



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Sean Parnell, Governor
Susan K. Bell, Commissioner
T.W. Patch, Chairman

Regulatory Commission of Alaska

December 30, 2013

In reply refer to: Tariff Section
Docket: TA247-4
LO#: L1300590

Colleen Starring
President
ENSTAR Natural Gas Company
3000 Spenard Road
P.O. Box 190288
Anchorage, AK 99519-0288

Dear Ms. Starring:

On December 26, 2013, the Commission concurred with Staff's recommendation to approve the Special Contract and Service Agreement (Agreement) between ENSTAR Natural Gas Company and Alaska Energy and Electric Cooperative, filed on November 13, 2013, as well as, Tariff Sheet Nos. 190 and 211, filed on December 4, 2013, by ENSTAR Natural Gas Company. The Agreement and Tariff Sheets are effective December 30, 2013.

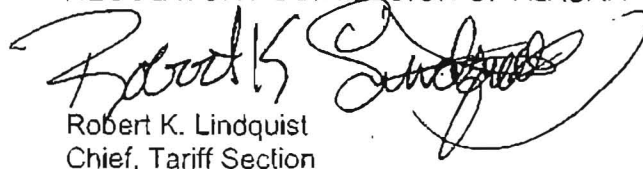
It is further ordered that ENSTAR provide notice to the Commission when the Agreement is canceled by either party and modify Tariff Sheet No. 190 accordingly.

Enclosed are validated copies of the Agreement and tariff sheets. Please note that the effective date has been added to the bottom right of both tariff sheets, as well as each page of the Agreement. In addition, a reference to TA247-4 has been added to the bottom left of each page of the Agreement. Also enclosed is a copy of Staff's Memorandum.

BY DIRECTION OF THE COMMISSION, (Commissioner Jan Wilson, not participating)

Sincerely,

REGULATORY COMMISSION OF ALASKA


Robert K. Lindquist
Chief, Tariff Section

cc: Daniel M. Dieckgraeff
Manager Finance and Rates
ENSTAR Natural Gas Company
P.O. Box 190288
Anchorage, Alaska 99519-0288

Date: 12 June 17 Exh # H-60
Regulatory Commission of Alaska
By: PL U-16-066
Northern Lights Realtime & Reporting, Inc.
(907) 337-2221

RECEIVED

NOV 13 2013

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

**SPECIAL CONTRACT AND SERVICE AGREEMENT
WITH ALASKA ELECTRIC AND ENERGY COOPERATIVE, INC.
FOR FIRM TRANSPORTATION SERVICE TO THE
BERNICE LAKE COMBUSTION TURBINE POWER PLANT**

This Special Contract and Service Agreement ("Agreement") is made between Alaska Electric and Energy Cooperative, Inc. (the "Customer") and ENSTAR Natural Gas Company, a division of SEMCO Energy, Inc., (the "Company") on November 12, 2013 for firm natural gas transportation service to the Customer's Bernice Lake Combustion Turbine Power Plant ("BCT") to be supplied under the Company's tariff, as modified below. Terms which are capitalized in this Agreement are defined either in the Company's tariff or in this Agreement.

The Customer's BCT is located in close proximity (approximately 3,000 feet) to Hilcorp Alaska's Kenai Nikiski pipeline ("KNPL"). A separate line paralleling the Company's existing facilities could be constructed to provide service to BCT that could bypass the Company's facilities. Service to BCT by the Company does not require any additional facilities. The Company and the Customer have entered into this Agreement to avoid an undesirable duplication of facilities and maintain a contribution to the fixed costs of the Company.

1. This Agreement will only take effect with the prior approval of the Regulatory Commission of Alaska ("RCA") and is, at all times, subject to revisions by the RCA or its successor. This Agreement shall be effective on the later of January 1, 2014 or on the date of a final order by the RCA approving this Agreement. In the event that the RCA or another governmental body requires revisions to this Agreement and the revisions are not acceptable to either party, either party may terminate this Agreement by giving notice within thirty (30) days of receipt of the order requiring the revisions.
2. Unless specifically modified by this Agreement, the service is subject to the Company's entire tariff. The general terms and conditions for Firm Transportation Service are set out in the Company's tariff, including Sections 1605 and 1640.
3. The rate for this Firm Transportation Service shall be a monthly Customer Charge of \$3,600 per Month and applies only to the Delivery Point, the Customer's BCT. This service is also subject to various tariff charges and adjustments as approved by the RCA including but not limited to the Regulatory Cost Charge and the additional fees as set out in Sections 2401 and 2561 of the Company's tariff.
4. Service under this Agreement to the Customer will commence as provided in Paragraph 1 and this Agreement shall remain in effect through December 31, 2014, and Year to Year thereafter until canceled with a written notice by either party by June 30 to be effective December 31 of the Year in which the notice was given. The Gas to be transported is only for ultimate delivery to the Customer's BCT Delivery Point, which is the Company's metering station K271, meter number 957, located within the Southeast ¼ of Section 16, Township 7 North, Range 12 West, Seward Meridian, Kenai Recording District, Third Judicial District, State of Alaska.

