



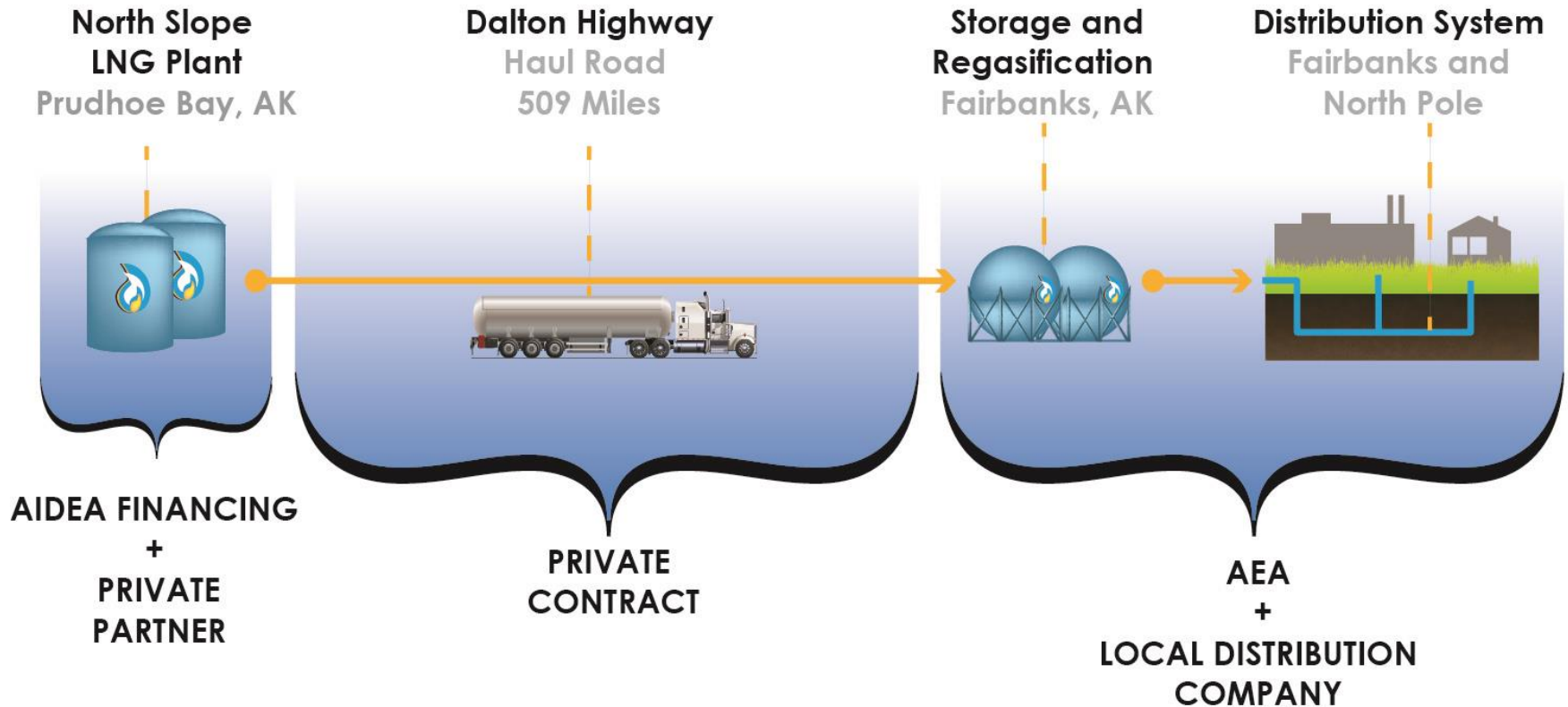
IEP Legislative Update Week of February 10, 2014

Interior Energy Project Bringing North Slope Natural Gas to Alaskans

AGENDA

- **IEP Goals, Financing and Project Overview**
- **Project Location**
- **Project Milestones**
- **Schedule & Permitting**
- **Gas Distribution and Demand**

