



3000 Spenard Road  
PO Box 190288  
Anchorage, AK 99519-0288  
[www.enstarnaturalgas.com](http://www.enstarnaturalgas.com)

December 31, 2024

Regulatory Commission of Alaska  
701 West Eighth Avenue, Suite 300  
Anchorage, Alaska 99501

Subject: Tariff Advice Letter 349-4

Dear Commissioners:

ENSTAR Natural Gas Company, LLC ("ENSTAR") seeks Regulatory Commission of Alaska ("Commission") approval of the attached Sixth Amendment ("Sixth Amendment")<sup>1</sup> to the Gas Sales Agreement ("GSA") by and between Alaska Pipeline Company, LLC ("APC")<sup>2</sup> and Furie Operating Alaska, LLC ("Furie") dated February 26, 2016 ("Furie GSA").

This filing is transmitted in compliance with 3 AAC 48.200-.430 and Order U-12-125(1).<sup>3</sup> ENSTAR is not seeking approval of any tariff sheets as part of this filing.

Concurrent with the instant filing, ENSTAR is filing a Letter Agreement and an Amendment to the Special Contract and Service Agreement for Gas Sales Service with Alaska Electric and Energy Cooperative, LLC ("AEEC") for approval as TA348-4.

### **REQUEST FOR APPROVAL**

Under the terms of the Sixth Amendment, Furie commits to provide about 32 billion cubic feet ("Bcf") of firm natural Gas volumes to ENSTAR between April 1, 2026 and March 31, 2031. During this period, these volumes will allow ENSTAR to close the remaining gas supply gap in its gas supply requirements for its Gas Sales Customers and supply AEEC with natural gas for power generation as a Gas Sales Customer. The power generated by AEEC is used by Homer Electric

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<sup>1</sup> See Attachment A, the Sixth Amendment to Gas Sales Agreement between Furie Operating Alaska, LLC and Alaska Pipeline Company.

<sup>2</sup> APC, not ENSTAR, is the party to the proposed Sixth Amendment. The Commission regulates APC and ENSTAR as a single entity. The use of the name "ENSTAR" in this filing is intended to include both APC and ENSTAR, unless the context clearly requires otherwise.

<sup>3</sup> Order U-12-125(1), Order Granting Request for Expedited Consideration, Granting Request for Waiver, and Granting Petition for Approval of Operational Protocol and Amendment No. 1, September 21, 2012 at 2-3 ("We advise ENSTAR that any amendments, supplements, modifications, clarifications, or other agreements affecting a GSA subject to our approval must be filed for our approval before gas costs incurred under the affected GSA are included in ENSTAR's rates.")

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Association, Inc. (“HEA”)<sup>4</sup> to provide electrical service to its customers on the Kenai Peninsula, many of whom are also ENSTAR customers.

As detailed in TA348-4, AEEC’s current Special Contract and Service Agreement for Gas Sales with ENSTAR expires on March 31, 2025 (“Homer Special Contract”). Commission approval of the Sixth Amendment is required for ENSTAR to continue to provide gas service to its 153,000 Gas Sales customers and to AEEC. ENSTAR respectfully requests: (1) approval of the attached Sixth Amendment; and (2) approval to recover all gas, transportation, and storage costs related to the Sixth Amendment through its gas cost balance account and Gas Cost Adjustment.

### **BACKGROUND**

ENSTAR’s Amended and Restated Gas Sales and Purchase Agreement with Hilcorp (“Amended APL-14 GSA”) provides approximately 90% to 95% of ENSTAR’s gas supply requirements through 2033.<sup>5</sup> In anticipation of the expiration of gas supply agreements between ENSTAR and remaining Cook Inlet producers, ENSTAR has actively pursued efforts to close the upcoming gas supply gap of approximately 3 Bcf starting in 2025.

Additionally, in May 2024, as required by the Homer Special Contract, HEA notified ENSTAR that it would like to extend the agreement and continue to purchase 3.5-4 Bcf of gas directly from ENSTAR. HEA additionally requested to increase the Term of the Homer Special Contract beyond the one-year Term period for that agreement.

