legislation provided the Alaska Industrial Development and Export Authority (AIDEA) the tools necessary to develop an integrated supply chain bringing lower-cost energy to residents and businesses through local utilities.

A critical component of the IEP was the ability to provide financing for the project that would permit the development of a unified gas utility with competitive rates (Chapter 26, Session Laws of Alaska [SLA] 2013). The passage of initial legislation in 2013 provided AIDEA with several financial tools and a designated deposit of \$125 million into the Sustainable Energy Transmission and Supply Development Fund (SETS; Alaska Statute [AS] 44.88.660). The legislation included a limitation on interest charged for the project financing and an allowance for AIDEA to waive "any limitations or requirements of its regulation that are otherwise applicable to the Alaska Industrial Development fund." This language was retained in the IEP financing tools when HB 105 became law on June 30, 2015, expanding the possible sources of energy for the project.

HB 105 required AIDEA to provide written quarterly reports to the Alaska State Legislature on the status of the IEP. The specific bill language includes:

"The Alaska Industrial Development and Export Authority shall submit quarterly to the legislature a written report on the Interior Energy Project. The authority shall deliver the report to the senate secretary and the chief clerk of the House of Representatives and notify the legislature that the report is available. The report must include:

- (1) a description of project progress on all components;
- (2) an update on the status of local distribution infrastructure buildout;
- (3) to-date and anticipated conversions; and
- (4) a financial accounting of funds expended and funds anticipated to be spent, including loans, grants, and bonds."



# **Interior Energy Project**

## **Introduction (continued)** Quarterly Report to the Alaska State Legislature

On September 21, 2017, the AIDEA Board considered and approved a development plan that met the requirements of HB 105. Reaching this milestone provided the Authority access to the remaining IEP financial tools. AIDEA continued to advance IEP goals by consolidating the existing natural gas utility infrastructure owned by AIDEA under Pentex Alaska Natural Gas Company, LLC (Pentex), with infrastructure owned by the Interior Gas Utility (IGU).

This is the 30th quarterly report submitted under the HB 105 requirements. Each section of the report corresponds to one of the four items required by the legislation. This report augments information previously provided and covers the period from October 1, 2022, through December 31, 2022.



To date, approximately 220 miles of natural gas distribution lines have been installed throughout the core, non-attainment areas of Fairbanks and North Pole.

# **Description of Project Progress on All Components**

The IEP effort is structured on the following project components: Supply, Liquefaction, Transportation, Distribution (including Storage and Regasification), and Conversions.

Following negotiations in 2016, a non-binding Utility Integration Memorandum of Understanding (MOU) was approved by the IGU and AIDEA Boards of Directors in January 2017. The purpose of the MOU was to provide guidance and structure for a separate Financing Agreement (FA) and Purchase and Sale Agreement (PSA), designed to form a single, investment-grade natural gas sourcing and distribution utility within the Fairbanks North Star Borough (FNSB) through the sale of the AIDEA-owned Pentex Natural Gas System, commonly referred to as Fairbanks Natural Gas (FNG), to IGU.

Although the PSA and FA were signed in December, IGU approval was contingent on a final vote of the Utility Board prior to the target closing date of May 31, 2018. Final closure of the utility consolidation was extended to June 14, 2018, by mutual consent of AIDEA and IGU. With these negotiations concluded, the IGU Board approved finalization of the consolidation deal on June 12, 2018, and the closing documents were signed on June 13, 2018. Under the terms of the PSA and FA, the IEP will now progress utilization of the project financing authorized under Chapter 26, SLA2013, and capital funds appropriated in Section 11, Chapter 38, SLA2015, page 32, lines 17–25. As required by HB 105, the status of Supply, Liquefaction, Transportation, Distribution (including Storage and Regasification), and Conversions is summarized below.

### Supply

IGU executed a natural gas supply contract with Hilcorp Alaska, LLC (Hilcorp), to provide the current liquefaction facility with natural gas effective January 1, 2021. This agreement provides IGU with enough capacity (5 million cubic feet per day) for its existing customers, and allows for the expansion of up to 15 million cubic feet per day upon advance notice of 18 months to Hilcorp. The contract has an initial term of five years and may be extended for up to two additional three-year terms.