RECEIVED

NOV 13 2013

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

**SPECIAL CONTRACT AND SERVICE AGREEMENT WITH
ALASKA ELECTRIC AND ENERGY COOPERATIVE, INC.
FOR FIRM TRANSPORTATION SERVICE TO THE
BERNICE LAKE COMBUSTION TURBINE POWER PLANT (BCT)
NOVEMBER 2013**

Page 2 of 6

5. Receipt Points for Gas transported are listed in Attachment A along with the gas supplier(s) and contact for each receipt point. The Customer agrees to use reasonable effort to notify the Company's gas control dispatcher of actual production plans and any material change by phone at (907) 334-7788, by facsimile at (907) 334-7779, or by e-mail at enstar.gascontrol@enstarnaturalgas.com.
6. The Customer agrees to the terms and conditions of payment provided in the Company's tariff.
7. Notices to the Customer and Company, and billings for service to the Customer shall be mailed or delivered to the addresses listed below. Telephone and facsimile numbers are provided for other communications.

RECEIVED

NOV 13 2013

**SPECIAL CONTRACT AND SERVICE AGREEMENT WITH
ALASKA ELECTRIC AND ENERGY COOPERATIVE, INC.
FOR FIRM TRANSPORTATION SERVICE TO THE
BERNICE LAKE COMBUSTION TURBINE POWER PLANT (BCT)
NOVEMBER 2013**

**STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA**

Page 3 of 6

Notices to Customer:

*For Scheduling and Day to Day
Plant Operations:*

Homer Electric Association, Inc.
ATTN: Dispatch

Address:
Physical: Mile 21.5 Kenai Spur Hwy

Nikiski, AK 99611

Mailing: 280 Airport Way
Kenai, AK 99611

Telephone: (907) 335-6140
Facsimile: None
E-Mail:
dispatch@homerelectric.com

For Payments:

ATTN: Julia Clymer, Controller
Address:
Physical: 3977 Lake Street
Homer, AK 99603
Mailing: 3977 Lake Street
Homer, AK 99603
Telephone: (907) 235-3383
Facsimile: (907) 235-3337
E-Mail:
jclymer@homerelectric.com

For All Other Notices:

ATTN: Mikel Salzetti
Manager of Fuel Supply
Address:
Physical: 450 Marathon Rd
Kenai, AK 99611
Mailing: 280 Airport Way
Kenai, AK 99611
Telephone: (907) 283-2375
Facsimile: (907) 335-6213
E-Mail:
msalzetti@homerelectric.com

Notices to Company:

ENSTAR Natural Gas Company
ATTN: Gas Control

Address:
Physical: 401 E. International Airport
Road

Anchorage, AK 99518

Mailing: P.O. Box 190288
Anchorage, AK 99519
Telephone: (907) 334-7788
Facsimile: (907) 334-7779
E-Mail:
enstar.gascontrol@enstarnaturalgas.com

ATTN: General Accounting Manager
Address:
Physical: 3000 Spenard Road
Anchorage, AK 99503
Mailing: P.O. Box 190288
Anchorage, AK 99519
Telephone: (907) 334-7628
Facsimile: (907) 272-3403
E-Mail:
natalia.nelson@enstarnaturalgas.com

ATTN: Director of Rates & Regulatory
Affairs
Address:
Physical: 3000 Spenard Road
Anchorage, Alaska 99503
Mailing: P.O. Box 190288
Anchorage, Alaska 99519
Telephone: (907) 334-7661
Facsimile: (907) 334-7657
E-Mail:
dan.dieckgraeff@enstarnaturalgas.com

RECEIVED

NOV 13 2013

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

SPECIAL CONTRACT AND SERVICE AGREEMENT WITH
ALASKA ELECTRIC AND ENERGY COOPERATIVE, INC.
FOR FIRM TRANSPORTATION SERVICE TO THE
BERNICE LAKE COMBUSTION TURBINE POWER PLANT (BCT)
NOVEMBER 2013

Page 4 of 6

Alaska Electric and Energy Cooperative, Inc.

