



5151 Fairbanks Street
Anchorage, AK 99503
PO Box 190288
Anchorage, AK 99519-0288
www.enstarnaturalgas.com

October 21, 2026

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

Subject: Tariff Advice Letter TA361-4, Gas Exchange Agreement

Dear Commissioners:

The tariff filing described below is transmitted to you for filing in compliance with Section 3 AAC 48.200 - 3 AAC 48.430, 3 AAC 52.502(a), and 3 AAC 52.506(c) of the Alaska Administrative Code:

<u>Tariff Sheet</u>		<u>Cancels Sheet</u>		<u>Schedule or Rule Number</u>
<u>Number</u>	<u>Revision</u>	<u>Number</u>	<u>Revision</u>	
127	First	127	Original	708c Gas Cost Balancing Account
129	First	129	Original	708e Determination of Gas Cost Adjustment
130	First	130	Original	708g Gas Cost Balance Account Quarterly Report

Request for Approval

ENSTAR Natural Gas Company, LLC ("ENSTAR") requests the Regulatory Commission of Alaska's ("Commission" or "RCA") approval of 1) a Gas Exchange Agreement between ENSTAR, Matanuska Electric Association, Inc. ("MEA"), and Hilcorp Cook Inlet, LLC ("Hilcorp") ("Exchange Agreement");¹ and 2) revisions to Section 708 of ENSTAR's tariff authorizing the treatment of gas exchange agreements as gas supply transactions for purposes of the Gas Cost Balance Account ("GCBA") and Gas Cost Adjustment ("GCA"), including the recording and recovery of all prudently incurred gas costs, gas credits, transportation costs, storage costs, and other associated costs and credits.

¹ ENSTAR is requesting approval of the Exchange Agreement because the Agreement contemplates that the repayment of gas exchanged could occur more than 12 months after the gas has been originally provided. Section 708f(1) of ENSTAR's tariff requires that it submit for Commission approval of gas supply "contracts with a term exceeding 12 months and having the effect of increasing the current average cost of system base gas supply".

Background

The 2025-2026 heating season placed significant demands on ENSTAR's natural gas supply portfolio. ENSTAR's service territory experienced the longest sustained cold-weather event in more than forty years, with below-normal temperatures persisting for approximately thirty consecutive days. Customer demand exceeded normal-weather forecasts by approximately 3.1 Bcf² between December 2025 and April 2026.³ As a result of the increased demand, ENSTAR relied on additional gas purchases and withdrawals from Cook Inlet Natural Gas Storage Alaska, LLC ("CINGSA") to maintain reliable service to customers. This resulted in ENSTAR withdrawing approximately 2.2 Bcf more gas from storage than planned during the period.⁴

In response to the increased demand and corresponding depletion of gas in storage during the 2025-2026 heating season, ENSTAR has undertaken a variety of actions to secure additional supplies and restore inventory levels necessary to support reliable service during the 2026-2027 heating season. These efforts include exercising contractual options under existing gas supply agreements, securing additional discretionary purchases, and entering into new supply arrangements to address the lack of sufficient gas available for purchase in the Cook Inlet. An example of a new short-term supply arrangement is ENSTAR's recent contract to receive trucked North Slope LNG from Interior Alaska Natural Gas Utility for the upcoming heating season.

Despite these efforts, gas supply conditions have continued to change since the filing of ENSTAR's current Gas Cost Adjustment. Anticipated supplies under the interruptible gas supply arrangement with BlueCrest Alaska Operating, LLC ("BlueCrest") are no longer expected to perform at the levels originally forecasted.⁵ BlueCrest had planned to commence its 2026 drilling program on July 1, 2026, with initial gas deliveries to ENSTAR expected to begin in September 2026. However, due to funding constraints, BlueCrest postponed its drilling program until the first quarter of 2027. As a result, anticipated gas deliveries under the interruptible supply arrangement have been delayed and are not expected to provide the volumes needed to support ENSTAR's storage inventory refill and winter supply objectives for the 2026-2027 heating season. Further, beginning in July 2026, HEX Operating, LLC ("Hex") ceased delivering gas to ENSTAR under Discretionary Gas Sale Agreement ("DGS") #43 and instead sold available gas volumes to third parties. ENSTAR had anticipated receiving substantial quantities of gas under DGS #43 during the summer and fall of 2026 and had planned to use those volumes to help restore storage

² Mcf is one thousand cubic feet. MMcf is 1,000 Mcf or 1 million cubic feet. Bcf is 1,000,000 Mcf or 1 billion cubic feet. Ccf is one hundred cubic feet.