The extensive discussions and negotiations with Cook Inlet producers resulted in ENSTAR and Furie entering into the Sixth Amendment to increase the Term of the Furie GSA for an additional 5 years and increase firm volume commitments by 32 Bcf over the same period. The volumes secured under the Sixth Amendment are intended to cover the remaining gap for ENSTAR’s existing Gas Sales customers and all gas requirements for HEA. However, to further demonstrate the scarcity of gas supply options in Cook Inlet, Furie’s commitment to deliver this gas comes with a significant execution and performance risk and the delivery of this volume is contingent on the actual drilling and production program. To meet obligations under the Sixth Amendment, Furie is committing to commence a multi-year development program drilling several new wells and reworking the existing wells within the Kitchen Lights Unit “KLU.” The gas supply certainty provided by these commitments is vital in a time of growing scarcity.

While the Sixth Amendment is a positive development, ENSTAR is still negotiating with producers and other parties to cover the remaining gas supply gap of 6-7 Bcf during 2025-2026 period. Additionally, ENSTAR is seeking another source of gas to supply gas to other Railbelt utilities and to mitigate declining gas production in Cook Inlet. The options ENSTAR is currently

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<sup>4</sup> The use of the name “HEA” in this filing is intended to include both AEEC and HEA, unless the context clearly requires otherwise.

<sup>5</sup> The Commission approved the Amended and Restated Gas Sale and Purchase Agreement between APC and Hilcorp in L2000231 issued in TA317-4.

exploring through the Utility Working Group include imported liquefied natural gas, a North Slope pipeline, and additional development in Cook Inlet. However, the current reality is that for the near term, Cook Inlet natural gas is the only viable option for utility use in Southcentral Alaska.

In LO# L1600193, the Commission stated, “ENSTAR, with the cooperation of Furie, is commended for meeting the intent of the legislature for diversified supply contracts and different pricing mechanisms. ENSTAR has adopted diversification policies to set aside or carve out an allocation of their supply portfolios to small independent producers in Cook Inlet. These provisions conform to legislative policy and the recommendations of the Commission as expressed in a concurring statement to TA242-4.” ENSTAR remains committed to the goal of securing a diversified supply portfolio.

ENSTAR recognizes the importance of energy continuity for its customers and the public. HEA was unable to extend its current contract with Hilcorp, and the remaining producers were unable to provide the requested volumes HEA required on a firm basis. ENSTAR was able to step in and work collaboratively with HEA to reach an agreement to provide Gas Sales Service. ENSTAR, in January of 2024, amended its Amended APL-14 GSA increasing the volumes of Gas ENSTAR can purchase by 3.515 Bcf with delivery between April 1, 2024 – March 31, 2025.<sup>6</sup> The Sixth Amendment extends ENSTAR’s ability to provide Gas Sales Service to HEA during the period of April 1, 2026 - March 31, 2031.

### **KEY FEATURES OF THE AMENDMENT**

The key provisions of the Sixth Amendment are summarized below. (Capitalized terms used but not defined herein have the meanings provided in the Furie GSA, Amendment, Second Amendment, Third Amendment, Fourth Amendment, Fifth Amendment, and Sixth Amendment.)

#### **Effective Date**

This Sixth Amendment shall be deemed effective as of the date on which the Commission approves the amendment.

#### **Development Milestones**

Performance under this Sixth Amendment is dependent on certain preliminary steps, including (1) securing financing from Alaska Industrial Development and Export Authority or other funding, (2) execution of a jack-up rig or drilling rig contract(s), and (3) execution of a heavy lift contract to mobilize the jack-up rig to Cook Inlet (“Development Milestones”). If Development Milestones are not completed by April 1, 2026, ENSTAR may elect to terminate the Sixth

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<sup>6</sup> The Commission approved Amendment No. 1 to Amended and Restated Gas Sale and Purchase Agreement between APC and Hilcorp in LO# L2400086 issued in TA343-4.