ENSTAR Natural Gas Company

By: 

By: 

Bradley P. Janorschke

M. Colleen Starring

Title: General Manager

Title: President

Date: November 12, 2013

Date: 11-13-13

RECEIVED

NOV 13 2013

SPECIAL CONTRACT AND SERVICE AGREEMENT WITH
ALASKA ELECTRIC AND ENERGY COOPERATIVE, INC.
FOR FIRM TRANSPORTATION SERVICE TO THE
BERNICE LAKE COMBUSTION TURBINE POWER PLANT (BCT)
NOVEMBER 2013
Page 5 of 6

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

ATTACHMENT A
RECEIPT POINTS FOR BCT

Beluga-Anchorage Pipeline

- a. Beluga Unit Area Connection (ENSTAR/APC Station B601, Meters 170 A & B)
At the upstream flange of Alaska Pipeline Company's meter at or near the inlet of Alaska Pipeline Company's Beluga-Anchorage pipeline located within the West 1/2, Southwest 1/4, of Section 26, Township 13 North, Range 10 West, Kenai Peninsula Borough, Seward Meridian, State of Alaska.
- b. Pretty Creek Unit Connection (ENSTAR/APC Station B602, Meters 189 A)
At the upstream flange of Alaska Pipeline Company's meter at or near the connection of the pipeline from the Pretty Creek Unit and Alaska Pipeline Company's Beluga-Anchorage pipeline located in the South 1/2 of Section 28 Township 14 North, Range 9 West, Matanuska-Susitna Borough, Seward Meridian, State of Alaska.
- c. Lewis River Unit Connection (ENSTAR/APC Station B603, Meters 168 A & B)
At the upstream flange of Alaska Pipeline Company's meter at or near the connection of the pipeline from the Lewis River Unit and Alaska Pipeline Company's Beluga-Anchorage pipeline located in the Northwest 1/4 of Section 2, Township 14 North, Range 9 West, Matanuska-Susitna Borough, Seward Meridian, State of Alaska.
- d. Stump Lake/Ivan River Connection (ENSTAR/APC Station B604, Meters 600 & 601)
At the upstream flange of Alaska Pipeline Company's meter located at or near the connection of the pipeline from the Stump Lake and Ivan River units and Alaska Pipeline Company's Beluga-Anchorage pipeline the Southeast 1/4 of the Northwest 1/4 of the Northeast 1/4 of the Southwest 1/4 of Section 22, Township 14 North, Range 9 West, Seward Meridian, State of Alaska.

RECEIVED

NOV 13 2013

SPECIAL CONTRACT AND SERVICE AGREEMENT WITH
ALASKA ELECTRIC AND ENERGY COOPERATIVE, INC.
FOR FIRM TRANSPORTATION SERVICE TO THE
BERNICE LAKE COMBUSTION TURBINE POWER PLANT (BCT)
NOVEMBER 2013
Page 6 of 6

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

Kenai-Anchorage Pipeline

a. APC-KNPL Southern Interconnection Point (ENSTAR/APC Station K681, Meter 411)*

At the downstream flange of the meter at APC's metering point located at the Southern terminus of the Kenai Nikiski Pipeline (KNPL) and the lateral to the inlet of the Kenai Anchorage Pipeline (APC) in Southeast ¼ of Section 30, Township 5 North, Range 11 West, Kenai Peninsula Borough, Seward Meridian, State of Alaska. This Receipt Point is subject to a Contribution in Aid of Construction agreement.

b. KKPL-APC Interconnection Point (MSN 601)*

At the downstream weld of the 8-inch electronic isolation fitting located just outside of KKPL's meter building located at the northern terminus of the KKPL and the APC's lateral to the inlet of the APC's Kenai-Anchorage pipeline in Southeast ¼ of Section 30, Township 5 North, Range 11 West, Kenai Peninsula Borough, Seward Meridian, State of Alaska.

North Kenai Lateral ("Royalty Pipeline")

a. CIGGS/KNPL Pipeline Connection (ENSTAR/APC Station K673, Meter 413)

At the upstream flange of the Alaska Pipeline Company's meter at or near the connection of the Alaska Pipeline Company's Royalty Pipeline and the CIGGS and KNPL pipelines located in the Northeast 1/4 of the Northeast 1/4 of Section 21, Township 7 North, Range 12 West, Kenai Peninsula Borough, Seward Meridian, State of Alaska.

b. North Kenai Lateral – ENSTAR Station K276 (Hilcorp Meter 520)

At the upstream flange of Unocal/Chevron's meter located at or near the inlet of the Company's North Kenai Lateral pipeline in Government Lot 1, Section 21, Township 7 North, Range 12 West, Kenai Peninsula Borough, Seward Meridian, State of Alaska.

