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2 **THE REGULATORY COMMISSION OF ALASKA**  
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5 Before Commissioners:

Robert M. Pickett, Chairman  
Stephen McAlpine  
Rebecca L. Pauli  
Norman Rokeberg  
Janis W. Wilson

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13 In the Matter of the Tariff Revision Designated as )  
14 TA285-4 Filed by ENSTAR NATURAL GAS )  
15 COMPANY, A DIVISION OF SEMCO ENERGY, )  
16 INC. )  
17 \_\_\_\_\_ )  
18

**Date:** 6/2/17 **Exh #** T-17  
**Regulatory Commission of Alaska**  
**By:** SLK  
Northern Lights Realtime & Reporting, Inc.  
(907) 337-2221 U-16-066

Docket No. U-16-066

19 **PREFILED TESTIMONY OF DAN BRITTON**

20  
21 **INTRODUCTION**  
22

23 Q1: Please identify yourself for the record.

24 A1: My name is Dan Britton. I am the President of Titan Alaska LNG, LLC [Titan], the  
25 operator of the LNG plant at Point MacKenzie. Since 2000, I have been responsible  
26 for all activities relating to the ongoing operation and maintenance of the LNG  
27 operations and the natural gas distribution facilities operated by Fairbanks Natural  
28 Gas, LLC [FNG] in Fairbanks. I have previously filed testimony with the Commission  
29 on behalf of FNG and Titan.

30 Q2: What is the purpose of your prefiled testimony?

31 A2: I will comment on several aspects of Enstar's proposed rate design in this docket.  
32 Enstar's proposed rate for transportation service to Titan is not just or reasonable, and  
33 I will address three main categories of problems with the rate case and proposed cost

1 allocation.

2 First, Enstar's case fails to address the actual service Enstar provides to Titan.  
3 Titan is located much closer to the gas production than the average Enstar customer,  
4 and Enstar uses only a portion of one pipeline to provide service to Titan. Despite  
5 this, Enstar proposes rates to Titan based on the downstream pipeline costs that have  
6 nothing to do with service to Titan, and the cost of pipelines that are not used in  
7 providing service to Titan. Just and reasonable rates for Titan need to be based on the  
8 actual service to Titan. The testimony of Mr. Cliff includes a calculation of a  
9 reasonable rate for Titan.

10 Second, my testimony addresses a number of misallocations in Enstar's cost  
11 of service study. Enstar erroneously allocates gas supply costs to Titan, even though  
12 Enstar does not provide gas to Titan, only transmission service for Titan's gas.  
13 Similarly, Enstar allocates a portion of its distribution costs to Titan, even though these  
14 distribution costs have nothing to do with the transmission service Enstar provides to  
15 Titan. Enstar also allocates to Titan costs associated with separate pipelines not used  
16 to provide service to Titan.

17 Third, I will address several rate calculation issues. This testimony does not  
18 specifically address revenue requirement issues common to all customer classes,  
19 which I assume will be addressed by the AG and other intervenors. However, I will  
20 comment on several aspects of Enstar's calculation of rates based on the revenue  
21 requirement. For example, Enstar's revenue study does not normalize demand for  
22 weather variations. I will explain the reasons for weather normalization, and why just  
23 and reasonable gas rates must be weather-normalized.

My testimony explains why Enstar's proposals are unreasonable, and suggests a fair resolution of the issues. Specific calculation of a reasonable charge for gas transportation service to Titan's LNG plant is contained in the prefiled testimony of Ronald Cliff.

## BACKGROUND

**Q3: Please briefly describe the history of Titan.**

A3: In 1997, the Commission certificated FNG to provide natural gas distribution service in Fairbanks. Since natural gas was not available in Fairbanks, Northern Eclipse, LLC [NELLC] built an LNG manufacturing plant at Point MacKenzie to allow it to make LNG for the Fairbanks market. Titan took over the ownership and operation of the LNG plant in 2013.

Titan purchases natural gas at Beluga. The gas is then transported over Enstar's Beluga-Anchorage pipeline to the Point MacKenzie LNG plant. Titan converts the natural gas to LNG at the Point MacKenzie plant, trucks the LNG to Fairbanks, and delivers it to FNG. There the LNG is stored and ultimately converted back into gas form for delivery to Fairbanks customers through FNG's distribution pipeline system.