The IGU Board in January 2021 passed Resolution 2021-1 authorizing the General Manager to enter into a liquefied natural gas (LNG) supply contract as a back-up source of gas with Cryopeak LNG Solutions Corporation (Cryopeak). The agreement with Cryopeak specifies the purchase from a new LNG plant located in Fort Nelson, BC, Canada. The Fort Nelson LNG facility became operational on June 8, 2021. IGU purchased approximately 500,000 gallons (41,000 thousand cubic feet) in 2022 to bolster its supplies and may purchase additional volumes under this contract.

### Liquefaction

Additional liquefaction capacity is needed to support IGU's growth. In light of recent announcements that the supply of natural gas in the Cook Inlet is not guaranteed past current contracts. IGU is exploring all available options. A solution will likely come from a combination of Cook Inlet gas, North Slope gas, and imported LNG. The IGU Board is expected to make a decision in early 2023 about additional LNG capacity.

LNG expansion under ownership and control of a consolidated natural gas utility structure will necessitate access to AIDEA project bonds that were pre-authorized with the passage of Chapter 26, SLA2013. HB 119, passed by the Alaska Legislature on May 12, 2018, extends access to the bonds for the purpose of project financing through June 30, 2023. HB 307, extending the sunset date of AIDEA's authorization to issue bonds for the IEP through July 1, 2028, was signed into law on June 8, 2022.

On March 3, 2020, the AIDEA Board authorized Resolution No. G20-03.<sup>1</sup> This resolution authorizes AIDEA to issue up to \$78 million in conduit revenue bonds to finance IGU projects located in the Matanuska-Susitna Borough and FNSB. IGU decided to move forward with a smaller financing package consisting of \$11,790,000 in conduit revenue bonds in September 2020 to fund a portion of IGU's capital improvement plan. This issuance of bonds is being used for:

- A. A portion of the costs of the acquisition, construction, expansion, furnishing, and equipping of natural gas mains, residential and commercial natural gas service lines, and customer meter sets to be located in the FNSB
- B. A portion of the costs of advancing the design of the acquisition, expansion, renovation, furnishing, and equipping of natural gas liquefaction facilities in the Matanuska-Susitna Borough
- C. Capitalized interest on the bonds
- D. Funding of a debt service reserve account and costs of issuance

IGU installed 635 service lines in 2022, in addition to more than 3 miles of natural gas main lines throughout Fairbanks and North Pole

<sup>1</sup> "RESOLUTION OF THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY PROVIDING FOR THE SALE OF NOT TO EXCEED \$78,000,000 OF ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY REVENUE BONDS (INTERIOR GAS UTILITY PROJECT) SERIES 2020A; AUTHORIZING AN INDENTURE BY AND BETWEEN THE AUTHORITY AND U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE, TO SECURE SAID BONDS; AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT SECURING PAYMENT OF SAID BONDS."



# **Transportation**

### **Rail Option Update**

IGU continues to explore the potential for shipments of LNG with the Alaska Railroad Corporation (ARRC) as part of the overall IEP effort. On June 21, 2021, ARRC received a renewal of the Federal Railroad Administration's approval to transport LNG, in intermodal portable tanks, in container-on-flatcar service on the ARRC rail system. The approval authorizes up to two trains per week, with each train containing a maximum of 24 loaded portable tanks. The approval is effective through December 31, 2022.

IGU, FNSB, Matanuska-Susitna Borough, and ARRC formed the Alaska Railbelt Clean Energy Transportation Infrastructure Growth Cluster and submitted a joint application for the Build Back Better program in October 2021. Although the proposal was not selected for phase II, it did create opportunities for all of the above-listed entities to identify common goals. As work continues to increase LNG storage capacity in the FNSB, rail delivery will be given future consideration.



Large-capacity fleet vehicle

### **Trucking Update**

The fleet has seen the addition of large-capacity trailers configured to facilitate the future addition of a hitch. If this configuration proves to be feasible and is determined to be economically advantageous, it will allow an additional "pup" trailer to be pulled. IGU also utilizes two Kenworth T-800 trucks fueled by LNG as part of its fleet.