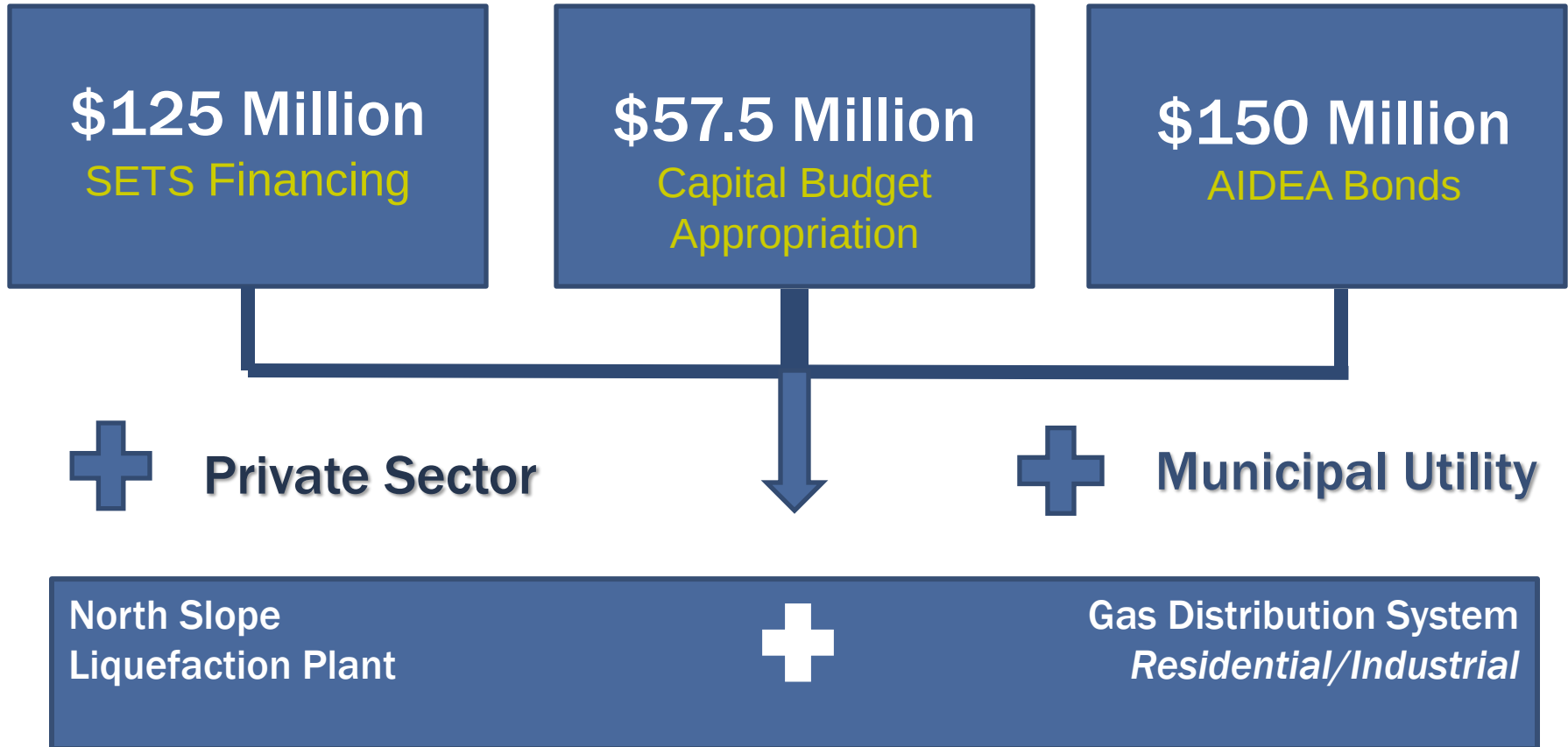
IEP PROJECT OVERVIEW



IEP GOALS

- **Supply natural gas to Interior Alaska:**
 1. At the lowest cost possible
 2. As many Alaska customers as possible
 3. As soon as possible
- **Provide propane from the gas stream**
- **IEP investments compliment alternative sources of gas supply**
- **Use private-sector mechanisms**

SB23 FINANCE PACKAGE



LNG AND PROPANE SALE PRIORITIES

1. Residential and commercial space heating
2. Electric utilities
3. Industrial customers
4. Other utilities
5. Open market LNG sales