FNG's distribution system includes approximately 140 miles of installed distribution main lines. FNG is a relatively small participant in the Fairbanks energy market, where most businesses and residences use heating oil. Natural gas is a cleaner burning fuel, and Titan believes gas will play a pivotal role in lowering energy costs and the improving air quality in the Fairbanks area. Titan's LNG supply is required to increase FNG's ability to grow and serve more gas customers in FNG's service area.

1 Titan will probably also provide the source of gas for the Fairbanks area expansion of  
2 gas service by Interior Gas Utility (IGU) and other gas services contemplated by the  
3 Interior Energy Project (IEP). Titan's LNG supply is crucial to economic and air  
4 quality benefits for Interior Alaska.

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#### 5 GAS SUPPLY AND TRANSPORTATION TO THE LNG PLANT

6 Q4: Please describe Titan's Cook Inlet gas supply and the transportation of natural gas to  
7 the LNG plant.

8 A4: Titan purchases gas at Beluga, and contracts with Enstar to transport the gas from  
9 Beluga to the LNG plant, located at approximately mile 39 of the Beluga-Anchorage  
10 pipeline. The terms of the transport contracts have varied over the years, but they have  
11 always required Titan to deliver gas to Enstar at the beginning of the pipeline in  
12 Beluga, and take gas back at the LNG plant. Titan is currently theoretically allowed  
13 by the contract to deliver gas at one of Enstar's meters in Kenai, but Enstar has the  
14 right to refuse delivery at that receipt point and to require Titan to deliver at a Beluga  
15 meter. In fact, all deliveries of gas under Titan's current contract with Hilcorp (from  
16 February 2013 through the present) have been delivered at Beluga. The Hilcorp supply  
17 contract runs until March 31, 2018.

#### 18 THE MAIN PROBLEM WITH ENSTAR'S RATE PROPOSAL

19 Q5: Enstar proposes rates for Titan based on an allocation of the costs of all Enstar  
20 transmission facilities and a portion of Enstar's distribution facilities. Is that  
21 reasonable?

22 A5: No. Since Titan utilizes only the first 39 miles of the Beluga-Anchorage pipeline  
23 (BAP), Titan should only be required to pay its fair share of Enstar's cost of

1 transporting gas over those first 39 miles of the BAP. Enstar in this docket developed  
2 proposed rates for Titan based in part on Enstar's Kenai-Anchorage transmission  
3 pipeline costs, its Anchorage area distribution costs, its costs of the separate Anchor  
4 Point Pipeline system on the Kenai Peninsula, its new line for gas storage at CINGSA,  
5 and its costs associated with miles 39-102 of the Beluga-Anchorage pipeline. None of  
6 these costs should be included in the development of the rate for Enstar's  
7 transportation of gas from Beluga to the LNG plant, since they have nothing to do with  
8 the actual transportation service provided by Enstar to Titan.

#### 9 DISCRIMINATORY RATES

10 Q6: Is it Titan's position that the rates proposed by Enstar would unreasonably discriminate  
11 against Titan and FNG's customers in Fairbanks?

12 A6: Yes. The proposed rates are discriminatory because they fail to reflect Enstar's actual  
13 cost of serving Titan. Enstar allocates its costs to transmission customers based on  
14 annual volumes, 3-day peak, cost of the meter, and many other factors, resulting in  
15 different rates for different transmission and gas customers. Enstar is willing to  
16 consider many cost allocation methods and factors in the development of these  
17 individual rates. However, in Titan's case Enstar refuses to consider the factor that is  
18 most relevant to the costs properly attributable to a customer: the facilities and  
19 services that the customer actually uses. Enstar simply refuses to apply the cost-causer  
20 cost-payer principle in its rate design for Titan.

21 Because Titan delivers gas to Enstar at Beluga and takes the gas back at the  
22 LNG plant, Enstar uses only the first 39 miles of its Beluga-Anchorage pipeline to  
23 provide service to Titan. Adopting rates for Titan based on all of Enstar's other

1 facilities not used to provide service to Titan would unreasonably burden Titan and  
2 unreasonably burden FNG's Fairbanks gas customers.