³ TA359-4 at 2.

⁴ TA359-4 at 3.

⁵ See Department of Natural Resources, *Notice of Required Immediate Action*, dated August 14, 2026, <https://dog.dnr.alaska.gov/Document/Download/4E67EB05BBB042369500443D1136102F/Cosmopolitan%20Unit%20-%20Notice%20of%20Required%20Immediate%20Action.pdf>

inventories following the 2025-2026 heating season. In response, ENSTAR initiated an emergency arbitration proceeding seeking immediate relief requiring Hex to resume performance under DGS #43. The emergency arbitrator granted ENSTAR's request, and Hex resumed delivering all available gas volumes to ENSTAR on September 9, 2026. Nevertheless, the gas that otherwise would have been available to ENSTAR was not delivered during July and August 2026, significantly reducing the volumes available for storage injection during a critical inventory replenishment period. As a result, ENSTAR had fewer gas supplies available for storage injection than anticipated, increasing the need for alternative supply arrangements to restore storage inventories and support reliable service during the 2026-2027 heating season.

MEA currently has gas volumes available under contract that are not required for its near-term operations. Recognizing the importance of Cook Inlet users working collaboratively to address gas supply challenges, MEA reached out to ENSTAR to find a path to make those volumes available to ENSTAR through a gas exchange arrangement. Under the proposed Exchange Agreement, Hilcorp will sell and physically deliver approximately 1.2 Bcf of gas directly to ENSTAR for use in serving customer requirements, and ENSTAR will subsequently sell equivalent Payback Volumes directly to MEA no later than March 31, 2028. The proposed exchange allows existing Cook Inlet gas resources and storage assets to be utilized more efficiently while enhancing reliability for ENSTAR's approximately 157,000 customers.

ENSTAR currently projects that, absent the proposed Exchange Agreement, storage inventory levels would be approximately 3.7 Bcf on December 31, 2026; substantially below ENSTAR's typical target range of 6 to 7 Bcf for that time of year. Access to approximately 1.2 Bcf of gas available under the proposed Exchange Agreement will help mitigate this projected shortfall, improve operational flexibility, and strengthen ENSTAR's ability to meet customer demand during periods of peak winter usage.

Summary of Exchange Agreement Terms

The Agreement commences on the Effective Date and remains effective until all material obligations have been satisfied or otherwise discharged in accordance with the Agreement. Under the Agreement, Hilcorp will sell and physically deliver approximately 1.2 Bcf of natural gas directly to ENSTAR during the months of November and no later than December 15, 2026. In exchange, ENSTAR is obligated to physically deliver equivalent Payback Volumes directly to MEA's storage account in Hilcorp Alaska Gas Storage, LLC ("HAGS") no later than March 31, 2028.

ENSTAR will pay Hilcorp \$11.75 per Mcf for the Initial Volumes delivered under the Agreement. The Agreement provides that this price consists of a \$9.00 per Mcf underlying gas value and a \$2.75 per Mcf fee charged by Hilcorp to facilitate the transaction. Payback Volumes delivered by ENSTAR to MEA during the Payback Period are priced at \$9.00 per Mcf, consistent with the pricing applicable to such volumes under MEA's Third Amendment to its Gas Supply Agreement with Hilcorp. Following delivery of the Initial Volumes, ENSTAR is responsible for all transportation, pipeline fuel, lost and unaccounted for ("LAUF"), storage withdrawal and

injection charges imposed by HAGS, and other costs associated with receiving the gas and returning the Payback Volumes to MEA.

ENSTAR must provide MEA with a Payback Plan no later than April 15, 2027 describing how all Payback Volumes will be returned by March 31, 2028. The Payback Plan is subject to MEA's prior written approval, which may not be unreasonably withheld, conditioned, or delayed. If ENSTAR does not timely return all Payback Volumes, ENSTAR must reimburse MEA for reasonable and documented Replacement Costs as defined in the Exchange Agreement.