COMPLETED PROJECT MILESTONES



North Slope Facility

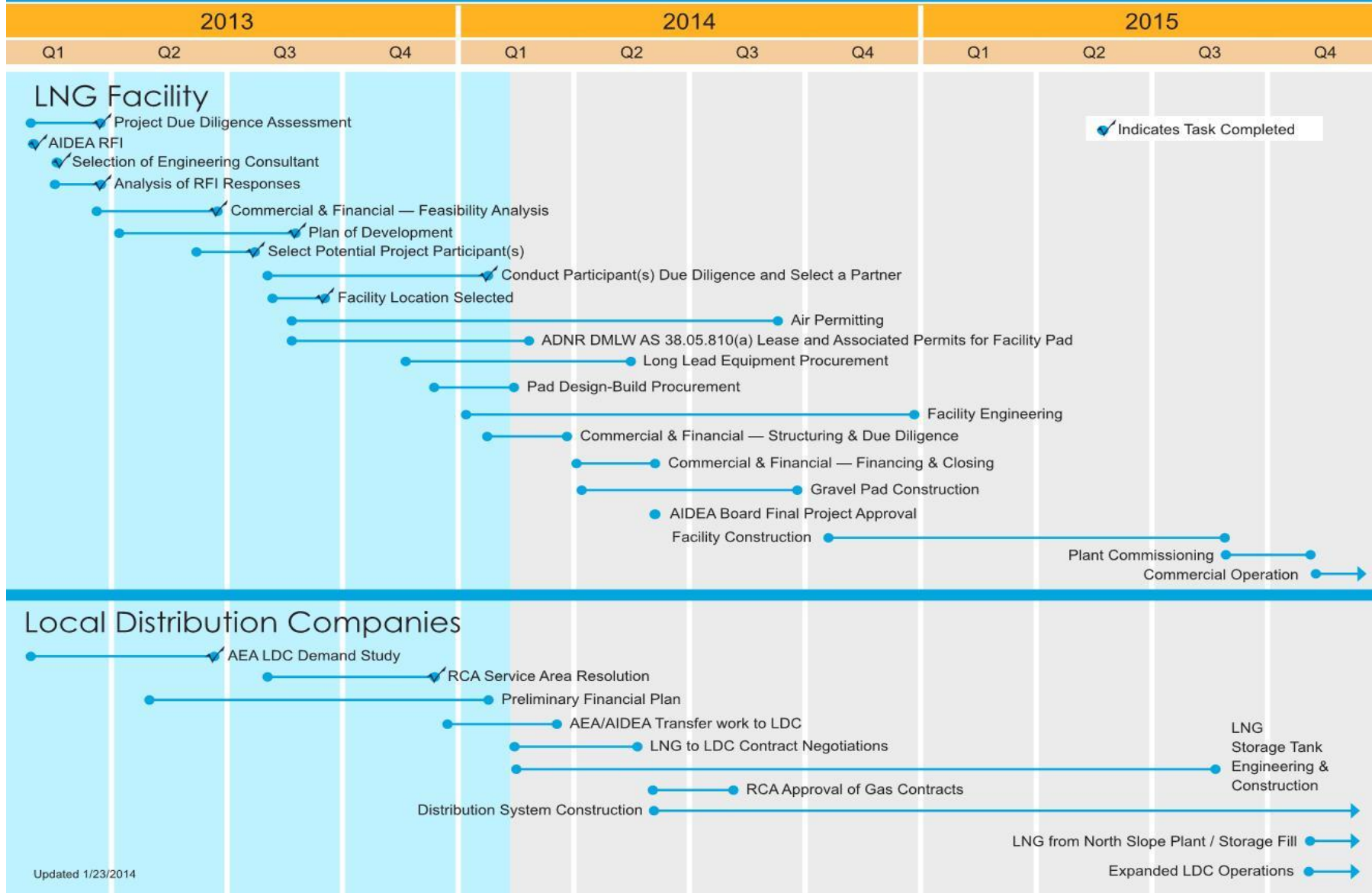
- ✓ **Project Pre-Feasibility Analysis**
- ✓ **North Slope Plant Plan of Development**
- ✓ **Private Partner Due Diligence and Negotiations**
- ✓ **Pad Build and Design Procurement**
- ✓ **Long-lead Equipment Procurement**