3 Q7: Can you give an example of how Enstar's proposed rates discriminate against Titan?

4 A7: Compare the rates Enstar proposes to charge Titan and the Anchorage-area power  
5 companies. These utilities deliver gas to Enstar at Beluga, just as Titan does. But they  
6 take the gas back at their power plants in Anchorage and Eklutna. When Enstar  
7 provides transmission service to the power companies, it initially transports the gas  
8 from Beluga to the LNG plant at mile 39 of the Beluga-Anchorage pipeline [BAP],  
9 just as it does for Titan. But then Enstar continues to transport the power companies'  
10 gas over other parts of the pipeline. For the Anchorage utilities, Enstar transports gas  
11 along the entire remaining length of the BAP, from mile 39 to mile 102, an additional  
12 63 miles. Enstar provides essentially the same gas transportation service to Titan and  
13 power companies, starting at the same point, but for the power companies Enstar  
14 transports the gas almost 3 times as far.

15 Since Enstar transports Titan's gas 39 miles and ML&P and CEA's gas the  
16 same 39 miles and then an additional 63 miles, Titan's rates should be considerably  
17 less than ML&P's. But Enstar proposes to charge Titan more than it proposes to charge  
18 the power companies. Enstar proposes an average per Mcf charge for the VLFT  
19 customers of \$0.44, while it proposes a \$0.47/Mcf average charge for Titan. To  
20 transport gas 62% less distance, Enstar would charge Titan 6% more. This is  
21 discrimination against Titan.

22 Q8: In past cases, Enstar has claimed that it has an "integrated" system, and that this  
23 precludes a fair rate for Titan based on the services actually provided to Titan.

1 Specifically, Enstar claims that Titan should pay its allocated share of Enstar's entire  
2 system, even though Titan uses only the first 39 miles of the BAP pipeline, under a  
3 "postage stamp" rate schedule. Is this the way gas pipelines usually do business?

4 A8: I can't speak for other pipelines, but I would not want to charge unfair rates to any  
5 customer. The standard industry practice is to have "postage stamp" rates for gas  
6 distribution customers. It is difficult to allocate distribution costs among specific  
7 customer locations in a community, so gas distribution customers are grouped into  
8 customer classes without regard to location. FNG serves all its gas distribution  
9 customers under tariffs that are independent of customer location.

10 On the other hand, gas transmission customers often have rates that depend on  
11 location and the length of the transmission service. For example, the FERC  
12 regulations require gas transmission rates to reflect cost variations due to "the distance  
13 over which the transportation is provided." E.g, 18 C.F.R. § 284.10(c)(3).

14 Enstar is following standard industry practice in charging "postage stamp"  
15 rates for its gas distribution service, just as FNG does. But the "postage stamp" rate  
16 structure is inappropriate for gas transmission service, and Enstar should charge Titan  
17 based on the actual distance of transport.

18 Q9: Do other Alaska pipelines require their customers to pay for the entire pipeline, even  
19 though the customer takes service over only a portion of the pipeline?

20 A9: The tariffs for the Trans Alaska Pipeline System [TAPS] reflect the type of pricing  
21 that Titan deserves from Enstar. The TAPS carriers charge shippers different rates for  
22 shorter and longer transport on the pipeline. For example, ConocoPhillips  
23 Transportation Alaska, Inc., has on file with the Commission different rates for

1 shipments to North Pole and Valdez. (Exhibit DB-1) Shipments from Pump Station  
2 No. 1 to North Pole have a rate of \$3.74/barrel. Shipments for the entire length of the  
3 pipeline to Valdez are charged \$5.83 (Petro Star Refinery) or \$5.86 (Valdez Marine  
4 Terminal). Just as it would be unfair to require users of oil at North Pole to pay the  
5 rate for the downstream pipeline that they do not use, it is unfair for Enstar to charge  
6 Titan for downstream facilities and expenses that are not used to provide service to  
7 Titan.

8 Q10: What effect does Enstar's rate design have on Fairbanks natural gas customers?

9 A10: Enstar's allocation of costs would hurt Fairbanks gas customers by driving up their  
10 rates while subsidizing Anchorage gas customers. Fairbanks gas customers have to  
11 pay the costs of getting natural gas from the Cook Inlet to Fairbanks. These costs  
12 include the supply price of the gas, the cost of transportation 39 miles from Beluga to  
13 the Point MacKenzie LNG plant, the cost of manufacturing LNG, the cost of trucking  
14 it to Fairbanks, and the cost of storage and regasification of the LNG. Requiring  
15 Fairbanks gas customers to also pay for the cost of miles 39 to 102 of the BAP and  
16 other allocated costs would unreasonably burden them with paying for facilities used  
17 only by Enstar's other customers.