# Distribution

During the period covered by this report, the IGU continued to sign up new customers for service. IGU's goal for the 2022 construction season was 600 new service lines, IGU exceeded that goal, installing 635 service lines. Of those, 539 (85%) are residential and 96 (15%) are commercial properties; 434 (68%) are in Fairbanks and 201 (32%) are in North Pole. IGU has a similar goal for 2023.

Increased LNG storage capacity from the commissioning of a 5.25MM-gallon storage tank in Fairbanks in 2019, and a 150,000-gallon plant in North Pole in 2021, allows IGU to add new customers. IGU will continue to install new service lines. IGU installed approximately 200 service lines in 2020 and 312 in 2021.

IGU budgeted \$1MM for short main line extensions for the 2022 construction season. More than 17,000 feet of main line were installed.



North Pole Storage & Vaporization

In December 2017, the AIDEA and IGU Boards agreed to initiate construction of a 5.25-million-gallon LNG storage tank. Following a competitive Request for Proposals process, Preload Cryogenics was selected as the primary Engineering, Procurement, and Construction contractor for a facility with a double-walled, full-containment design. This facility was completed in December 2019.

Construction of a new LNG storage and vaporization facility with a total 150,000-gallon capacity was completed in February 2021 and is in full operation, serving the North Pole distribution system. The completion of the North Pole facility facilitated gasification of over 70 miles of distribution system and provides natural gas service to the North Pole community for the first time in its history. Additionally, completion of these storage projects provides IGU access to significantly more customers in support of its customer growth.

# The completion of the North Pole facility...provides natural gas service to the North Pole Community for the first time in its history.





## **Conversion**

Efforts to assist consumers with conversion to natural gas have centered primarily on access to favorable financing mechanisms and identification of possible low-cost loan funds. Work has also been done with furnace and boiler manufacturers for new boiler components that may reduce the cost of individual customer conversion to natural gas.

On September 23, 2021, the FNSB adopted Ordinance No. 2021-2-D, which among other things, appropriates \$1 million from federal Coronavirus state and local fiscal recovery funds established under the American Rescue Plan Act to the Oil to Gas Conversion Program. Applications for the program opened to residents on March 25, 2022. The program had huge success, reaching its maximum capacity in early April. The FNSB Assembly added another \$1.3MM to the program in July, from the same funding source. The Air Quality office at the borough is currently working on approving applications from this funding source. The program pays \$2,500 for a conversion of an oil boiler to natural gas or \$7,500 toward a new natural gas boiler that is installed in the place of an oil boiler.



On March 17, 2022, the U.S. Environmental Protection Agency awarded \$5.6 million to the Alaska Department of Environmental Conservation to help the FNSB improve air quality. Originated from a Targeted Airshed Grant (TAG), \$3.2 million of the awarded amount will go toward a combination of the Oil to Gas Conversion Program and Woodstove Changeout Program. Customers will be able to use up to \$10,000 for each solid fuel-burning device and up to \$7,500 for each oil-burning appliance. This program gives the ability to combine up to three appliances to pay for one new natural gas appliance. Funding is expected to become available to residents in the first guarter of 2023. The FNSB is accepting and processing applications and wait-listing applicants in anticipation of the funding. Another \$1.25MM was allocated from the state capital budget to the Oil to Gas Conversion Program and Woodstove Changeout program. The budget was signed at the beginning of the third quarter, and funding is expected to be available to residents on the same conditions as the TAG in the first quarter of 2023.

<sup>2</sup> "AN ORDINANCE AMENDING CHAPTER 21.28 FNSBC TO ADD A NEW SECTION FNSBC 21.28.045, VOLUNTARY HEATING OIL TO NATURAL GAS OR PROPANE CONVERSION PROGRAM."

