

L-12-009

From: Rehfeld, Karen J (GOV)
To: Patch, T W (RCA)
Cc: Goering, Stuart W (LAW); Wilde, Ann (RCA)
Subject: RE: Homer Gasline
Date: Friday, April 13, 2012 10:28:59 AM

RECEIVED

By the Regulatory Commission of Alaska on Apr 13, 2012

Thanks TW – this is very helpful!

Karen

From: Patch, T W (RCA)
Sent: Friday, April 13, 2012 8:16 AM
To: Rehfeld, Karen J (GOV)
Cc: Goering, Stuart W (LAW); Wilde, Ann (RCA)
Subject: RE: Homer Gasline

Karen,

My intention by this note is to close the loop on the \$1Mmcf Homer natural gas line extension. Please call if you have any questions. I relate a short back-story with the hope it may aid your understanding.

1. The Governors letter of 6 March , addressed to the mayor of Homer was never directly sent to the RCA.
2. A copy was obtained from Rep. Seaton on 23 March while I was in Juneau.
3. The letter was discussed with Mr. Nizich who instructed me to work out an agreement with Rep. Seaton and Enstar and provide a response that assured the tariff provision would remain in place.
4. That was done and Enstar sent its letter a copy of which you provided.
5. I take the Enstar letter as a commitment by the company that will not seek to abandon or revise the tariff provision during whatever period of time it may be applicable. Stated another way, Enstar will seek to recover certain costs by the surcharge mechanism that is already approved. As they have committed to the tariff provision as a cost recovery mechanism I don't foresee any request to the RCA that the tariff be changed. That being the case the RCA would have no occasion to revise the tariff on its own motion. There will be changes around the edges as the service area where the tariff applies has changed since the tariff provision was filed and approved, and there will be changes with respect to the total amount to be recovered through the surcharge since population to be served will vary, and costs of plant construction have changed since discussions for line extension began.
6. If you or the Governor wish it the RCA can comment on the Enstar letter. However, it is Enstar that commits to the tariff not the RCA. That is why it was deemed "best" in terms of procuring a commitment to retain the surcharge if Enstar replied. I believe that there is now a statement on which the Governor or the legislature can rely. Enstar has committed itself to the tariff provision subject to stated terms and conditions. As you are aware, the RCA deals with the just and reasonable rates derived from the tariff provision and we have already found the surcharge just and reasonable in light of considerations that will result in

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Regulatory Commission of Alaska
By: A U-16-066
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service to Homer. Please note the Enstar letter does recite other considerations, most notably, the availability of gas sufficient to supply the entire Enstar service area.

Best wishes.

TW Patch

From: Rehfeld, Karen J (GOV)
Sent: Thursday, April 12, 2012 6:39 PM
To: Seaton, Paul (LAA)
Cc: Patch, T W (RCA)
Subject: RE: Homer Gasline

Hi Rep. Seaton and Louie,

Thank you for this information!

Karen

From: Rep. Paul Seaton [mailto:Representative_Paul_Seaton@legis.state.ak.us]
Sent: Thursday, April 12, 2012 6:26 PM
To: Rehfeld, Karen J (GOV)
Cc: Patch, T W (RCA)
Subject: FW: Homer Gasline
Importance: High

We received the e-mail below today and Representative Seaton asked that I send along the attached communication from Enstar verifying that the \$1 per MCF tariff would be applied as Contribution in Aid of Construction on the Homer Gasline project. We met with RCA Commissioner T.W. Patch on the issue of the RCA application of the tariff. He subsequently clarified that it is the utility that applies the tariff and the Regulatory Commission that approves or denies the tariff modification. In this case the RCA has approved the \$1 MCF tariff and sees no problem with the proposed modification as applies to this project.

Louie Flora
Staff, Representative Paul Seaton
(907) 465-3923

From: Rehfeld, Karen J (GOV) [<mailto:karen.rehfeld@alaska.gov>]
Sent: Thursday, April 12, 2012 2:50 PM
To: debra@bayrealtyalaska.com
Subject: Homer Gasline
Importance: High

Dear Ms. Leisek,

Thank you for your email in support of a natural gas pipeline from Anchor Point to Homer and Kachemak City. We appreciate hearing from you, and the Governor will take your request into

consideration.

Gas exploration and development in the Cook Inlet and Anchor Point area are a big part of the ongoing efforts by the administration and industry to bring gas supplies to Southcentral residents. It is important that these types of infrastructure projects be funded in a manner that is a fair and equitable use of public funds. We also understand that in this case, the Regulatory Commission of Alaska (RCA) has approved a \$1 per mcf tariff to help pay for the distribution line. The Governor is awaiting confirmation that RCA would indeed apply the tariff in this circumstance.

Additionally, the Governor communicated clearly to legislators that budget items will collectively be viewed as either within or above the responsible spending limit. If legislators once again exceed the spending limit, Governor Parnell will enforce budget discipline. On the other hand, if legislators meet the target, they will have far greater say in keeping individual items in the budget. For these reasons, the Governor is unable to commit to funding any one legislative project over another until the Legislature passes and transmits the final budget. We would encourage you to advocate with your legislators for this funding request and budget discipline as the budget moves through the legislative process.

Thank you again for writing

Sincerely,

Karen J. Rehfeld
Director, Office of Management and Budget
Office of Governor Sean Parnell

240 Main Street, Suite 801
PO Box 110020
Juneau, Alaska 99811-0020
PHONE: 907.465.3568
FAX: 907.465.3640

karen.rehfeld@alaska.gov
www.gov.state.ak.us/omb/

From: Debra Leisek [<mailto:debra@bayrealtyalaska.com>]
Sent: Thursday, April 12, 2012 10:02 AM
To: Governor Sean Parnell (GOV sponsored)
Subject: Homer Gas Line

To Governor Parnell

I do not understand why you will not help Homer get the natural gas line. You speak of helping all Alaskans and then turn your back on all of us. It makes no sense.

The Homer/Kachemak natural gas low pressure transmission line is a 10.6 million dollar shovel-ready project that has a one million dollar a year payback in savings to taxpayers in

heating costs for area schools, the hospital, State and Federal buildings and facilities alone! Clean natural gas offers an average cost savings of a minimum of 60% over conventional heating oil and larger savings over other forms of energy! The recent exploration on the Kenai Peninsula and Cook Inlet has found ample reserves to deliver the necessary quantities for the project.

You have vetoed this project twice. I ask you to reconsider for the good of all INCLUDING State buildings, schools and hospitals.

On a personal note my building in Homer cost me 3,500 in oil just for the first 3 months of this year. I have Eden pure electric machines running to defray the cost. I cannot afford to keep this up. I am considering leaving Alaska after being here since 1989. I just can't keep working so hard to pay it all out in fuel, electric and taxes. I have 6 People who work in my office. Plus I have a bookkeeper and accountant. I used to have 12 people but the economy has taken its toll on my business and some people have just left for warmer cheaper climates. I also hire vendors from all walks including landscapers, plow guys, sanders, painters, cleaners and all types of working people. My business helps put people to work!

My business is real estate and I do property management also. We handle about 150 units. Many tenants are voicing their fears of staying in this over expensive climate. Natural Gas would cut our costs by 60% for heating. Can you imagine what a relief that would be to the people in Homer and in your state? We could grow rather than shrink. I could hire another full time employee.

Natural Gas should be to every home on the road system You have a chance to have your words become real in Homer. PLEASE reconsider your veto on the Homer Gas Line.

Sincerely

Debra K Leisek

Broker

Bay Realty

907-235-6183

www.BayRealtyAlaska.com

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