18 Q11: Do similar considerations apply to Enstar's service to Homer Electric Association  
19 (HEA)?

20 A11: Enstar has included Titan and HEA in the MSFT class. Titan has not closely examined  
21 Enstar's cost of providing service to HEA, but it appears that the same considerations  
22 apply. As I understand it, HEA delivers gas to Enstar in Kenai, and Enstar transports  
23 the gas to Soldotna to HEA's power plant. HEA seems to be in a position similar to



1 Titan's: it uses only the beginning of the Kenai-Anchorage pipeline, and should not  
2 have to pay rates based on the entire length of the pipeline, most of which it does not  
3 use. HEA will be in a better position to address the costs of service to its power plant.

4 Q12: What would be a fair rate for the service Enstar actually provides to Titan?

5 A12: Enstar's specific cost of providing service to the Point MacKenzie LNG plant is  
6 addressed in the prefiled testimony of Mr. Cliff. Titan's rate should be decreased  
7 approximately 60%.

8 COST MISALLOCATIONS

9 Q13: If Enstar has its way and Titan is required to pay an allocation of Enstar's entire system  
10 expenses, do you see any problems with Enstar's specific allocations?

11 A13: I firmly believe that Titan is entitled to a reasonable transmission rate based on the  
12 facilities used and expenses incurred by Enstar to provide service to Titan. However,  
13 if the Commission disagrees and accepts Enstar's overall cost allocation scheme, there  
14 are some specific aspects of that cost allocation that need to be corrected.

15 Distribution Allocations to Transmission Customers

16 Enstar's cost allocation study starts with the total in each account. Then the  
17 study applies one of a number of allocation factors to the account. The allocation  
18 factor spreads the total in the account to the different rate classes. If the wrong  
19 allocation factor is applied to an account, the account may be allocated to the wrong  
20 customer classes. That is exactly the situation with the distribution expense accounts.  
21 Enstar has allocated some distribution expense and asset accounts to the MSFT class.  
22 Because Titan does not take gas distribution service from Enstar, this is not a correct  
23 allocation of costs.

1           The misallocations appear on Exhibit BHF-2 at page 8. The Distribution Meter  
2           and Regulation Station Accounts (875, 876, 889, and 890) are allocated using  
3           Allocation Factor D, reflecting peak demand. So a portion of those distribution  
4           expenses is allocated to Titan, even though Titan is not a distribution customer. The  
5           study should have used Allocation Factor D.1 (peak demand except for transportation),  
6           which would have allocated these distribution costs to distribution customers.<sup>1</sup>

7           A similar misallocation occurs in Distribution Plant Accounts 378, 379, and  
8           385, also relating to Distribution M&R Station Equipment. Even though this plant is  
9           used for distribution service, and Titan receives a separate allocation of transmission  
10          M&R plant, the use of Allocation Factor D allocates a portion of this distribution plant  
11          to Titan's transmission service revenue requirement.

12                   Allocation of Purchased Gas Expenses to non-Gas Customers

13   Q14: What other allocations are questionable?

14   A14: Even though Titan does not buy gas from Enstar, Enstar's cost study allocates a portion  
15          of Account 807, Purchased Gas Expenses, to Titan and other transmission-only  
16          customers. These are allocated using the Allocation Factor E (Annual Volume), rather  
17          than E.1 (Annual Volume ex. Transportation).

18               FERC Account No 807 is defined as including "expenses incurred directly in  
19          connection with the purchase of gas for resale." Since Enstar does not resell purchased  
20          gas to the transportation customers, and Account 807 by definition includes expenses  
21          of gas purchased for resale, none of these expenses should be allocated to Titan or

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1. Expenses associated with transmission M&R Stations are in Accounts 857, 865, and 866, and these expenses are separately allocated.

1 other transmission customers.

2 Allocation of APPL to Titan

3 Q15: Is it fair for Enstar to allocate the costs of the Anchor Point Pipe Line (APPL) to Titan?

4 A15: No. Enstar's rate treatment of the APPL is unfair to Titan. Titan has never shipped  
5 gas over the APPL. Enstar should not be allowed to allocate the expenses of the line  
6 to Titan.

7 Q16: Enstar attempts to justify allocating the APPL to Titan by claiming that Enstar operates  
8 an "integrated" system, and claiming that all of its facilities are used by all customers  
9 equally. Is this reasonable?