### Property Assessed Clean Energy Financing

Property Assessed Clean Energy (PACE) is a means of financing improvements that increase the energy efficiency of commercial buildings. The improvements are financed with repayment accomplished through a voluntary assessment placed on the annual property tax bill. PACE financing is often structured to allow a longer payback period than is possible with conventional business loans. The strength of the PACE collection mechanism results in low-default/low-risk loans, which may justify a lower interest rate.

PACE legislation (HB 80) was passed by the 30th Alaska Legislature on April 17, 2017. HB 80 was signed into law on October 6, 2017. The Alaska Energy Authority is working with municipalities to determine how to best implement the law.

A municipality with taxing authority is the entity that would authorize and manage the program locally. IGU has identified PACE as a priority to FNSB.

### **On-Bill Financing**

To remove ambiguity about the allowance of on-bill financing in Alaska, HB 374 was introduced on February 21, 2018. On-bill financing allows utility customers to borrow funds that are repaid via a voluntary line item added to their standard utility bill. This financing mechanism is often used by utilities to assist new customers in overcoming the initial cost of accessing a utility service.

Funds for on-bill financing may be provided by the utility itself or in conjunction with local, private-sector financial institutions. Previous conversion surveys and focus group work performed as part of the IEP indicated that access to a transferable financing mechanism would help incentivize conversion to natural gas. Coupling this tool with low-cost loan funds will be helpful. The Alaska Legislature approved HB 374 on May 12, 2018. IGU is looking for opportunities to initiate this program and is seeking potential funding sources. The main barrier the utility is encountering is its ability to manage a program that would (a) not increase its debt coverage ratio, and (b) would not make IGU liable for loan default. To date, IGU has been unable to identify an opportunity that meets these criteria.

### **Identified Funding Sources for Conversion Assistance**

IGU identified the following possible funding sources for conversion assistance:

- a. Commercial lenders: After contacting all local lenders, IGU has created relationships with three different local banks and credit unions. The lenders either created a new loan product or started marketing existing loan products as oil-to-gas conversion loans. They are all secured by home equity and have different terms and conditions.
- b. Local government
  - i. PACE-enabled conversion loans
  - ii. Possible local government back-stop funding for PACE loans
  - iii. Property tax credits to businesses and residents who invest in property improvements resulting in increased energy efficiency or improved air quality as provided by HB 232, which was signed into law on May 18, 2020, with an effective date of July 19, 2020

### c. State sources

- i. Air quality programs
- ii. Community Development Block Grants
- d. Federal sources
  - i. United States Department of Agriculture (USDA) Rural Utilities Service (RUS) Energy Efficiency and Conservation Loan Program
  - ii. USDA RUS Rural Energy Savings Program loans
  - iii. Clean Water Fund

# Update on the Status of Local Distribution Infrastructure Build-Out

IGU completed minor line extensions related to new service line installations and added 3.2 miles of new main lines during the 2022 construction season. Detailed maps of the existing distribution system, before 2022 construction are available at <a href="https://www.interiorgas.com/maps/">https://www.interiorgas.com/maps/</a>.

# **To-Date and Anticipated Conversions and Connections**

### **To-Date Conversions and Connections**

• The large storage tank project was completed in December 2019. Increased LNG storage capacity allows IGU to add new customers, and IGU continues to install new service lines. The completion of the large storage tank project allowed new customers to begin using natural gas in 2020. IGU installed approximately 200 service lines in 2020, 312 new service lines during the 2021 construction season, and 635 in 2022. IGU plans to add 600 new service lines in calendar year 2023.

To date, approximately 220 miles of natural gas distribution lines have been installed throughout the core, non-attainment areas of Fairbanks and North Pole.

- Natural gas mains in the City of Fairbanks have been expanded to now serve approximately 1,800 residential and commercial customers.
- Natural gas mains that have been installed in Fairbanks could serve up to approximately 8,500 properties.
- Gas distribution lines in the City of North Pole now serve approximately 200 customers.
- Natural gas mains in North Pole could serve up to approximately 3,000 properties.

