

Notice of Fairbanks Natural Gas Utility Rate Increase

Dear valued Fairbanks Natural Gas (FNG) customers: Alaska Industrial Development and Export Authority ("AIDEA") has approved FNG's proposal for a small rate increase to FNG rates, effective August 1, 2017.

The table below summarizes FNG's historic and existing rates by Firm customer class and shows the rate increase that AIDEA approved on an interim basis. Rates have been approved on an interim basis pending AIDEA consideration of public comments. Once public input has been received AIDEA will consider establishing interim rates as permanent. Rates are shown on a thousand cubic feet basis (Mcf):

Customer Class	Volumetric Rate Prior to AIDEA	01/01/2016 – 07/31/2017 Volumetric Rate	New Volumetric Rate	% Change
Residential	\$23.35	\$20.20	\$20.81	3% ↑
Small Commercial	\$22.91	\$20.16	\$20.76	3% ↑
Large Commercial	\$22.66	\$20.10	\$20.70	3% ↑
AVERAGE	\$22.97	\$20.15	\$20.76	3% ↑

Customer Class	Current Fixed Monthly Cost	New Fixed Monthly Cost	Change/Month
Residential	\$9.20	\$12.00	\$2.80 ↑
Small Commercial	\$17.25	\$22.00	\$4.75 ↑
Large Commercial	\$57.50	\$72.00	\$14.50 ↑
Interruptible - Small	\$57.50	\$72.00	\$14.50 ↑

FNG submitted a report to AIDEA that showed its costs budgeted for its 2018 fiscal year and rates necessary to recover those costs. AIDEA, agrees with FNG that a rate increase is necessary for FNG to continue to operate on a reliable basis in an effective and efficient manner. FNG's costs of raw gas and other major costs have increased since AIDEA's purchase and this rate increase offsets a portion of those increases.

AIDEA acquired the controlling interest in FNG in October 2015 as part of the Interior Energy Project, an effort to find solutions to high energy costs and poor air quality in Fairbanks and the Interior. It plans to transition FNG to local ownership in the future. AIDEA previously acted to reduce FNG's rates that were higher in previous years as seen in the table above, and continues to maintain lower volumetric (gas usage per thousand cubic feet) rates than FNG previously charged.

Oral or written comments may be submitted at a public hearing to be held from 5:00 to 7:30 p.m. on Wednesday July 26, 2017, at the Fairbanks Legislative Information Office, 1292 Sadler Way Suite 308, Fairbanks, AK 99701.

Consumers may also submit comments to AIDEA on FNG's proposal by email to fngrates@aidea.org no later than 5:00 pm on Tuesday August 8, 2017, or by mail to:

FNG Rates
 c/o AIDEA
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