



STATE OF ALASKA  
DEPARTMENT OF  
**COMMERCE**  
COMMUNITY AND  
ECONOMIC DEVELOPMENT

*Sean Parnell, Governor*  
*Emil Notti, Commissioner*  
*Robert M. Pickett, Chairman*

---

**Regulatory Commission of Alaska**

November 5, 2009

File: TA180-4  
LO#: L0900557

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

Dear Ms. Starring:

ENSTAR filed TA180-4 seeking our approval of a proposed gas sales agreement (GSA) between Anchor Point Energy, LLC and Alaska Pipeline Company (Anchor Point Energy GSA).<sup>1</sup> ENSTAR also requested our approval for the inclusion of the cost of gas purchased under the Anchor Point Energy GSA in the ENSTAR gas cost

---

<sup>1</sup>TA180-4, filed September 21, 2009 (TA180-4). We have historically regulated Alaska Pipeline Company and ENSTAR Natural Gas Company as a single entity.

adjustment.<sup>2</sup> We issued public notice of the filing.<sup>3</sup> We requested additional information from ENSTAR.<sup>4</sup> ENSTAR filed its response to our request.<sup>5</sup> ENSTAR filed further information including replacement Tariff Sheet Nos. 89 and 221,<sup>6</sup> a replacement page 4 for the Anchor Point Energy GSA,<sup>7</sup> and a copy of the Anchor Point Energy, LLC operating agreement.<sup>8</sup>

The Anchor Point Energy GSA will supply 1.2 Bcf<sup>9</sup> of gas annually, up to a total of 10 Bcf.<sup>10</sup> ENSTAR presented information in support of TA180-4 indicating that it has unmet gas needs beginning in January 1, 2011 and that the volumes of gas that will be provided under the Anchor Point Energy GSA are necessary to fill a portion of these unmet needs.<sup>11</sup> ENSTAR hopes to begin purchasing gas under the Anchor Point Energy GSA in early or mid 2011.<sup>12</sup>

The Anchor Point Energy GSA prices gas based on the forward looking average of three-month New York Mercantile Exchange (NYMEX) Natural Gas Futures.<sup>13</sup> The price of gas has a floor of \$6.85 per Mcf<sup>14</sup> and a ceiling of \$9.90 per Mcf, adjusted

---

<sup>2</sup>TA180-4 at 2; ENSTAR clarified the scope of this request in its Response to Letter Order No. L0900550, filed November 2, 2009 (Response to L0900550) at 1.

<sup>3</sup>*Notice of Utility Tariff Filing*, dated September 23, 2009. Comments were filed by: State of Alaska, Department of Natural Resources (also filed as TA180-4, App. C); Jim Nelson; Kenai Peninsula Borough, Mayor David R. Carey; Dolores Holub; City of Homer; Alaska Support Industry Alliance; Anchor Point Chamber of Commerce; City of Kachemak; Albert Sorensen; Anchorage Chamber of Commerce; Commonwealth North; Resource Development Council; Municipality of Anchorage, Mayor Dan Sullivan; and Representative Paul Seaton.

<sup>4</sup>Letter Order No. L0900550, dated October 29, 2009.

<sup>5</sup>Response to L0900550.

<sup>6</sup>The tariff sheets reflect the removal of the NorthStar (North Fork) GSA and replace the Tariff Sheet Nos. 89 and 221 that were filed on September 21, 2009.

<sup>7</sup>The replacement page corrects a typographical error in the definition of "Termination Date."

<sup>8</sup>TA180-4 Supplemental, filed November 4, 2009.

<sup>9</sup>Billion cubic feet.

<sup>10</sup>TA180-4 at 5, Anchor Point Energy GSA at § 2.3, 11.1.

<sup>11</sup>TA180-4 at 2, 4-5, App. D.

<sup>12</sup>TA180-4 at 2.

<sup>13</sup>TA180-4 at 5-6, Anchor Point Energy GSA at Article 3, Ex. F.

<sup>14</sup>Thousand cubic feet.

quarterly for inflation.<sup>15</sup> An S-curve is utilized by the Anchor Point Energy GSA to limit quarterly price volatility.<sup>16</sup> ENSTAR asserts that no gas producer was willing to enter into a contract using the pricing terms specified in earlier commission orders.<sup>17</sup>

We have considered the filings presented by ENSTAR in support of the proposed Anchor Point Energy GSA and the additional information filed in response to our request. Based on the record presented in this tariff proceeding, we find that the public interest is best served by approval of the Anchor Point Energy GSA at this time. Accordingly, we approve the Anchor Point Energy GSA, approve the addition of the Anchor Point Energy GSA on ENSTAR Tariff Sheet Nos. 89 and 221, and approve the inclusion of the cost of gas purchased under the Anchor Point Energy GSA in the calculation of the ENSTAR gas cost adjustment.

Enclosed is a validated copy of the Gas Sales Agreement Between Anchor Point Energy, LLC and Alaska Pipeline Company, filed by ENSTAR in TA180-4 on September 21, 2009. We have substituted page 4 of the GSA with the replacement page 4 filed by ENSTAR in TA180-4 Supplemental on November 4, 2009. Also enclosed are validated copies of Tariff Sheet Nos. 89 and 221, filed by ENSTAR in TA180-4 Supplemental on November 4, 2009.