### **Anticipated Conversions**

The number of anticipated conversions is based on the Cardno Entrix 2014 analysis. The report assessed "willingness to convert" based on a number of factors related to conversion costs, prior conversion history, survey data, and potential savings. A copy of that report can be found at <a href="https://interiorenergyproject.com/wp-content/uploads/2021/05/iep\_conversion\_analysis\_final.pdf">https://interiorenergyproject.com/wp-content/uploads/2021/05/iep\_conversion\_analysis\_final.pdf</a>.

The significant change in the price of heating fuel required a fresh look at the "willingness to convert," with specific attention paid to the closing of the cost gap between heating fuel and the IEP natural gas price targets. Cardno Entrix was engaged to update the analysis of "willingness to convert" based on a range of scenarios of lowered heating oil prices. In the most conservative scenario, expected conversions were projected to drop by approximately one-third from the original analysis.

The change in projected "willingness to convert," combined with an extension of the time needed to reach conversions from six to eight years, results in a revision to the number of anticipated conversions and the anticipated demand for the project. Table 1 depicts the anticipated number of conversions, by year, based on the revised Cardno Entrix analysis. IGU in the development of its Financial Model and Proforma took a more conservative approach to the projected "willingness to convert." Table 1 depicts IGU's nine-year projected conversions.

Table 2 depicts IGU's nine year projected conversions.

	•							
FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
4316	5987	7864	9453	10805				
1182	1233	1324	1671	2143	2741	3464	4191	4900
1182	1233	1448	1765					
	FY 2019 4316 1182 1182	FY 2019         FY 2020           4316         5987           1182         1233           1182         1233	FY 2019         FY 2020         FY 2021           4316         5987         7864           1182         1233         1324           1182         1233         1448	FY 2019FY 2020FY 2021FY 2022431659877864945311821233132416711182123314481765	FY 2019FY 2020FY 2021FY 2022FY 2023431659877864945310805118212331324167121431182123314481765	FY 2019         FY 2020         FY 2021         FY 2022         FY 2023         FY 2024           4316         5987         7864         9453         10805           1182         1233         1324         1671         2143         2741           1182         1233         1448         1765         741	FY 2019         FY 2020         FY 2021         FY 2022         FY 2023         FY 2024         FY 2025           4316         5987         7864         9453         10805         1182         1233         1324         1671         2143         2741         3464           1182         1233         1448         1765         741         3464	FY 2019       FY 2020       FY 2021       FY 2022       FY 2023       FY 2024       FY 2025       FY 2026         4316       5987       7864       9453       10805       10805       1182       1233       1324       1671       2143       2741       3464       4191         1182       1233       1448       1765       1182

Table 1: Natural Gas Customer Conversion Projections and Actuals<sup>1</sup>

<sup>1</sup>Due to project delays, the first year in customer growth started to occur in Fairbanks in 2020 and in North Pole in 2021.







# Financial Accounting of Funds Expended and Funds Anticipated to be Spent, Including Loans, Grants, and Bonds

Table 2 outlines the IEP expenditures related to the \$57.5 million capital appropriation, the \$125 million of SETS fund capitalization, and the \$150 million of SETS bond authorization.

 Table 2: Expenditures from and Remaining Funds of Legislative Appropriation &

 Authorization(s)

Expenditures from and Remaining Funds of Legislative Appropriation & Authorization(s):									
		HCS CSSB 18	SB 23 SLA 2013	SB 23 SLA 2013					
		57,500,000	125.000.000	150.000.000					
		\$57.5M Cap Approp	\$125M SETS	\$150M Bonds	Total				
	IEP Phase 1 (Pre HB 105)		-						
	LNG Plant	7,585,150	-	-	7,585,150				
	North Slope Pad	6,003,418	-	-	6,003,418				
ഗ	Distribution	500,005	-	-	500,005				
st	Total	14,088,574	-	-	14,088,574				
ပိ	IEP Phase 2 (Post HB 105)								
t	Commodity	100.787	-	-	100,787				
ue u	LNG Plant	430,030	-	-	430.030				
۲ <u>م</u>	Trucking	14,075	-	-	14,075				
8	Storage	1,517,594	-	-	1,517,594				
l S	Distribution	26,000	-	-	26,000				
ŏ	Project Management	528,916	-	-	528,916				
	Due Dilligence & Deal Structuring	539,229	-	-	539,229				
	Total	3,156,630	-	-	3,156,630				
	Total	17,245,204	-	-	17,245,204				
so.	LNG Plant	-	-	-	-				
ar s	Trucking	-	-	-	-				
s ŭ	Storage	-	55,173,868	-	55,173,868				
st	Distribution	-	48,692,219	-	48,692,219				
ΡŠ	Sale of Pentex	40,254,796	21,133,913	-	61,388,709				
-	Total	40,254,796	125,000,000	-	165,254,796				
otal	Total Expenditures	57,500,000	125,000,000	-	182,500,000				
Ĕ	Remaining Funds	-	-	150,000,000	150,000,000				
Note Financial data per unaudited accounting system records as of 12/31/2022.									