The Exchange Agreement also provides audit rights allowing the Parties to review records relating to delivered volumes, costs, invoices, and repayments, and is expressly conditioned upon receipt of any required Regulatory Commission of Alaska approvals.

Recovery of Exchanged Gas and Related Fees

ENSTAR proposes to record all costs and credits associated with gas exchange agreements in the GCBA and include those amounts in the calculation of ENSTAR's GCA. Although the transaction differs from a traditional gas purchase agreement because equivalent gas volumes are subsequently returned, the exchange serves the same fundamental purpose as other gas supply arrangements, securing reliable gas supplies for ENSTAR's customers.

Under the proposed Exchange Agreement, Hilcorp will sell and physically deliver approximately 1.2 Bcf of natural gas to ENSTAR for use in serving customer requirements during the 2026-2027 heating season. ENSTAR will obtain title to those volumes and assume responsibility for transportation, storage, pipeline fuel, LAUF, and related costs. ENSTAR will subsequently deliver equivalent Payback Volumes to MEA no later than March 31, 2028. From a ratemaking perspective, ENSTAR proposes to treat the initial receipt of gas in the same manner as gas obtained from a gas supplier and the subsequent return of equivalent volumes in the same manner as a credit to the gas supply portfolio. The value assigned to gas volumes, together with all prudently incurred pipeline fuel, LAUF, withdrawal and injection charges, injection fuel, imbalance charges, transportation charges, and other third-party costs associated with the transaction, would be recorded through the GCBA and reflected in the GCA.

This treatment ensures that both sides of the transaction are reflected consistently in ENSTAR's gas cost recovery mechanism. When gas is received from Hilcorp, the cost of obtaining that supply is included in the GCBA in the same manner as other purchased gas costs. When equivalent gas volumes are returned to MEA, the value of the returned gas is credited through the GCBA, thereby providing customers with the benefit of the transaction in the same manner that gas supply costs are charged to customers. As a result, customers are charged only the net gas supply costs associated with the exchange over the life of the transaction.

Consistent with the treatment of other gas supply resources, ENSTAR will maintain invoices, transaction confirmations, storage statements, transportation statements, settlement records, and accounting entries supporting all amounts included in the GCBA. These records will

be provided through ENSTAR's normal GCBA reporting process and will allow the Commission and interested parties to verify all costs and credits associated with gas exchange agreements.⁶

Compliance with 3 AAC 52.502(a)

ENSTAR requests Commission approval to record the costs and credits associated with gas exchange agreements in the GCBA and reflect such amounts through its GCA. Under the proposed treatment, ENSTAR would record the value of gas received under a gas exchange agreement, the value of gas subsequently returned, and all prudently incurred transportation, storage, LAUF, overrun charges, and other associated costs and credits arising from the transaction. Because these amounts represent gas supply costs and credits associated with serving ENSTAR's customers, they are appropriately recovered through the GCA.

Pursuant to 3 AAC 52.502(a), a utility seeking recovery of a cost element through a cost charge mechanism must demonstrate that the costs: (1) are subject to change at a rate that could cause financial harm if recovered solely through base rates; (2) are beyond the utility's control; and (3) are readily verifiable. The proposed treatment of gas exchange agreement costs and credits satisfies each of these requirements.

1. The costs and credits associated with gas exchange agreements cannot be reasonably forecasted for inclusion in base rates. The need for a gas exchange transaction, as well as the timing, volume, and cost of any such transaction, depends on changing operational and market conditions, including weather, customer demand, gas supply availability, storage inventory levels, and the availability of counterparties willing to enter into an exchange arrangement. These factors can vary significantly from year to year and are not known with sufficient certainty during a general rate case proceeding. As a result, costs and credits associated with gas exchange transactions are more appropriately reflected through the GCA than through base rates.
2. While ENSTAR retains discretion as to whether to enter into a specific exchange transaction, the circumstances giving rise to the need for such arrangements are largely outside ENSTAR's control. Weather conditions, customer demand, gas supply availability, storage inventory levels, operational constraints, and the availability of willing counterparties all influence whether an exchange transaction is necessary or available. In addition, many costs associated with implementing these arrangements, including gas purchase prices, transportation charges, storage fees, pipeline fuel, LAUF requirements, and other third-party charges, are established by market participants or service providers and are not controlled by ENSTAR.
3. All amounts included within the proposed gas exchange costs element will be supported by the executed exchange agreement, transportation and storage invoices,

⁶ ENSTAR tariff section 708g.

settlement statements, accounting records, and related documentation. ENSTAR will continue to provide supporting schedules and documentation through its GCBA reporting process, allowing the Commission and interested parties to verify all amounts recovered through the GCA.