Supplier For All Receipt Points:

Hilcorp Alaska, LLC, Hilcorp Alaska Gas Control (907) 283-2552, Emergency Number (907) 398-8584

* The Company's ability to receive gas at this Receipt Point may be limited at any time by capacity constraints, including the constraints on the ability to deliver by displacement. If the Company determines that a capacity constraint prevents or limits Customer's nominated delivery, it will so notify the Customer, who must re-nominate its gas to another Receipt Point. The Company is not responsible to Customer for any additional charges resulting from re-nomination, if incurred.

RCA No. 4 Fourteenth Revision
Cancelling
Thirteenth Revision

Sheet No. 190
Sheet No. 190

RECEIVED

DEC 04 2013



ENSTAR Natural Gas Company

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

Section 1900 - Schedule of Special Contracts

<u>Customer</u>	<u>Contracted Service</u>	<u>Contract Effective Date</u>	
Union Oil Company of California	Gas Exchange Service	May 1, 1988	
Union Oil of California	Contribution in Aid of Construction Agreement	September 11, 2007	
Anchorage School District	Pre-Payment for Gas Service	August 1, 2008	
Hilcorp Alaska, LLC	Contribution in Aid of Construction Agreement	August 16, 2012	
Chugach Electric Association	Transportation Service	December 15, 2013	
Alaska Electric and Energy Cooperative	Transportation Service	January 1, 2014	N N

Tariff Advice No. 247-4

Effective December 30, 2013

Issued By: ENSTAR Natural Gas Company, A Division of SEMCO ENERGY, Inc.

By: _____
Daniel M. Dieckgraeff

Title: Director of Rates & Regulatory Affairs

RCA No. 4 Seventh Revision
Cancelling
Sixth Revision

Sheet No. 211
Sheet No. 211

RECEIVED

DEC 04 2013



ENSTAR Natural Gas Company

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

§2101 Transportation Service to Power Plants

§2101a Rates

	(Volumetric) Rate Per Mcf	Monthly Customer Charge	
<u>§2101a(1) Chugach</u>			
International	\$0.6311	\$ 2,600	T
Off System Sale Rate	\$0.3036		D
<u>§2101a(2) Anchorage Municipal Light and Power</u>			
Plant 1 & Plant 2 (combined)	\$0.1313	\$110,000	

§2101b The power plants named above are subject to varying interruptions of service as provided under Section 1200 above.

§2101c Transportation Service

The Customers at the locations listed above in Section 2101a may take Transportation Service under this rate schedule subject to Sections 1605 and 1640 and may be subject to the additional fees set out in Section 2561.

D – The listing for the Bernice Lake power plant has been deleted. The Plant is served under a Special Contract with Alaska Electric and Energy Cooperative that is listed in Section 1900.

Tariff Advice No. 247-4

Effective December 30, 2013

Issued By: ENSTAR Natural Gas Company, A Division of SEMCO ENERGY, Inc.

By: _____
Daniel M. Dieckgraeff

Title: Director of Rates and Regulatory Affairs

TARIFF ACTION MEMORANDUM

File No.: TA247-4

December 11, 2013
Date Filed: November 13, 2013
Statutory End Date: December 30, 2013

Name of Utility: ENSTAR Natural Gas Company

Tariff Recommendation:


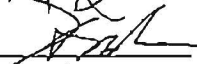


The Commission should approve the Special Contract and Service Agreement between ENSTAR and Alaska Electric and Energy Cooperative (AEEC), and Tariff Sheets No. 190 and 211 as filed on December 4, 2013, all effective December 30, 2013. The Commission should also require ENSTAR to provide notice to the Commission when the contract is canceled by either party and modify Tariff Sheet No. 190 accordingly.

Reason(s) for the above-indicated recommendation:

See attached memorandum.