## **Summary**

The adoption of an HB 105 Plan by the AIDEA Board on September 21, 2017, provided access to IEP financing tools necessary to accomplish consolidation of the Pentex assets (FNG) with IGU under IGU's local control. Transfer of control of FNG to IGU was approved by the Regulatory Commission of Alaska on April 30, 2018. The IGU Board approved the close of the consolidation deal on June 12, 2018, and the final closing documents were signed on June 13, 2018.

As a result, IGU has made progress, as outlined below:

### Supply

IGU has a long-term contract with Hilcorp that meets its current needs and the required gas supply to support IGU's growth. This contract is for a base term of five years beginning in January 2021 and may be extended by two additional three-year terms. Additionally, IGU has executed an LNG supply agreement with Cryopeak that enables LNG purchases on an as-needed and available basis. There have been no changes to IGU's gas and LNG supply portfolio in the last quarter. IGU management is exploring natural gas supply options.

### Liquefaction

There have been no changes to IGU's liquefaction capacity in the last quarter.

### Transportation

There have been no changes to LNG transportation activity in the last quarter.

### Distribution

During the period covered by this report, IGU continues to sign up new customers for service. IGU's goal for the 2022 construction season was 600 new service lines. That goal was exceeded, and 635 new service lines were installed. IGU's goal for 2023 is to install another 600 service lines. As of the end of the fourth quarter, more than 150 services were approved for 2023 construction.





IGU installed more than 3 miles of distribution mains during the 2023 construction season. Given climate conditions in Fairbanks, the construction season is limited to June to October of each year.

### Conversion

On November 14, 2019, the FNSB adopted Ordinance No. 2019-45.<sup>1</sup> This ordinance creates a program to help offset the cost of conversion from heating oil to natural gas or propane. Additionally, the FNSB appropriated \$1 million to fund the program in 2020. The program was very successful and the initial \$1 million of funding has been fully allocated. IGU continues to pursue options for additional funding for this program, and on September 23, 2021, the FNSB adopted Ordinance No. 2021-2-D, which among other things, appropriates \$1 million from federal Coronavirus state and local fiscal recovery funds established under the American Rescue Plan Act to the Oil to Gas Conversion Program. The program has experienced significant success, and residents started being put on waitlists two weeks after the application period opened. An additional \$1.3MM was added to the program from the same funding source in July. Another \$3.2 million has been allocated to the program from the Targeted Airshed Act and it is planned to be available to residents during the first quarter of 2023. Lastly, \$1.25MM was allocated from the state capital budget to the Oil to Gas Conversion Program and Woodstove Changeout Program.

### Financing

IGU issued \$11,790,000 of conduit revenue bonds in September 2020 to fund a portion of IGU's capital improvement plan. This issuance of bonds is primarily being used for IGU mains and service lines. During the fourth quarter IGU expended \$2,190,190 of the bond funds. Total financing to date related to the IEP is \$150,790,000, consisting of \$11,790,000 (bonding) and \$139,000,000 (SETS).

The next quarterly report is due in April 2023.



<sup>3</sup> "AN ORDINANCE AMENDING CHAPTER 21.28 FNSBC TO ADD A NEW SECTION FNSB 21.28.045, VOLUNTARY HEATING OIL TO NATURAL GAS OR PROPANE CONVERSION PROGRAM."