10 A16: Enstar plainly does not have an integrated transmission system. A basic underlying  
11 prerequisite for an integrated transmission system is that the system be connected. In  
12 fact, Enstar's system is not even connected. The APPL stops miles away from Enstar's  
13 Kenai system. Enstar operates separate systems, not one integrated system.

14 In addition, Enstar's current rate structure imposes different rates on different  
15 customers. Enstar has a surcharge for Homer area customers that is not paid by  
16 customers elsewhere on its system. As noted above, Enstar has historically charged  
17 Titan more for transmission service to the Point MacKenzie LNG plant than it charges  
18 the downstream power plant customers, even though it transports gas much further to  
19 the power customers. Enstar provides a lower cost transmission service to HEA's  
20 Bernice Lake power plant. Enstar's cost of service study is a complicated scheme for  
21 charging different rates to different customers. It is disingenuous for Enstar to claim  
22 it cannot adjust Titan's rate to reflect the actual facilities and costs associated with  
23 transmission service to Titan.

### Allocation of CINGSA costs to Titan

Q17: Enstar's cost of service study allocates to Titan the costs of connecting the CINGSA gas storage facility to Enstar's system. Should Titan's transmission rates include these allocations?

A17: Titan does not use the CINGSA facility. The costs of connecting Enstar's gas storage facility to its system should not be allocated to transmission customers who do not use the storage facility.

### Credit Card Allocation

Q18: Enstar proposes a pro forma change to its revenue requirement to reflect the costs of its new credit card payment program for gas customers. (TA285-4, Attachment B, Schedule E) Should these costs be allocated to Titan and other transmission customers who are not eligible to participate in the program?

A18: The pro forma adjustment should be allocated to the classes of service to which it applies. Since the transmission customers cannot participate in the program, their rates should not be increased to reflect the pro forma adjustment.

## OTHER ISSUES

### Amortization of Rate Case Expenses

Q19: Enstar proposes to continue to amortize its U-14-111 rate case expenses (\$129,680 annually), and to also amortize its expenses for this case (\$600,000 annually). The amounts are based on a 3-year amortization period. Does this make sense?

A19: Enstar will very likely significantly over-recover its rate case expenses if it is allowed a revenue requirement based on a 3-year amortization of rate case expenses, because Enstar has historically had a much longer average period between rate cases. Enstar

1 has had 3 rate cases in the 16-year period from 2000 to 2016, with an average time  
2 between rate cases of 5.33 years. If Enstar includes in its rates a 3-year amortization  
3 of its rate case expenses, and continues to file rate cases 5.33 years apart on average,  
4 it will recover in total almost twice its rate case expenses.

5 In addition, Enstar should never be allowed to simultaneously amortize  
6 expenses for two different rate cases. Rate case expenses for Docket U-14-111 should  
7 not be included in this case. If Enstar has not recovered all of its rate case expenses  
8 from Docket U-14-111 due to the short time between U-14-111 and U-16-066, no  
9 adjustment needs to be made in this case. Each case should separately reflect the rate  
10 case expense of that particular case only, and the average time between rate cases  
11 should be the amortization period. That will result in over recovery when there is a  
12 greater than average period between Enstar's filings, and under recovery when there  
13 is a shorter than average period. But, overall, Enstar will fully recover its rate case  
14 expenses. Because Enstar files its rate cases an average of 5.33 years apart, the  
15 amortization period for current rate case expenses should be 5.33 years, without  
16 adjustment for prior periods.

17 Minimization of Demand

18 Weather Normalization

19 Q20: Do Enstar's demand calculations result in just and reasonable rates?

20 A20: A utility setting rates has an incentive to minimize the expected demand. All other  
21 things equal, reducing the annual volumes sold in the rate calculation will result in  
22 higher rates. Then, if in the future the utility actually sells more than the annual  
23 volumes used in the rate setting, it will over recover its revenue requirement.

1 I note two areas in which Enstar has artificially kept volumes down, resulting  
2 in unreasonable high rates for all its customers. First, Enstar has failed to weather-  
3 normalize its demand. A gas company's annual sales are highly dependent on  
4 temperature during the year. During cold winters, a gas company typically sells much  
5 more gas. During warm winters, a gas company will sell less gas. Because annual  
6 variations in average temperature can be substantial, it is customary for gas companies  
7 to weather-normalize demand.