Amendment.

Gas Volumes (Section 2.1a)

The Sixth Amendment adds the Firm Annual Contract Quantity (“ACQ”) for Contract Years 9, 10, 11, 12, and 13. The amended ACQ is as follows:

Contract Year Beginning	Annual Contract Quantity (Bcf)
April 1, 2026	2.956
April 1, 2027	9.516
April 1, 2028	10.767
April 1, 2029	9.125
April 1, 2030	7.190

Daily Deliverability (Section 2.1b)

The Sixth Amendment adds the Firm Daily Contract Quantity (“DCQ”) for Contract Years 9, 10, 11, 12, and 13. The amended DCQ is as follows:

Contract Year Beginning	Firm Daily Contract Quantities (Mcf/d)
April 1, 2026	8,100
April 1, 2027	26,000
April 1, 2028	29,500
April 1, 2029	25,000
April 1, 2030	19,700

Failure to Deliver (Section 2.1d and 2.1e)

The Sixth Amendment adds a formal process in the event Seller is not able to meet Development Milestones. Buyer and Seller will attempt to negotiate in good faith mutually acceptable alternative provisions within thirty (30) days of Formal Notice of the delay. If Seller fails to deliver Firm Gas volumes on April 1, 2026, unless resolved by Section 2.1(d), the Buyer will have the right to terminate the GSA as amended.

Right of First Refusal (Section 2.2)

The Sixth Amendment adds additional provisions for the Optional-Right of First Refusal (“O-ROFR”) daily volumes for Contract Years 9 through 13. This provision provides ENSTAR with an option to purchase an additional Gas when/if it becomes available.

### Gas Storage (Section 2.9)

The Sixth Amendment adds an agreement for Buyer to store up to a three months' supply of the current Contract Year's Firm Gas on behalf of the Seller. This provision was added to enhance Furie's ability to deliver Gas on a firm basis during planned and unplanned maintenance activities and production upsets.

### Price; Cost Allocation (Section 3)

The Sales Price for Contract Year 9 (April 1, 2026-March 31, 2027) is \$12.30 per Mcf or \$13.69 per Mcf if the State of Alaska Department of Natural Resources does not approve the September 2024 Royalty Relief Application as submitted by Furie. The Annual Price Modifier limits are reduced from a maximum increase or decrease of 6% to 1.5%.

### **ENSTAR'S PROJECTED GAS REQUIREMENTS**

The Sixth Amendment provides ENSTAR with Gas volumes to meet its gas supply requirements during the period of 2026-2031. The table below summarizes ENSTAR's annual gas supply requirements through March 2031. The purchase requirements include about 3-4 Bcf of HEA's gas supply requirements. ENSTAR has no firm Gas commitments beyond 2033.

ENSTAR Projected Gas Requirements							
<b>Volumes (Bcf)</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
Hilcorp - Amended APL-14	32.29	32.24	32.24	32.24	32.24	32.24	32.24
Furie Operating Alaska	0.40						
Furie - 6th Amendment		2.2	7.9	10.5	9.5	7.7	1.8
Vision Resources	0.5	0.4	0.3	0.0			
Undetermined Supply (+Gap/- To Storage)	4.70	3.02	(2.50)	(4.8)	(3.8)	(1.95)	3.94
<b>Total Purchase Requirements</b>	<b>37.86</b>	<b>37.88</b>	<b>37.90</b>	<b>37.92</b>	<b>37.94</b>	<b>37.96</b>	<b>37.98</b>
<b>Net Takes for System Supply</b>							
	<b>37.9</b>	<b>37.9</b>	<b>37.9</b>	<b>37.9</b>	<b>37.9</b>	<b>38.0</b>	<b>38.0</b>
Furie Share	1%	6%	21%	28%	25%	20%	5%
Hilcorp Share	85%	85%	85%	85%	85%	85%	85%

### **COMMISSION APPROVAL**

ENSTAR seeks Commission approval due to its direction in Order U-12-125(1), in which the Commission stated as follows:

*We advise ENSTAR that any amendments, supplements, modifications, clarifications, or other agreements affecting a GSA subject to our approval must be filed for our approval before gas costs incurred under the affected GSA are included in ENSTAR's rates.*

This language indicated to ENSTAR that any amendment of a GSA must be submitted for the Commission's approval before the Commission will approve cost recovery of gas purchased under the GSA in question.