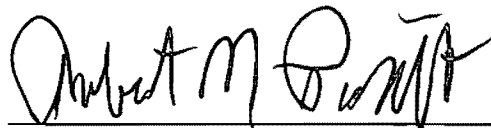
This letter order explicitly does not address or approve the proposed amendment to Alaska Pipeline Company's certificate of public convenience and necessity separately filed and currently at issue in Docket U-09-107, nor does it address or approve pipeline construction costs associated with the proposed amendment.

BY DIRECTION OF THE COMMISSION

(Commissioner Paul F. Lisankie, concurring, joined by Commissioner Anthony A. Price; Commissioner Kate Giard, dissenting; and Commissioner Janis W. Wilson, dissenting.)

Sincerely,

REGULATORY COMMISSION OF ALASKA



Robert M. Pickett, Chairman

<sup>15</sup>TA180-4 at 6, Anchor Point Energy GSA at §§ 3.1, 3.2, 3.3.

<sup>16</sup>TA180-4 at 6, Anchor Point Energy GSA at § 3.1(c), Ex. G.

<sup>17</sup>TA180-4 at 4.



STATE OF ALASKA  
DEPARTMENT OF  
**COMMERCE**  
COMMUNITY AND  
ECONOMIC DEVELOPMENT

*Sean Parnell, Governor*  
*Emil Notti, Commissioner*  
*Robert M. Pickett, Chairman*

**Regulatory Commission of Alaska**

November 5, 2009

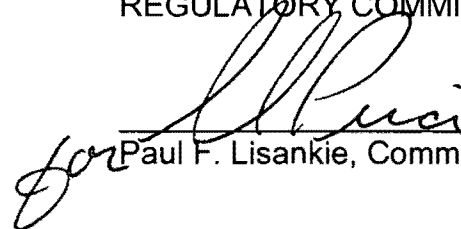
File: TA180-4  
LO#: L0900557

**Statement of Commissioner Paul F. Lisankie concurring,  
joined by Commissioner Anthony A. Price as applicable to TA180-4**

For the reasons articulated in my concurring statement to Letter Order No. L0900456 approving the gas supply contract between Chugach Electric Association, Inc. and ConocoPhillips Alaska, Inc. and ConocoPhillips, Inc., in TA305-8; I considered the absence of a request by the Attorney General to suspend or deny the gas sales agreement between Anchor Point Energy, LLC and Alaska Pipeline Company (Anchor Point Energy GSA), in reaching my determination that approval of the Anchor Point Energy GSA is in the public interest.

Sincerely,

REGULATORY COMMISSION OF ALASKA

  
\_\_\_\_\_  
for Paul F. Lisankie, Commissioner



STATE OF ALASKA  
DEPARTMENT OF  
**COMMERCE**  
COMMUNITY AND  
ECONOMIC DEVELOPMENT

*Sean Parnell, Governor*  
*Emil Notti, Commissioner*  
*Robert M. Pickett, Chairman*

**Regulatory Commission of Alaska**

November 5, 2009

File: TA180-4  
LO#: L0900557

**Dissenting statement of Commissioner Kate Giard as applicable to TA180-4**

Whether this contract is or is not in the "public interest" has not been tested by our record. I dissent from the majority's finding as I do not believe an evidential record has been presented that would support such a decision.

Political figures, business associations, and the Department of Natural Resources are expected to support a contract that provides Anchorage with a larger supply of natural gas. Determining whether the development of this marginal field, at the price terms contained in this contract, provides ENSTAR'S ratepayers with a fair deal, is the responsibility of the Attorney General.

In its statutory role as Public Advocate, only the Attorney General is strong enough to face the political pressure which can result from looking at a matter from the view of the families who are going to be responsible for paying a gas bill.

It can be a very unpopular role, but this voice, so necessary for a balanced regulatory environment, was silent in this matter and should not have been.

Certainly pricing terms which allow the price to reach from floor to ceiling in one year should have generated the interest of the Public Advocate who well knows that these terms are likely to be repeated in future contracts with a far greater ratepayer impact.

It would be very unfortunate for Alaska's ratepayers, if the Public Advocate's voice is silent in future gas supply contracts, particularly given the Attorney General's finding of market power by producers in Cook Inlet.

Sincerely,

REGULATORY COMMISSION OF ALASKA



Kate Giard, Commissioner



STATE OF ALASKA  
DEPARTMENT OF  
**COMMERCE**  
COMMUNITY AND  
ECONOMIC DEVELOPMENT

*Sean Parnell, Governor*  
*Emil Notti, Commissioner*  
*Robert M. Pickett, Chairman*

---

**Regulatory Commission of Alaska**

November 5, 2009

File: TA180-4  
LO#: L0900557

**Dissenting statement of Commissioner Janis W. Wilson as applicable to TA180-4.**

I cannot find that approval of the contract at this time best serves the public interest.

Sincerely,

REGULATORY COMMISSION OF ALASKA

A handwritten signature in cursive script, appearing to read "Janis W. Wilson".

---

Janis W. Wilson, Commissioner