8 Q21: Are you aware of Alaska gas utilities that weather normalize their demand in their rate  
9 cases?

10 A21: Enstar has in past cases weather-normalized its volumes to calculate rates. For  
11 example, in Docket U-14-111 Enstar used customer demand amounts "based on  
12 normalized weather, that is, the weighted average weather over the last 20 years in  
13 ENSTAR's service territory." (Dieckgraeff prefiled, page 13)

14 In Docket U-09-069, Enstar's weather normalization significantly decreased  
15 demand volumes, resulting in significantly higher rates. (TA177-4, Schedule C)

16 Titan's affiliate FNG used weather-normalized volumes in its rate case, Docket  
17 U-14-102. Since the test year (2013) was slightly warmer than the historical average,  
18 FNG increased volumes to decrease rates and make the rate calculation just and  
19 reasonable to ratepayers. Enstar should do the same in the current docket.

20 Q22: What is the effect in this docket of Enstar's failure to weather-normalize its demand?

21 A22: The 2015 test year was an extraordinarily warm year, due in large part to the periodic  
22 El Niño weather pattern. In making the weather normalization adjustment, gas  
23 companies generally consider heating degree days (HDD), a temperature measurement

1 proportional to gas usage for heating. HDD in Enstar's service area during 2015  
2 totaled 9111, while the 20 year average was 10,047, a difference of approximately  
3 10%. Enstar's demand volumes should be increased approximately 10% to reflect the  
4 fact that 2015 was an extraordinarily warm year.<sup>2</sup> Failure to do so would result in  
5 unjust and unreasonable rates during the period the rates will be in effect.

6 Q23: But what if the El Niño weather pattern persists. Won't Enstar continue to sell less  
7 gas?

8 A23: The El Niño event has concluded, and we can expect future year temperatures to reflect  
9 historical averages, not the unusually warm 2015-16 period. Temperatures in the last  
10 4 months of 2016 approximated the historical averages for those months. 2017 has  
11 already resulted in colder temperatures, and on January 19, 2017, Enstar set a new  
12 record for gas throughput to its retail customers. (Exhibit DB-2) Enstar needs to  
13 weather normalize its volumes to develop just and reasonable rates.

#### 14 Power Company Demand

15 Q24: Enstar has made significant pro forma adjustments to the demand of the electric power  
16 companies. Is this appropriate?

17 Q24: Due to the changes in the generating facilities, some adjustment to historical volumes  
18 may be appropriate. However, Enstar should not be able to reduce volumes below the  
19 volumes actually expected during the period the rates will be in effect. Nor should  
20 Enstar be allowed to make adjustments without justification.

21 For example, Enstar eliminated sales volumes used by the power companies

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<sup>2</sup> The precise relationship between temperature and gas usage should be calculated by Enstar. Enstar had no trouble weather-normalizing its volumes in past cases. Eg. TA177-4, Schedule C, pages 1-4.

1 for economy energy sales. (TA285-4, Attachment B, Schedule C) Enstar's  
2 justification, provided in a discovery response, is that the "ongoing level of economy  
3 energy sales is neither assured nor measurable." But this does not justify the complete  
4 elimination of a category of sales that occurred in the test year, has continued following  
5 the test year, and is expected to continue in the future. Enstar's pro forma adjustment  
6 is unreasonable and unjustified. Unless a change is "known and measurable," Enstar  
7 should not be allowed to reduce volumes by using pro forma changes.

#### 8 CONCLUSION

9 Q25: Can the unreasonable and discriminatory aspects of Enstar's proposed rate structure  
10 be fixed?

11 A25: Yes. Enstar could eliminate the discrimination by calculating Titan's rates based on  
12 Enstar's cost of transporting gas from Beluga to the LNG plant. Titan witness Ronald  
13 Cliff's prefiled testimony sets out a method for fairly allocating costs to Titan.

14 If the Commission accepts Enstar's unfair and discriminatory methodology  
15 and allows the allocation to Titan of expenses unrelated to Titan's service, then the  
16 Commission should carefully consider the above issues, and the issues raised by other  
17 intervenors, and should substantially decrease the rates proposed by Enstar.

18 Q26: Thank you.



**RECEIVED****AUG 06 2014**STATE OF ALASKA  
REGULATORY COMMISSION OF ALASKA**CONOCOPHILLIPS TRANSPORTATION ALASKA, INC.****SECTION 3****RATE TABLE**

Transportation rate in dollars per barrel of 42 United States Gallons, on the transportation of PETROLEUM in intrastate commerce from the established receiving station to the established delivery place at locations named below.