ENSTAR is not seeking a revision of any tariff sheet in this filing. The Furie GSA is already listed in ENSTAR's Determination of Gas Cost Adjustment in Tariff Section 708e (Sheet 129). The effect of the amendment will be taken into account in ENSTAR's next Gas Cost Adjustment determination that is scheduled to be filed May 15, 2025.

ENSTAR respectfully requests that the Commission approve the Sixth Amendment at the conclusion of the standard notice and review period.

Sincerely,

ENSTAR Natural Gas Company, LLC

A handwritten signature in dark ink, reading "Chelsea Guintu". The signature is fluid and cursive, with the first name "Chelsea" and last name "Guintu" clearly legible.

Chelsea Guintu  
Manager of Regulatory & Planning  
Phone: 907-334-7620  
Fax: 907-334-7657  
Chelsea.guintu@enstarnaturalgas.com

Attachment:

Attachment A - Sixth Amendment to Gas Sale and Purchase Agreement between Furie Operating Alaska, LLC and Alaska Pipeline Company

**SIXTH AMENDMENT TO GAS SALES AGREEMENT**

This Sixth Amendment to the Gas Sales Agreement (the "Sixth Amendment") is made this 11th day of October 2024, by and between Alaska Pipeline Company, LLC a Delaware limited liability company ("Buyer"), and Furie Operating Alaska, LLC, a Delaware limited liability company ("Seller"), and amends that Gas Sales Agreement between Furie Operating Alaska, LLC and Alaska Pipeline Company dated February 26, 2016 (as previously amended on September 13, 2017, April 25, 2019, February 13, 2020, April 15, 2021, and August 12, 2022) (the "GSA").

**RECITALS**

A. WHEREAS, Buyer and Seller entered into the GSA and it was approved by the Regulatory Commission of Alaska ("Commission") in LO# L1600193 on April 25, 2016. The first amendment was approved by the Commission in LO# L1700450 on October 31, 2017, the second amendment was approved in LO# L1900468 on December 23, 2019, the third amendment was approved in LO# L2000142 on April 9, 2020, the fourth amendment was approved in LO# L2100175 on May 21, 2021, and the fifth amendment was approved in LO# L2200249 on August 8, 2022.

B. WHEREAS, Buyer seeks gas supply reliability and optionality to meet its obligations in a timely manner and without undue risk to the public. Seller is in the process of developing additional gas supply options within the Kitchen Lights Unit ("KLU").

C. WHEREAS, to fulfill the Gas Sales commitments contained in this GSA and to develop further natural gas for Buyer, Seller will commence a multi-year development program within the KLU.

D. WHEREAS, the parties acknowledge that Seller's performance under this Sixth Amendment is dependent on certain preliminary steps, including (1) securing financing from Alaska Industrial Development and Export Authority or other funding, (2) execution of a jack-up rig or drilling rig contract(s), and (3) execution of a heavy lift contract to mobilize the jack-up rig to Cook Inlet ("Development Milestones").

E. WHEREAS, Seller has represented that it intends to complete the Development Milestones by April 1, 2026, and Buyer has taken actions in reasonable reliance upon these representations. If Seller fails to deliver the Firm Gas on April 1, 2026 and thereafter as contemplated herein, Buyer may, as its sole remedy and without any claim for damages against Seller, elect to terminate this GSA as amended.