Signed:  Title: Utility Engineering Analyst
Bernie Smith

Commission decision regarding this recommendation:


	<u>DATE</u> <small>(If different than December 19, 2013)</small>	<u>CONCUR</u>	<u>DO NOT CONCUR</u>	<u>I WILL WRITE A DISSENTING STATEMENT *</u>
Patch	_____		_____	_____
Rokeberg	<u>12-23-13</u>		_____	_____
Lisankie	<u>12-26-13</u>		_____	_____
Pickett	<u>12/26/13</u>		_____	_____
Wilson	_____	_____	_____	_____

*If this column is initialed, Staff will contact the Commissioner for the statement; otherwise, the dissent will simply be noted at the close of the By Direction letter or order.

STATE OF ALASKA
The Regulatory Commission of Alaska
701 West 8th Ave., Suite 300
Anchorage, Alaska 99501-3469

M E M O R A N D U M

To: Commissioners: Date: December 11, 2013
T.W. Patch, Chairman Period End Date: December 30, 2013
Norman Rokeberg
Paul Lisankie
Robert M. Pickett
Janis W. Wilson

From: Bernie Smith, Utility Engineering Analyst 

Subject: TA247-4

Recommendation

The Commission should approve the Special Contract and Service Agreement (Agreement) between ENSTAR Natural Gas Company (ENSTAR) and Alaska Electric and Energy Cooperative (AEEC) and Tariff Sheets No. 190 and 211 as filed on December 4, 2013 all effective December 30, 2013.¹ The Commission should also require ENSTAR to provide notice to the Commission when the contract is canceled by either party and modify Tariff Sheet No.190 accordingly.

Background

TA247-4 was filed by ENSTAR, seeking approval of a special contract and service agreement with AEEC, along with a modification to Tariff Sheet No.190.² ENSTAR filed a supplement to Tariff Sheet Nos. 190 and 221.³ The TA was noticed to the public.⁴ As of the date of this memo, no comments have been received in response to the notice.

¹ ENSTAR filed supplemental Tariff Sheet No. 190 (corrected customer name) and Tariff Sheet No. 211 (Deleted Bernice Lake Power Plant) on December 4, 2013

² ENSTAR Natural Gas Company (Special Contract with AEEC), filed November 13, 2013. (ENSTAR Tariff Filing)

³ Id- ENSTAR filed supplemental Tariff Sheet No. 190 (corrected customer name) and Tariff Sheet No. 211 (Deleted Bernice Lake Power Plant) on December 4, 2013

⁴ Public Notice – Outgoing for ENSTAR Natural Gas Company, a Division of Semco Energy, Inc., issued November 18, 2013.

Factual Background

ENSTAR is seeking approval of a special contract and service agreement with AEEC for firm transportation service to the Bernice Lake Combustion Turbine Power Plant (BCT). AEEC purchased the BCT from Chugach Electric Association, Inc. (Chugach) in 2011. Since that time, AEEC has leased the plant's electric capacity to Chugach. That lease expires December 31, 2013. AEEC approached ENSTAR to provide firm transportation service to the BCT. The BCT is located approximately 3,000 feet from Hilcorp Alaska's Kenai Nikiski pipeline (KNPL). A separate line to KNPL could be constructed to provide service to the BCT, effectively bypassing ENSTAR's existing facilities. To avoid the duplication of facilities, ENSTAR and AEEC entered into the attached special contract for firm transportation service on November 13, 2013.⁵

Summary of the Special Contract and Service Agreement

- The Agreement shall be effective on January 1, 2014 or on the date of a final order by the RCA approving this Agreement.
- The general terms and conditions for Firm Transportation Service are set out in ENSTAR's tariff, including Sections 1605 and 1640. The rate for this Firm Transportation Service shall be a monthly Customer Charge of \$3,600 per Month and applies only to the Delivery Point, the Customer's BCT. This service is also subject to various tariff charges and adjustments as approved by the RCA including but not limited to the Regulatory Cost Charge and the additional fees as set out in Sections 2401 and 2561 of the ENSTAR's tariff.
- The Agreement shall remain in effect through December 31, 2014, and year to year thereafter until canceled with a written notice by either party by June 30 to be effective December 31 of the year in which the notice was given.
- The Receipt Points for Gas transported are listed in Attachment A.⁶
- AEEC agrees to the terms and condition of payment provided in the ENSTAR's tariff. The rate negotiated does not contain a volumetric component.

