



PRESS RELEASE

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AIDEA Board Approves Pentex Sale

Authority to Sell Pentex Alaska Natural Gas Company, LLC to Interior Gas Utility

(Anchorage) – The Alaska Industrial Development and Export Authority (AIDEA) Board on Thursday approved a Resolution that authorizes AIDEA to sell Pentex Alaska Natural Gas Company, LLC and its assets, including Fairbanks Natural Gas, to the Interior Gas Utility (IGU).

“This represents the culmination of nearly a year of in-depth due diligence and negotiations between AIDEA and IGU,” said AIDEA Board Chairman Dana Pruhs. “AIDEA welcomes this approval of the sale and financing package that we anticipate will create a unified, locally controlled gas utility for the Interior by next spring.”

Under terms of the sale, IGU will purchase Pentex for the original purchase price of \$54 million, plus an agreed to rate of return to AIDEA from the date of the Authority’s acquisition of Pentex in 2015, until the transaction with IGU closes. Closing is expected by May 31, 2018. The purchase price will be paid to AIDEA from funds made available to the Interior Energy Project (IEP) by the Legislature. IGU will use the remaining financial tools to establish an investment grade utility for the Interior that will deliver natural gas at competitive prices, and help improve air quality in the region.

Loan terms include a zero percent (0%) interest rate for the first 15 years, with no payments due during that period, and an interest rate of 0.25% thereafter for 35 years. IGU will also have the ability to defer principle payments for an additional five years if expected natural gas demand is not achieved. Additionally, AIDEA is authorized to issue up to \$150 million in bonds.

“We are pleased that the community will have these tools under the plan set up by the Legislature in the IEP,” Pruhs added. “The low-cost financing provided by the Legislature in SB 23 will help achieve long-term success for the project.”

The Alaska Industrial Development and Export Authority is a public corporation of the state. AIDEA’s purpose is to promote, develop and advance the general prosperity and economic welfare of the people of Alaska.

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