F. WHEREAS, Furie expects to complete the following well work to achieve the development contemplated herein:

- 2025 1-2 Grassroot Wells  
1-2 Sidetrack Wells

- 2026 1-2 Grassroot Wells  
1-2 Sidetrack Wells
- 2027 1-2 Grassroot Wells  
1-2 Sidetrack Wells

G. WHEREAS, Buyer and Seller now wish to amend the GSA under the terms and conditions of this Sixth Amendment.

**AMENDMENT**

NOW THEREFORE, for good and valuable consideration, the Parties agree as follows:

1. The above referenced recitals and representations are incorporated herein. Except as specifically modified by this Sixth Amendment, the terms of the GSA shall remain in full force and effect and shall apply to this Sixth Amendment as if the provisions are this Sixth Amendment were part of the GSA. To the extent there is a conflict, the terms of this Sixth Amendment shall apply.
2. **Amendment to Article 1**
  - a. *Section 1.1 is amended to revise and restate the following definition:*

“ENSTAR” means the natural gas distribution utility named ENSTAR Natural Gas Company, LLC, a Delaware limited liability company that is the successor interest to ENSTAR Natural Gas Company. ENSTAR and Buyer are regulated as a single entity by the RCA.”
3. **Amendment to Article 2 (Sale and Purchase of Gas) of the GSA:**
  - a. *The tables in Section 2.1(a) and Section 2.1(b) are amended and restated to add the Annual Contract Quantities (“ACQs”) and Firm Daily Contract Quantities (“DCQs”) as follows:*

Term	Contract Year	Firm DCQ (Mcf/d)	Firm ACQ (Bcf)
Year 9	April 1, 2026 – March 31, 2027	8,100	2.956 Bcf
Year 10	April 1, 2027 – March 31, 2028	26,000	9.516 Bcf
Year 11	April 1, 2028 – March 31, 2029	29,500	10.767 Bcf



<b>Year 12</b>	April 1, 2029– March 31, 2030	25,000	9.125 Bcf
<b>Year 13</b>	April 1, 2030 – March 31, 2031	19,700	7.190 Bcf

b. *Section 2.1 is amended to include new sections (d) and (e) as set forth below:*

“(d) In the event Seller provides Formal Notice of an anticipated failure to meet the Development Milestones, where the delay would impact Seller’s obligations in amended Section 2.1(a) herein, and such anticipated failure is not excused by Force Majeure, Buyer and Seller shall attempt to negotiate in good faith mutually acceptable alternative provisions within thirty (30) days of Formal Notice of the delay.

(e) If Seller fails to deliver Firm Gas volumes on April 1, 2026, unless resolved by Section 2.1(d) herein, Buyer shall, as its sole remedy and without any claim for damages against Seller, have the right to terminate the GSA as amended.”

c. *Section 2.2, as amended in the Fifth Amendment, is further amended as follows:*

“Buyer will have an O-ROFR pursuant to amended Section 2.2(a) to volumes in excess of Firm Gas committed under this Sixth Amendment. Seller will determine Contract Year 9 O-ROFR Gas volumes by February 1, 2026 and provide Formal Notice to Buyer of same, and shall follow this schedule for each year of the Amendment Term.”

d. *Section 2.6(c) as amended in the Fifth Amendment, is further amended as follows:*

“Seller shall coordinate with Buyer to re-schedule Gas deliveries (Firm Gas, Discretionary Gas, and O-ROFR Gas) during scheduled well work that occurs between May and September of any Contract Year (“Seasonal Well Work”), including the Extended Term. Gas deliveries not delivered due to Seasonal Well Work will be re-delivered as mutually agreed to with no penalties to either Party. Seller will use its best commercial efforts to coordinate work activities to have the least impact to Buyer.”

e. *Section 2.9 is amended to include new section (c) as set forth below:*

“(c) The parties acknowledge the limitation on the availability of commercial natural gas storage in Cook Inlet. To mitigate the risk of Seller’s inability to deliver Firm Gas, Buyer hereby agrees to store Gas on behalf of Seller in its contracted Firm Storage Service (“FSS”) account in CINGSA or any other commercial natural gas storage facility for an amount up to the equivalent of a three-month supply of the current Contract Year’s Firm Gas.