Overview of Proposed Tariff Revisions

Attachment B to this filing shows ENSTAR's proposed changes to the current Tariff Section 708 in "redline". Attachment C provides the final tariff sheets for which ENSTAR is seeking approval. The changes are summarized by section below.

§708c Gas Cost Balance Account

ENSTAR is proposing revisions to prescribed entries detailed in this section.

- §708c(2) is a new subsection that has been added to provide for the costs and credits associated with gas exchange agreements. The new provision authorizes the inclusion of the value of gas received and returned under a gas exchange agreement, together with associated transportation, storage, LAUF, overrun charges, and other prudently incurred transaction costs. ENSTAR is proposing this language to provide full transparency and clarity as to what items are included in the account.

§708e Determination of Gas Cost Adjustment

ENSTAR is proposing to modify this section to separately identify costs associated with gas exchange agreements in the Determination of Gas Cost Adjustment. A new line item, "Gas Exchange," has been included under "Additional Gas Supply" to provide a separate line item for gas exchange costs and credits included in the calculation of the weighted average unit cost of gas. This revision provides transparency regarding the treatment of gas exchange transactions and is consistent with the proposed revisions to §708c in recording those costs and credits in the GCBA.

§708g Gas Cost Balance Account Quarterly Report

The language was modified to reflect the addition of gas exchanges in the GCBA quarterly report.

Request for Expedited Consideration and Waiver of Statutory Notice

ENSTAR respectfully requests an earlier effective date of October 30, 2026 and waiver of the statutory notice period for good cause shown in compliance with AS 42.05.411(a), 3 AAC 48.270(a)(6), and 3 AAC 48.300.

The requested early effective date is necessary because the approximately 1.2 Bcf of Initial

Volumes must be physically withdrawn, transported, delivered, and injected into storage over an extended period of time and cannot be transported instantaneously. Daily withdrawal, transportation, and injection limitations restrict the quantity of gas that can be moved on any given day. As a result, maximizing the amount of time available before peak winter demand begins is important to ensuring that the greatest possible quantity of gas can be injected into storage and made available for customer requirements during the 2026-2027 heating season.

Conclusion

ENSTAR respectfully requests that the Commission approve the Exchange Agreement and the proposed tariff revisions. The proposed transaction will provide ENSTAR access to approximately 1.2 Bcf of additional gas supplies needed to replenish storage inventory levels, enhance operational flexibility, and maintain reliable service during the 2026-2027 heating season. ENSTAR further requests approval of the proposed tariff revisions authorizing the recovery and crediting of costs associated with gas exchange agreements through ENSTAR's existing GCBA and GCA mechanisms. ENSTAR respectfully requests that the proposed tariff revisions become effective October 30, 2026, or as soon as reasonably possible thereafter. If you have any questions, please contact Joshua Werba at (907) 334-7665.

Sincerely,

ENSTAR Natural Gas Company, LLC



Joshua Werba
Manager, Regulatory Affairs
Phone: 907-334-7665
Fax: 907-334-7657
Joshua.werba@enstarnaturalgas.com

Attachments:

Attachment A - Gas Exchange Agreement between ENSTAR, MEA and Hilcorp
Attachment B - Redlined Tariff Sheets
Attachment C - Revised Tariff Sheets

GAS EXCHANGE AGREEMENT

This GAS EXCHANGE AGREEMENT (“Agreement”) is entered into by and among Hilcorp Cook Inlet, LLC (“Hilcorp”), ENSTAR Natural Gas Company (“ENSTAR”) and Matanuska Electric Association, Inc. (“MEA”) effective as of the date signed by all parties (“Effective Date”). Hilcorp, ENSTAR, and MEA are referred to individually herein as a “Party” and collectively as “Parties.”