AEEC and ENSTAR enter into an Agreement on November 12, 2013 for firm natural gas transportation service to BCT to be supplied by ENSTAR's tariff at the negotiated monthly bypass rate. The negotiated "bypass" contract is consistent with the Commission's rationale in Docket U-89-30 where it approved a "bypass" rate for ENSTAR's transportation service to Marathon Oil Company at this very same power plant location.⁷ Any new pipeline in the immediate vicinity of the BCT would deprive

⁵ See attachment- Special Contract and Service Agreement p. 1-6 filed 11-13-2013

⁶ See attachment- Special Contract and Service Agreement Attachment A- Beluga-Anchorage Pipeline; Kenai-Anchorage Pipeline; North Kenai Lateral ("Royalty Pipeline") Supplier For All Receipt Points- all requested by AEEC

⁷ See U-88-70(6)/U-88-71(7)/U-88-72(6)/U-89-30(2), issued July 19, 1989. The Commission found that
(Continued . . .)

ENSTAR of revenues from the transportation of gas thus would result in unrecoverable costs that would be borne by ENSTAR's other customers.

In Order U-89-030(2) the Commission approved the transportation contract allowing ENSTAR to deliver Marathon's gas to Chugach's Bernice Lake plant. In the order, the Commission stated that Marathon could build a separate pipeline to deliver gas to Chugach, but that alternative does not appear desirable. The new pipeline would parallel ENSTAR's existing line and would appear to be an undesirable duplication of facilities. Further, a new pipeline would deprive ENSTAR of revenues from transportation of gas.⁸

Standard of Review

Staff reviews this tariff filing to ensure compliance with applicable regulations (3 AAC 48.200-3 AAC 48.430).⁹ Staff also reviews proposed tariff sheets to ensure the stated text is easily understood, and the tariff provisions clearly and comprehensively describe and address the situation to which the tariff provision applies. When approving the tariff filing, the Commission must be assured that rates and services are just, reasonable, and non-discriminatory.¹⁰

Issues

1. Should the Special Contract and Service Agreement between ENSTAR and AEEC be approved?
2. Should the revisions to Tariff Sheet Nos.190 and 211 be approved?

Discussion

Special Contract and Service Agreement

3 AAC 48.390 sets forth the requirements for special contracts. Staff will review the Agreement in light of the pertinent portions of this regulation below.

(... Continued)

"...Marathon could build a separate pipeline to deliver gas to Chugach, but that alternative does not appear desirable. The new pipeline would parallel ENSTAR's existing line and would appear to be an undesirable duplication of facilities. Further, a new pipeline would deprive ENSTAR of revenues from transportation of gas."
(p. 16, lines 18-23.)

⁸ See U-89-030(2) p-16 of 30 dated 7/19/1989

⁹ See 3 AAC 48.200-430, *Utility and Pipeline Tariffs*.

¹⁰ See AS 42.05.411, *New or Revised Tariffs*, AS 42.05.291, *Standards of Service and Facilities*, AS 42.05.301, *Discrimination in Service*, AS 42.05.391, *Discrimination in Rates*, and AS 42.05.381, *Rates to be Just and Reasonable*.

3 AAC 48.390(a) – Commission Approval Required

3 AAC 48.390(a) requires that a special contract include provisions stating that it does not take effect without the Commission's prior approval and that it is, at all times, subject to revisions by the Commission. The Special Contract and Service Agreement filed in TA247-4 includes the provisions required by 3 AAC 48.390(a).¹¹

Staff notes that 3 AAC 48.390(b) is not relevant to this Agreement because it is not a revision to an existing agreement.

3 AAC 48.390(c) – No Unreasonable Preference of Advantage

3 AAC 48.390(c) provides that a special contract cannot be used as a device or method to give the vendee (AEEC) an unreasonable preference or advantage in relation to the terms and conditions under which the utility offers comparable service under comparable conditions to the general public.¹²

The Agreement ENSTAR and AEEC provided for RCA approval contains the standard language making it subject to revision by the Commission. It permits either party to terminate the Agreement within 30 days in the event that revisions required by the RCA or any other governmental body are not acceptable to that party.

The fundamental service ENSTAR is providing, firm service, is already established in ENSTAR's tariff sections 1605 and 1640. The only provision differing from ENSTAR's tariff is the rate for service, a monthly customer charge of \$3,600, which applies only to the Delivery Point, the BCT. There is no volumetric component to the rate. Otherwise, AEEC will remain subject to various tariff charges and adjustments approved by the RCA including, but not limited to, the Regulatory Cost Charge (RCC) and additional fees set out Section 2401 and 2561 of the Company's tariff.

