

Klickitat PUD RNG Financial Impact Summary

Contract Terms Summary:

- 15 Year Contract with 2 delivery periods
 - Delivery Period One- Years 1-5 where 1,149,996 MMBtu/year is purchased at fixed price of \$10.50. Remaining gas purchased at 100% of index price and RINs purchased at 75% of index price.
 - Delivery Period Two – Years 6-15 where gas is purchased at 100% of index price with RINs purchased at 75% of index price.
 - RNG estimated to commence commercial operations 7/1/2018
 - Existing generation facility to operate at an estimated 22aMW Jan-June 2018

Guaranty Agreement:

- BP unconditionally, irrevocably and absolutely guarantees the punctual payment of IGI's contract obligations with KPUD.
- This guarantee covers up to \$45M of outstanding obligations under any and all current and future contracts.
- This guarantee ensures KPUD capital investment and financial obligation of \$35M would be paid in full if IGI were to default on their obligations.

Financial Highlights:

- KPUD staff has presented detailed financial analysis of RNG project potential outcomes over multiple meeting/workshops starting as early as September 2016.
- KPUD to finance project utilizing financing from regional bank at rate of 3.5%.
- Upon project completion final loan balance to be repaid over 5 year term with debt service covered by portion of fixed price/volume contract.
- Existing facility to contribute roughly \$3M toward total 2018 site revenue.
- Financial results of various scenarios are shown on the following page.

	Existing LFG			RNG Fixed Only
Total Revenue @ 22aMW	\$ 6,500,000.00		Fixed Revenue	\$ 12,074,958.00
O&M Expense	\$ 4,000,000.00		O&M Expense	\$ 4,000,000.00
Net Margin	\$ 2,500,000.00		Net Margin	\$ 8,074,958.00
Sinking Fund Contribution	\$ 1,000,000.00		Total Debt Service (P&I) Payment	\$ 7,500,000.00
Capital Expenditures	\$ 450,000.00		Capital Expenditures	\$ 450,000.00
Contribution to KPUD	\$ 1,050,000.00		Contribution to KPUD	\$ 124,958.00

	RNG Fixed + Indexed Gas (No RIN)			RNG Fixed + Indexed Gas + Expected RIN (Year One)
Fixed Revenue	\$ 12,074,958.00		Fixed Revenue	\$ 12,074,958.00
Indexed Gas Sales @ \$3/MM	\$ 2,100,000.00		Indexed RIN (\$14.07/RIN)	\$ 9,849,000.00
Total Revenue	\$ 14,174,958.00		Indexed Gas Sales @ \$3/MMBtu	\$ 2,100,000.00
O&M Expense	\$ 4,000,000.00		Total Revenue	\$ 24,023,958.00
Net Margin	\$ 10,174,958.00		O&M Expense	\$ 4,000,000.00
Total Debt Service (P&I) Pay	\$ 7,500,000.00		Net Margin	\$ 20,023,958.00
Capital Expenditures	\$ 450,000.00		Total Debt Service (P&I) Payment	\$ 7,500,000.00
Contribution to KPUD	\$ 2,224,958.00		Capital Expenditures	\$ 450,000.00
			Contribution to KPUD	\$ 12,073,958.00