The Parties intend this Agreement to establish an integrated physical gas transaction pursuant to which: (a) Hilcorp shall sell and physically deliver the Initial Volumes directly to ENSTAR; and (b) ENSTAR shall subsequently sell and physically deliver equivalent Payback Volumes directly to MEA during the Payback Period. The Parties acknowledge that the transactions are being entered into together for a single commercial purpose and are not intended to constitute a sale of gas by MEA to ENSTAR followed by a repurchase of that gas by MEA. In the event of a conflict between the terms of this Agreement and the MEA-02 Gas Sales Agreement (including the Third Amendment) or the APL-14 Gas Sales Agreement, the terms of this Agreement shall control solely with respect to the specific volume and delivery modifications expressly set forth herein, and each such agreement shall otherwise remain unchanged and in full force and effect.

RECITALS

WHEREAS, ENSTAR requires additional Gas volumes in storage to support anticipated customer demand during November 2026 and April 2027;

WHEREAS, MEA and Hilcorp entered into the Third Amendment to the MEA-02 Gas Sales Agreement providing MEA gas storage transfers of gas;

WHEREAS, in December 2026 and March 2027, MEA forecasts storing a combined 1,201,355 Mcf of gas into Hilcorp Alaska Gas Storage, LLC under its Firm Storage Service Agreement for use by MEA members between April 1, 2028 and March 31, 2029;

WHEREAS, ENSTAR, Hilcorp, and MEA desire to transact for gas supply and delivery as described herein;

WHEREAS, the Parties recognize that, solely as between MEA and ENSTAR, MEA’s members will be held harmless and left in no worse economic position as if this Agreement had never occurred; and

WHEREAS, the Parties realize mutual benefits where Hilcorp receives additional revenues from gas sales, ENSTAR customers access needed volumes of gas for the 2026-2027 winter and MEA members avoid storage costs for volumes transacted under this Agreement;

NOW, THEREFORE, in recognition of the foregoing and in view of the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Hilcorp, ENSTAR, and MEA hereby agree as follows:

DEFINITIONS

For purposes of this Agreement, the following definitions shall apply:

“Delivery Point” means the delivery point or points specified in the applicable Transaction Confirmation.

“Business Day” means any day other than a Saturday, Sunday, or a day on which commercial banks in Anchorage, Alaska are authorized or required to close.

“Force Majeure Event” means any event that directly or indirectly renders a Party unable, wholly or in part, to perform or comply with any obligation, covenant or condition in this Agreement if the event, or the adverse effects of the event, is outside of the control of, and could not have been prevented by, the affected Party with reasonable foresight, at reasonable cost, and by the exercise of reasonable diligence in good faith, and is not attributable to the negligence or willful misconduct of the affected Party. Force Majeure Events include without limitation the following events (to the extent they otherwise satisfy the definition): (i) act of God, fire, lightning, landslide, earthquake, volcano activity, storm, hurricane, hurricane warning, flood, high water, washout, explosion, or well blowout; (ii) strike, lockout, or other industrial disturbance, act of the public enemy, war, military operation, blockade, insurrection, riot, epidemic, arrest or restraint by government of people, terrorist act, civil disturbance, or national emergency; (iii) the inability of the affected Party to acquire, or the delay on the part of the affected Party in acquiring materials, supplies, machinery, equipment, or pipeline shipping capacity needed to enable the Party to perform; (iv) breakage of or accident to machinery, equipment, facilities, or lines of pipe, and the repair, maintenance, improvement, replacement, test, or alteration to the machinery, equipment, facilities, or lines of pipe, and the freezing of a well or line of pipe, well blowout, or the partial or entire failure of a Gas well; or (v) act, order, or requisition of any governmental agency or acting governmental authority, or any governmental law, proration, regulation, or priority.

“HAGS FSS Agreement” shall mean Hilcorp Alaska Gas Storage, LLC (“HAGS”) Firm Storage Service Agreement between HAGS and MEA.

“Initial Volumes” means the aggregate quantity of up to 1,201,355 Mcf of Gas to be sold and physically delivered by Hilcorp directly to ENSTAR under this Agreement, together with any applicable adjustments for heating value, pipeline fuel, LAUF, measurement, or other volume adjustments specified in the applicable Transaction Confirmation. Hilcorp’s delivery obligation shall be measured at the delivery point, and any such adjustments occurring downstream of the delivery point shall be for the account of ENSTAR.