Distribution System

- ✓ **Demand and Conversion Analysis**
- ✓ **RCA Service Area Resolution**
- ✓ **Distribution Cost Project Estimate**
- ✓ **FNG Storage Tank Financing (5.25MM gallon tank)**

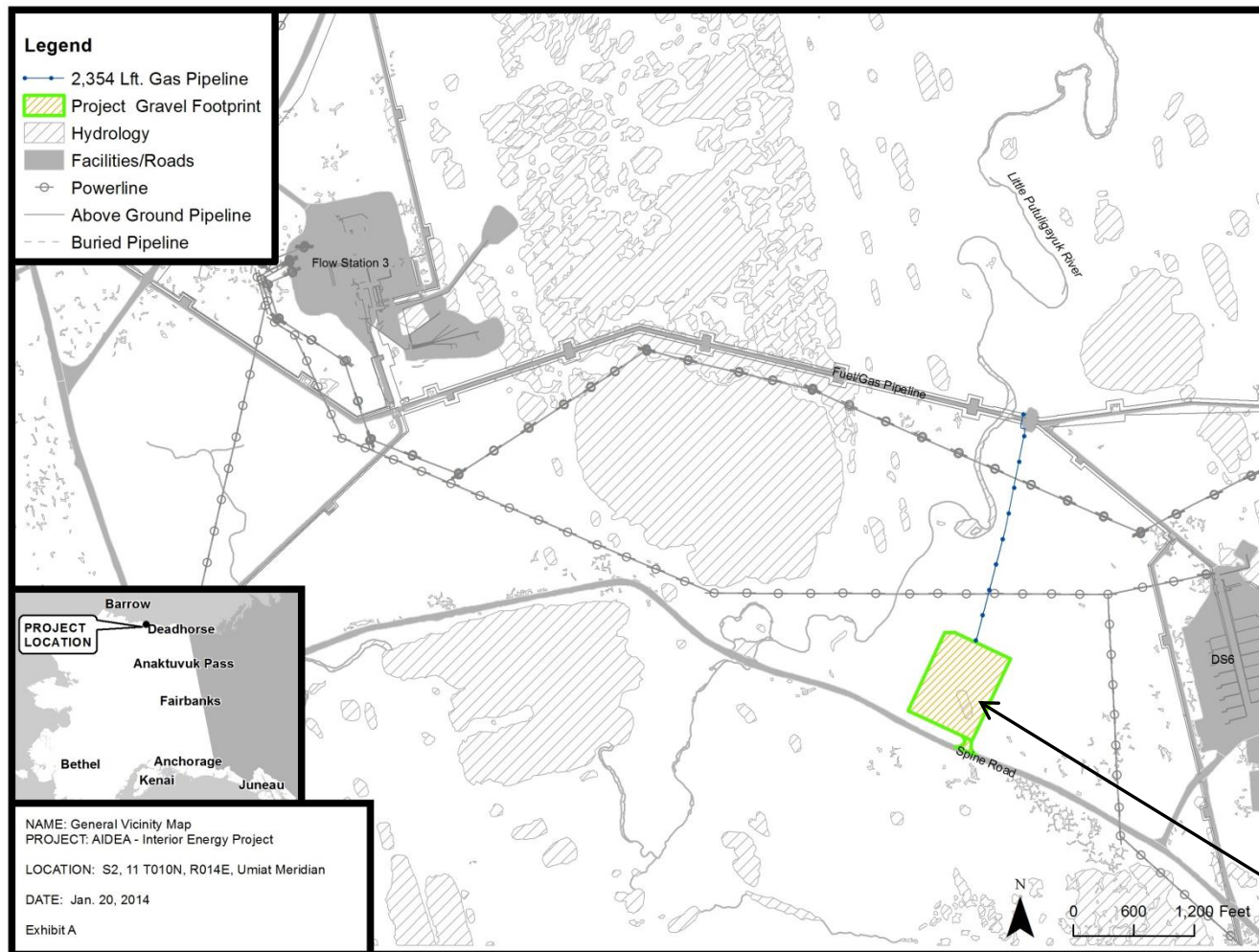
Estimated 6-year Build-Out

AIDEA Interior Energy Project - Schedule



Updated 1/23/2014

PROPOSED PROJECT LOCATION: LNG PLANT



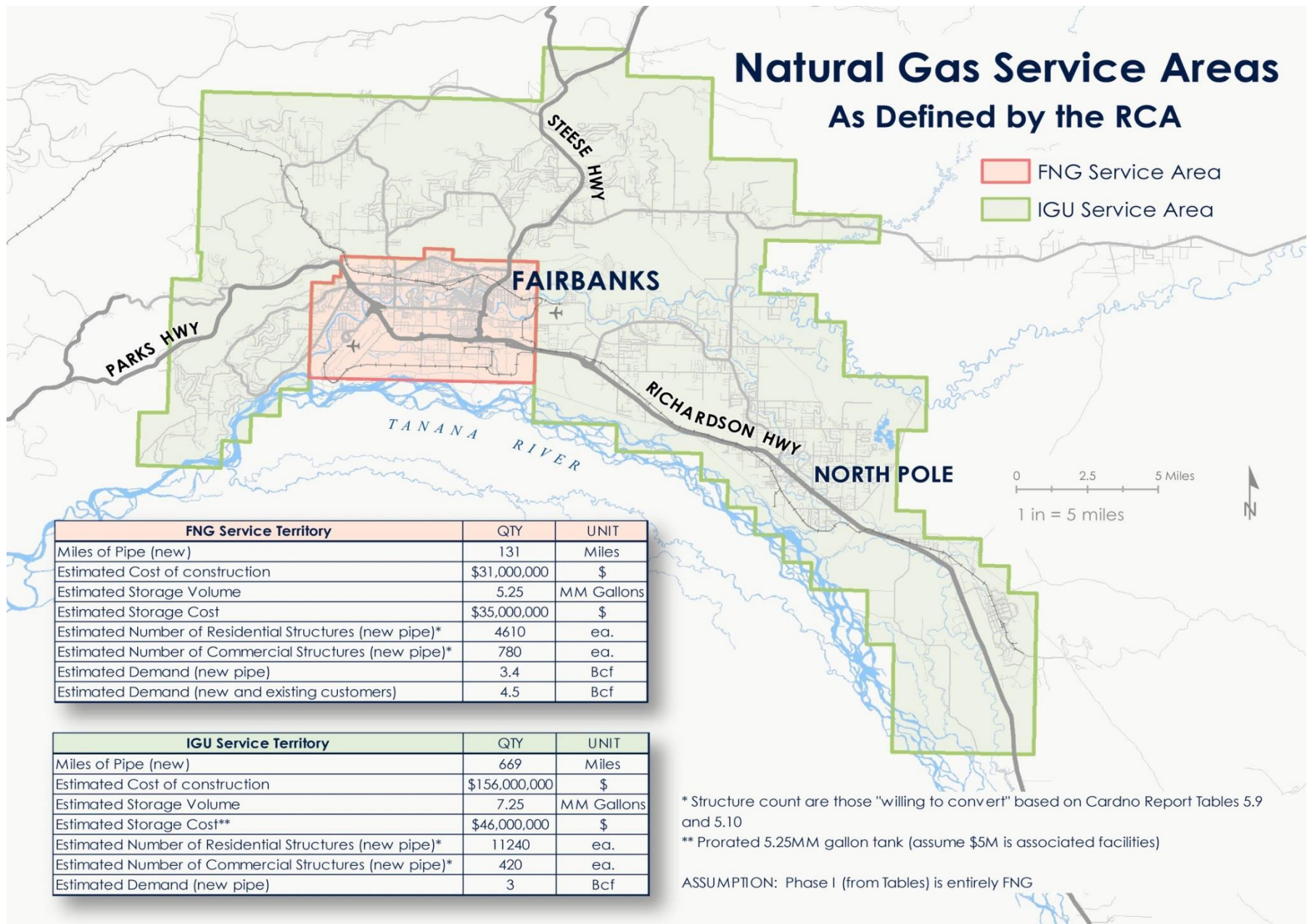
**Proposed
Project
Location**

NORTH SLOPE FACILITY NEXT STEPS



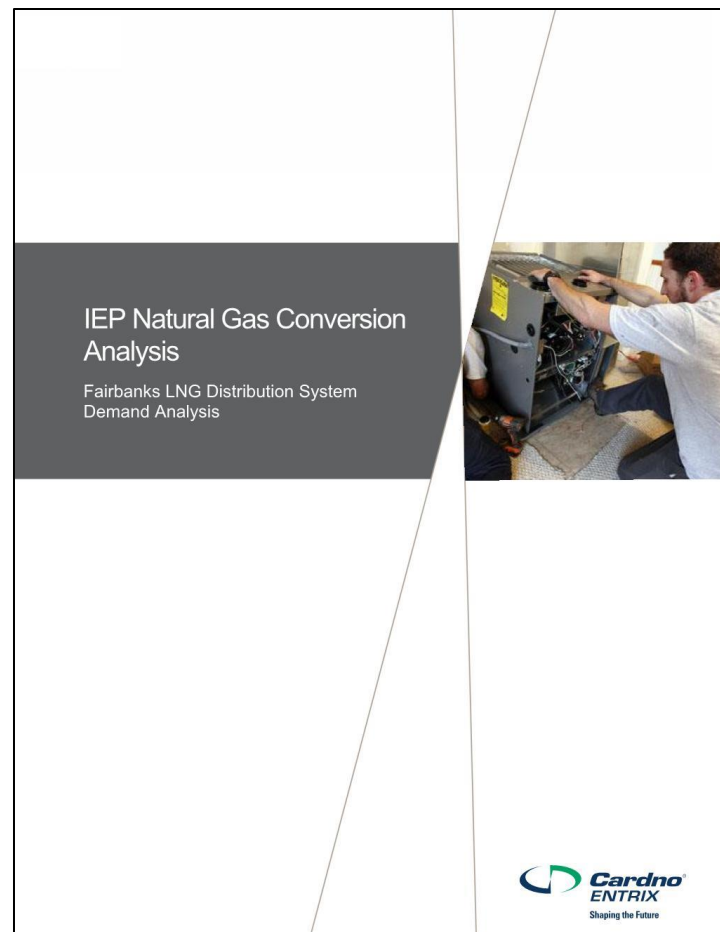
- **Letter of Intent - executed week of February 3, 2014**
 - Establishes the basic parameters of the North Slope LNG Plant financing between AIDEA and MWH
- **Project Development Agreement - March 2014**
 - Negotiate and finalize a detailed Project Development Agreement with MWH (Commercial Structure)
 - Secure LNG purchase agreements with potential customers – IGU, FNG and GVEA

Natural Gas Service Areas As Defined by the RCA



CONVERSION ANALYSIS STUDY

- **LNG Distribution System Demand Analysis**
- **Report complete January 2014**
- **Demographics, economics, and conversion rate forecasts**
- **Full report posted to IEP website**



NORTH SLOPE PLANT DEMAND BY YEAR (GAS DISTRIBUTION ONLY)



From Table 5.10, pg 5-19
Cardno Report
Natural Gas Demand by
Service Territory (Bcf)

Existing Customers
Newly Served Customers
Total

FNG Territory

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
0.5	2.3	2.8	3.3	3.3	3.3	3.4	3.4	3.4	3.4	3.4	3.4	3.4
1.6	3.4	3.9	4.4	4.4	4.4	4.5	4.5	4.5	4.5	4.5	4.5	4.5

IGU Territory

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
0.0	0.1	0.6	1.2	1.8	2.3	2.6	2.8	2.9	2.9	2.9	3.0	3.0