The rationale for providing AEEC a discounted service is the prevention of uneconomic bypass of ENSTAR's facilities. As previously discussed, the Commission has allowed this methodology to be applied to the transmission of gas from KNPL to BCT since the issuance of Order U-89-030(2) in 1989. The underlying facts have not changed and Staff believes the discounted rate is reasonable and in the best interests of both AEEC and ENSTAR.

Service under this contract will commence upon the later of January 1, 2014, or the date of RCA final approval and will remain in effect through December 15, 2014, and year to year beyond that time until canceled by either party by June 30 to be effective December 31 of the year in which notice was given. Gas to be transported under this Agreement is only for delivery to the BCT delivery point. Given the long-standing nature

¹¹ ENSTAR Tariff Filing, p. 1.

¹² ENSTAR Tariff Filing, p. 1 - 2.

of the prior contract between Chugach and ENSTAR (since 1989), Staff believes the open-ended nature of this contract is appropriate.

Receipt Points are listed in Attachment A to the contract.¹³ Gas transported by the Agreement can only be delivered to AEEC's BCT.

The Agreement also expressly states that ENSTAR bears no liability for cost sharing or damages AEEC may incur as a result of denial of service. All other terms and provisions of ENSTAR Tariff Sections 1605¹⁴ and 1640¹⁵ apply.

Based on the above, Staff recommends the Commission approve the Agreement as filed on November 13, 2013, effective December 30, 2013. ENSTAR should also be required to provide notice to the Commission when and if the contract is terminated by either party.

3 AAC 48.390(d) – Tariff Revision Required for Untariffed Services

3 AAC 48.390(d) contemplates that the Commission may condition special contract approval to the vendor's ongoing efforts to include the rates and terms of an untariffed service within its' approved tariff.¹⁶

Staff believes the firm transportation service ENSTAR is offering to AEEC through this special contract is consistent with tariff services offered to the public under comparable circumstances. Therefore, this special contract is not encompassed by 3 AAC 48.390(d). As the BCT is only 3,000 feet away from KNPL and the goal of the contract is to prevent an unnecessary duplication of facilities, Staff does not believe a new tariff rule or rate is merited. A special contract is the ideal vehicle for such scenarios.

Tariff Sheets

ENSTAR filed Tariff Sheets No.190 and 211¹⁷ along with the Agreement. Side-by-sides of tariff sheets are included as Attachment BS-1 to this report.

¹³ ENSTAR Tariff Filing, p. 5 - 6.

¹⁴ Section 1605 – General Terms and Conditions for Transportation Service. Tariff Sheet Nos. 120-146.

¹⁵ Section 1640 – Terms and Conditions for Firm Transportation Service, Tariff Sheet Nos. 165.

¹⁶ (d) The commission will, in its discretion, authorize a utility to offer untariffed services or equipment to customers by special contract under the following conditions:

- (1) the utility has filed a tariff for the service or equipment in the form and accompanied by the supporting information required by 3 AAC 48.200 - 3 AAC 48.430;
- (2) the commission has suspended the operation of the tariff pending final approval;
- (3) the commission has specified the rate or rates to be charged the customer in the special contract;
- (4) the rate or rates specified will be retroactively reviewable and revisable, upward or downward, from the effective date of the special contract, and the customer's liability will be to pay the rate or rates finally approved for the tariff filing plus or minus accrued interest if the rates finally approved are different from the rate initially approved for use in the special contract; and
- (5) the special contract expressly advises the customer of his potential retroactive liability for increased rates, plus accrued interest.

Tariff Sheet No. 190 is the schedule of special contracts updated to reflect the Agreement, effective December 30, 2013.

Tariff Sheet No. 211 reflects the deletion of Chugach's rate for Bernice Lake, Off System Sales Rate.

Staff recommends the Commission approve Tariff Sheets No. 190 and 211 as filed on December 3, 2013, effective December 30, 2013. If the contract between ENSTAR and AEEC is terminated by either party, ENSTAR should be required to file a revision to the appropriate tariff sheets reflecting the change.

(... Continued)

¹⁷ Supplemental filed on December 3, 2013

RCA No. 4 Thirteenth Revision Sheet No. 190
Cancelling
Twelfth Revision Sheet No. 190

RECEIVED

NOV 11 2013

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA



ENSTAR Natural Gas Company

Section 1900 - Schedule of Special Contracts

<u>Customer</u>	<u>Contracted Service</u>	<u>Contract Effective Date</u>
Union Oil Company of California	Gas Exchange Service	May 1, 1988
Union Oil of California	Contribution in Aid of Construction Agreement	September 11, 2007
Anchorage School District	Pre-Payment for Gas Service	August 1, 2008
Hilcorp Alaska, LLC	Contribution in Aid of Construction Agreement	August 16, 2012
Chugach Electric Association	Transportation Service	December 15, 2013

D
N

D - The special contract with Chugach Electric Association effective November 1, 2012 has been deleted as it has expired.