- i. At all times, Buyer's obligations under this Section 2.9(c) are limited to the availability of Buyer's contracted storage service."

**4. Amendment to Article 3 (Price; Cost Allocation) of the GSA:**

- a. *Section 3.1(a), subsection (B)(4) as set forth in the Fifth Amendment is amended and restated as follows:*

"(B)(4) Step 4: Determine Annual Price Modifier. Compare the Price Index Change Percentage calculated in Step 3 to the following:

- i. The Annual Price Modifier is limited to a maximum of positive one and a half percent (1.5%) and a minimum of negative one percent (-1%). The Sales Price contemplated herein shall be \$12.30 per Mcf for Contract Year 9.
- ii. If the State of Alaska Department of Natural Resources ("DNR") does not approve the September 2024 Royalty Relief Application as submitted by Seller, the Sales Price shall be \$13.69 per Mcf for Contract Year 9.

**5. Amendment to Article 13 (Commencement and Termination) of the GSA**

- a. *Section 13.2 is amended to include the following language:*

"The Parties agree to further extend the Term an additional five years from April 1, 2026 to March 31, 2031 ("Extended Term"). For consistency in the GSA, the Extended Term shall include Contract Year 9 through Contract Year 14."

**6. Approvals**

- a. This Sixth Amendment must be approved by the TriSummit Utilities USA Board of Directors.
- b. This Sixth Amendment must be approved by the RCA before Buyer purchases Gas hereunder. The Parties will agree on the date of submittal to the RCA by the Buyer. Buyer will submit this Sixth Amendment to the RCA for its consideration on or before December 31, 2024.
- c. Buyer will seek Regulatory Approval of this Sixth Amendment with Seller's cooperation as contemplated in Section 10.1(b) of the GSA.
- d. If the RCA issues an order that approves (conditionally or otherwise) this Sixth Amendment and imposes terms and conditions or modifications unacceptable to Buyer

or Seller, each as determined in its sole and absolute discretion, Buyer or Seller shall attempt to negotiate in good faith mutually acceptable alternative provisions within thirty (30) Days of the RCA order. If the Parties cannot negotiate mutually acceptable provisions in that Period, either Buyer or Seller may terminate this Sixth Amendment upon Formal Notice to the other Party, such termination to take effect on the date outlined in any such written notice of termination.

- e. If RCA Approval has not been obtained by June 1, 2025, either Party may terminate this Sixth Amendment upon Formal Notice to the other Party, such termination to take effect on the date outlined in any such written notice of termination.
- f. "RCA Approval" will be deemed to have occurred on the date that an RCA order approving the Sixth Amendment, including approval of recovering all costs resulting from this Sixth Amendment in the Rates of Buyer's affiliate ENSTAR Natural Gas Company, without conditions or modifications unacceptable to the Parties, becomes final and is not subject to further reconsideration by the RCA. The RCA Approval date shall be the Effective Date of the Sixth Amendment.

**7. Entire Agreement:**

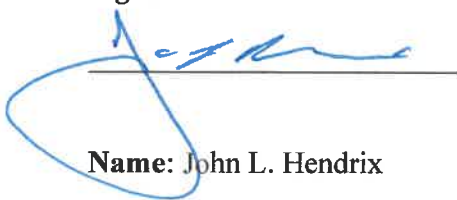
This Sixth Amendment represents the entire agreement between them. The Parties hereby release any rights that they may now have or may hereafter acquire to reform, rescind, modify or set aside this Sixth Amendment for any mutual or unilateral mistake or otherwise.

IN WITNESS WHEREOF, the Parties have executed this Sixth Amendment as of the date below.

**FURIE OPERATING ALASKA, LLC**

**ALASKA PIPELINE COMPANY, LLC**

**Signature:**



**Name:** John L. Hendrix

**Title:** President & CEO

**Date:** 10-14-24

**Signature:**



**Name:** John D. Sims

**Title:** President

**Date:** October 11, 2024