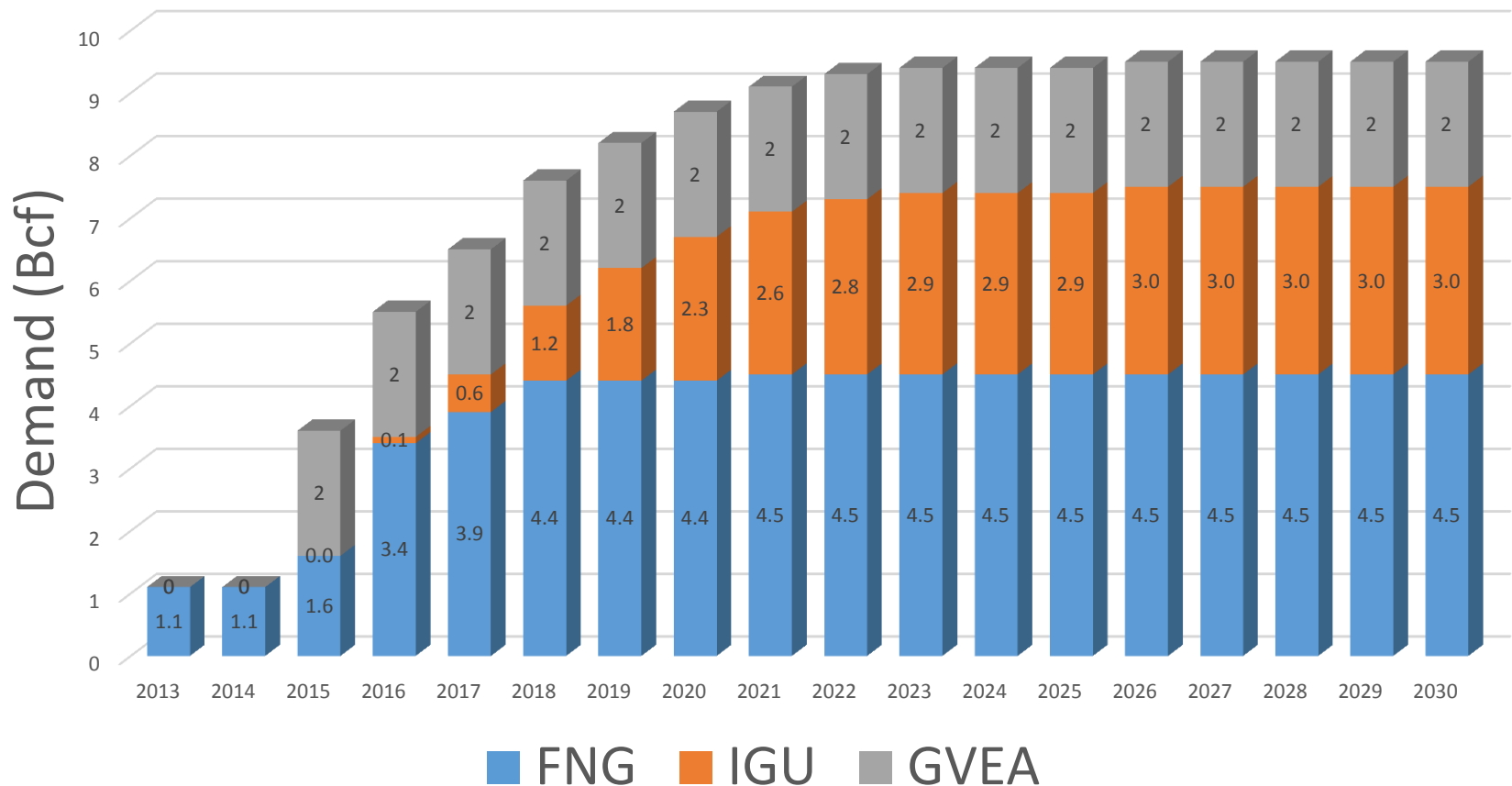
NORTH SLOPE PLANT DEMAND BY YEAR

(ADJUST FOR PEAK DAY)



