



October 19, 2009

Contact: John Sims, ENSTAR, (907) 334-7625
Kathy Day, KD/PR Virtual, 868-4884 or 229-2470 cell

ENSTAR Announces 16 Percent Decrease in Gas Cost for 2010

ANCHORAGE – ENSTAR Natural Gas Company (ENSTAR) today announced a 16 percent decrease in gas costs for 2010. The average South Central Alaska residential customer will see a decrease of \$24 per month on their ENSTAR bill, beginning in January 2010.

ENSTAR adjusts the cost of gas each year in October, coinciding with annual price changes in long-term gas supply contracts. The price ENSTAR pays to producers to purchase natural gas is passed directly through to customers, without any markup. The price of gas ENSTAR pays to the producers is calculated based on a combination of oil prices and natural gas prices.

“ENSTAR is encouraged to see the high costs and volatility of oil and gas prices stabilizing,” said Colleen Starring, president of ENSTAR. “Our news today, that ENSTAR customers will see some relief in their home heating costs, comes at a time when consumers most need it.”

-more-

ENSTAR's older natural gas contracts are indexed against a three-month trailing average of oil prices, which saw record prices during the index period in 2008. The company's newer contracts are indexed on a 36-month trailing average of Lower 48 natural gas prices. The average price of both commodities has plunged in the last year, resulting in lower costs for everyone who uses natural gas.

ENSTAR will file its gas cost adjustment with the Regulatory Commission of Alaska in November. If approved, customer's bills will be lowered beginning in January 2010. Customers who participate in budget billing with ENSTAR also would see their monthly rate go down in January.

ENSTAR Natural Gas Company has been delivering natural gas to residential, commercial and third-party customers across Southcentral Alaska since 1961. The company serves nearly 350,000 Alaskans, manages 3,100 miles of distribution lines, has 180 employees and contributes \$306 million annually to the state's economy.

ENSTAR will celebrate its 50th anniversary in 2010. Learn more at

www.enstarnaturalgas.com.

About Continental Energy Systems

SEMCO Energy Gas Company and ENSTAR Natural Gas Company, serve approximately 410,000 natural gas customers in Alaska and Michigan. ENSTAR Natural Gas Company serves over 129,000 customers in Anchorage, Mat-Su and Soldotna. Both are affiliates of Continental Energy Systems LLC, a company with investments in local gas and electric distribution companies in Alaska, Michigan, and Texas.

The following is a "Safe-Harbor" statement under the Private Securities Litigation Reform Act of 1995. This release contains forward-looking statements that involve risks and uncertainties. Statements that are not historic facts, including statements about the Company's outlook, beliefs, plans, goals and expectations, are forward-looking statements. Factors that may impact forward-looking statements include, but are not limited to, the effects of weather, the economic climate, competition, commodity prices, changing conditions in the capital markets, regulatory approval processes, success in obtaining new business, success in defending claims against the Company, and other risks detailed from time to time in the Company's Securities and Exchange Commission filings.

###