Tariff Advice No. 246-4

Effective December 15, 2013

Issued By: ENSTAR Natural Gas Company, A Division of SEMCO ENERGY, Inc.

By: [Signature] Title: Director of Rates & Regulatory Affairs
Daniel M. Dieckgraeff

RCA No. 4 Fourteenth Revision Sheet No. 190
Cancelling
Thirteenth Revision Sheet No. 190



ENSTAR Natural Gas Company

Section 1900 - Schedule of Special Contracts

<u>Customer</u>	<u>Contracted Service</u>	<u>Contract Effective Date</u>
Union Oil Company of California	Gas Exchange Service	May 1, 1988
Union Oil of California	Contribution in Aid of Construction Agreement	September 11, 2007
Anchorage School District	Pre-Payment for Gas Service	August 1, 2008
Hilcorp Alaska, LLC	Contribution in Aid of Construction Agreement	August 16, 2012
Chugach Electric Association	Transportation Service	December 15, 2013
Alaska Electric and Energy Cooperative	Transportation Service	January 1, 2014

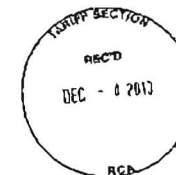
N
N

Tariff Advice No. 247-4

Effective _____

Issued By: ENSTAR Natural Gas Company, A Division of SEMCO ENERGY, Inc.

By: _____ Title: Director of Rates & Regulatory Affairs
Daniel M. Dieckgraeff



RCA No. 4 Sixth Revision Sheet No. 211
Cancelling
Fifth Revision Sheet No. 211

RECEIVED

DEC 29 2010

STATE OF ALASKA
 REGULATORY COMMISSION OF ALASKA

ENSTAR ENSTAR Natural Gas Company

§2101 Transportation Service to Power Plants

§2101a Rates

	(Volumetric) Rate Per Mcf	Monthly Customer Charge	
<u>§2101a(1) Chugach</u>			
<u>§2101a(1)(a) International</u>	\$0.6311	\$ 2,600	T
Off System Sale Rate	\$0.3036		
<u>§2101a(1)(b) Bernice Lake</u>	\$0.6311	\$ 2,600	C
Off System Sale Rate	\$0.3036		C

§2101a(2) Anchorage Municipal Light and Power
 Plant 1 & Plant 2 (combined) \$0.1313 \$110,000

§2101b The power plants named above are subject to varying interruptions of service as provided under Section 1200 above.

§2101c Transportation Service
 The Customers at the locations listed above in Section 2101a may take Transportation Service under this rate schedule subject to Sections 1605 and 1640 and may be subject to the additional fees set out in Section 2561.

Tariff Advice No. 200

Effective February 15, 2011

Issued By: ENSTAR Natural Gas Company, A Division of SEMCO ENERGY, Inc.

By: [Signature] Title: Manager, Rates and Regulatory Affairs
 Daniel M. Dieckgraff

RCA No. 4 Seventh Revision Sheet No. 211
Cancelling
Sixth Revision Sheet No. 211



ENSTAR ENSTAR Natural Gas Company

§2101 Transportation Service to Power Plants

§2101a Rates

	(Volumetric) Rate Per Mcf	Monthly Customer Charge	
<u>§2101a(1) Chugach</u>			
International	\$0.6311	\$ 2,600	T
Off System Sale Rate	\$0.3036		D
<u>§2101a(2) Anchorage Municipal Light and Power</u>			
Plant 1 & Plant 2 (combined)	\$0.1313	\$110,000	

§2101b The power plants named above are subject to varying interruptions of service as provided under Section 1200 above.

§2101c Transportation Service
 The Customers at the locations listed above in Section 2101a may take Transportation Service under this rate schedule subject to Sections 1605 and 1640 and may be subject to the additional fees set out in Section 2561.

D - The listing for the Bernice Lake power plant has been deleted. The Plant is served under a Special Contract with Alaska Electric and Energy Cooperative that is listed in Section 1900.

Tariff Advice No. 247-4

Effective _____

Issued By: ENSTAR Natural Gas Company, A Division of SEMCO ENERGY, Inc.

By: _____ Title: Director of Rates and Regulatory Affairs
 Daniel M. Dieckgraff