ITEM	FROM	TO	SOURCE	PROPOSED RATE	
3.1	Trans Alaska Pipeline System PS No. 1	GVEA Interconnection	Prudhoe Bay (Sadlerochit Petroleum)	\$3.74	R
			Kuparuk	\$3.74	R
			Lisburne	\$3.74	R
			Endicott	\$3.74	R
			Northstar	\$3.74	R
3.2	Trans Alaska Pipeline System PS No. 1	Petro Star Refinery, Valdez, Alaska	Prudhoe Bay (Sadlerochit Petroleum)	\$5.83	R
			Kuparuk	\$5.83	R
			Lisburne	\$5.83	R
			Endicott	\$5.83	R
			Northstar	\$5.83	R
3.3	Trans Alaska Pipeline System PS No. 1	Valdez Marine Terminal, Valdez, Alaska	Prudhoe Bay (Sadlerochit Petroleum)	\$5.86	R
			Kuparuk	\$5.86	R
			Lisburne	\$5.86	R
			Endicott	\$5.86	R
			Northstar	\$5.86	R

**GATHERING RATE:** The above rates cover transportation by trunk line only and no gathering service will be performed under this tariff.

The rates indicated are exclusive of the amount required or allowed by applicable law or regulation including but not limited to the amount collected for the System Liability Fund (Item 17) of F.E.R.C. Tariff No. 20.1.0, adopted by reference in this tariff, and Supplements, and/or any penalties which may be incurred pursuant to the terms of Item 7 of F.E.R.C. Tariff No. 20.1.0, adopted by reference in this tariff, and Supplements.

Pursuant to P-14-024(1)

Tariff Advice No. TL154-301

Effective: September 6, 2014

Issued by: ConocoPhillips Transportation Alaska, Inc.

By:

*Joseph Volume for*  
Michael A. Mindrup

Title: Vice President

## Enstar saw record gas use during recent Alaska cold spell

Author: Alex DeMarban

Updated: January 29

Published January 29

Temperatures that plunged to the deep minuses in Southcentral Alaska during the recent statewide cold snap led to a record demand for natural gas from Enstar as people cranked up their furnaces to ward off the cold, officials said.

After a spate of warm winters, the frigid spell earlier this month was also the first real test for Cook Inlet Natural Gas Storage Alaska, a gas reservoir in the Cook Inlet basin that was once mostly depleted but has been refilled with gas. That stored gas provides a key supply buffer on the coldest days.

The gas from the reservoir played a "critical role," said Travis Renk, pipeline manager for Enstar. It helped reduce concerns that existed in 2012 and earlier of a widespread outage if compressors that help move gas failed, leading to falling pressure in pipes and a systemwide loss of power and heat in Southcentral Alaska.

The giant \$160 million gas-storage reservoir came online starting in April 2012. At the time, Southcentral utilities were considering importing gas from outside Alaska because gas-flow rates and future gas-supply prospects had fallen to worrisome levels in the aging Cook Inlet basin.

But supply concerns have been pushed off following an increase in Cook Inlet gas production after state tax credits helped attract explorers and new investment. Enstar and power utilities have signed gas purchase agreements extending as far into the future as 2023. Hilcorp Alaska is the dominant supplier.

The record day for gas use came Jan. 19, when Enstar recorded temperatures colder than minus 20 in Anchorage and colder than minus 40 in the Matanuska-Susitna Borough, Renk said.

The utility moved 253 million cubic feet of gas to keep houses and buildings warm. That beat the previous high of 235 million cubic feet, set one day in January 2009 and nearly equaled on Jan. 16, 2012, officials said. Typical use in January is about 158 million cubic feet.

The underground storage facility, owned partly by Enstar parent company AltaGas of Canada, provided about 40 percent of the gas volume used by Enstar on the recent record day, Renk said.

The gas from CINGSA helped maintain pressure in Enstar's system, reducing the need for operating compressors from six to four. That reduced the risk of problems that could arise if the machines failed, and also allowed for additional backup.

It also meant Enstar had room to supply even more gas if temperatures had fallen further and demand had risen.

On the cold days in 2009 and 2012, gas supply from Cook Inlet was near its "maximum deliverability," nearly pushed to its limits.

"We are in a better place today," Renk said.