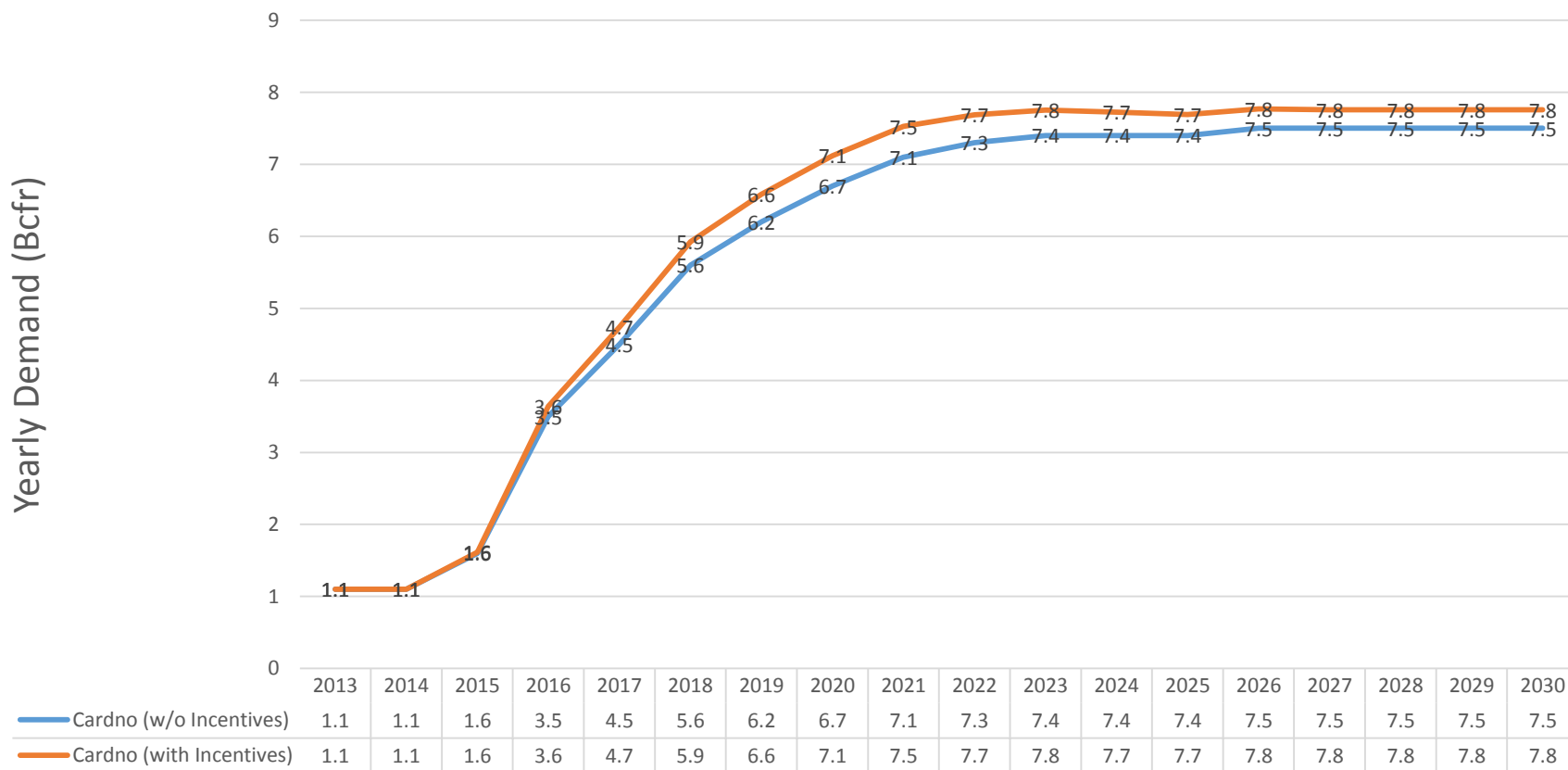
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Plant Demand by Year:	3.50	4.50	5.60	6.20	6.70	7.10	7.30	7.40	7.40	7.40	7.50	7.50
<i>Simplified Capacity Factor of 1.5</i>	5.25	6.75	8.40	9.30	10.05	10.65	10.95	11.10	11.10	11.10	11.25	11.25

PIPELINE GAS DEMAND BY CUSTOMER



INCENTIVE DEMAND COMPARISON

DEMAND COMPARISON (without Industrials)



DISTRIBUTION SYSTEM NEXT STEPS



- **Utility discussions on distribution financing access**
- **Negotiate Take or Pay Contracts**
- **RCA Approval of Contracts**



QUESTIONS

www.interiorenergyproject.com