“Initial Delivery Period” means the period during which Hilcorp shall deliver the Initial Volumes to ENSTAR, commencing on the later of November 1, 2026 and the date on which a Transaction Confirmation has been executed and any required RCA approval has been obtained in accordance with Article 6, and ending no later than December 15, 2026, unless otherwise agreed in writing by all Parties.

“LAUF” shall mean Lost and Unaccounted For gas volumes.

“Payback Period” means the period during which ENSTAR shall physically deliver all Payback Volumes to MEA, with delivery completed no later than March 31, 2028.

“Payback Plan” shall mean the schedule that ENSTAR provides MEA no later than April 15, 2027, which provides for repayment of all Payback Volumes by March 31, 2028, which shall take into account the injection rights and capacity available to MEA under its HGS FSS Agreement and the applicable HGS tariff.

“Payback Volumes” means gas physically delivered by ENSTAR directly to MEA in satisfaction of ENSTAR’s redelivery obligation under this Agreement.

“Replacement Costs” shall mean the reasonable and measurable incremental economic impact incurred by MEA as a direct result of ENSTAR's failure to timely deliver Payback Volumes, including costs associated with replacement gas, transportation, storage, LNG, purchased power, diesel fuel, and the direct operational, maintenance, environmental compliance, and equipment-related impacts identified in Exhibit 1. Replacement Costs shall be limited to the incremental economic impact incurred by MEA above the costs MEA would have incurred had the Payback Volumes been timely delivered, less any costs demonstrably avoided by MEA. All claimed costs and economic impacts must be supported by reasonable documentation, contemporaneous operating records, invoices, engineering analyses, OEM guidance, regulatory requirements, accounting records, or other objectively verifiable information. Costs or impacts not capable of precise determination at the time incurred may be established using reasonable engineering, operational, accounting, economic, or regulatory methodologies consistent with utility industry practices; provided, however, that any estimated cost or impact must be reasonably verifiable, directly attributable to ENSTAR's failure to timely deliver Payback Volumes and reduced to the extent such cost or impact is avoided, mitigated, or not ultimately incurred.

Replacement Costs shall not include speculative, remote, punitive, exemplary, or unrelated consequential damages. However, reasonably estimated impacts associated with equipment degradation, accelerated maintenance, environmental compliance obligations, catalyst performance degradation, and replacement energy procurement shall be recoverable to the extent supported by objective and verifiable documentation and calculated using a reasonable methodology. Exhibit 1 provides illustrative examples of costs and impacts that may be recoverable under this definition in the event MEA's Eklutna Generation Station is required to utilize diesel as a replacement energy source.

The Parties acknowledge and agree that the purpose of this definition is to ensure, as between MEA and ENSTAR only, that MEA and its members are left in no worse economic position than they would have occupied had the Payback Volumes been timely delivered in accordance with this Agreement.

“Third Amendment” means the Third Amendment to the MEA-02 Gas Sales Agreement between Hilcorp and MEA dated effective as of December 1, 2025.

“Transaction Confirmation” means a written confirmation executed by the applicable Parties identifying the quantity, delivery date, delivery point, nomination requirements, gas quality, heating value, pressure, measurement, pipeline fuel, LAUF, tolerances, and other operational terms applicable to a delivery under this Agreement.

“Transportation Costs” means charges imposed to move Gas sold under this Agreement on pipeline carrier or public utility pipelines pursuant to RCA-approved tariff rates and conditions. For the avoidance of doubt, “Transportation Costs” shall include any charges issued by Kenai Beluga Pipeline, LLC.

“Unrepaid Payback Volumes” means, as of any applicable delivery deadline set forth in the Payback Plan, the quantity of Initial Volumes delivered by Hilcorp to ENSTAR for which ENSTAR has not completed the required physical delivery of corresponding Payback Volumes to MEA, including all required adjustments for heating value, pipeline fuel, LAUF, measurement, and other applicable volume adjustments.

ARTICLE 1: INITIAL HILCORP TO ENSTAR TRANSACTION

1.1 **Initial Volumes.** During the Initial Delivery Period, subject to the execution of a Transaction Confirmation and satisfaction of the conditions in Article 6 (Approvals), Hilcorp shall sell and physically deliver, and ENSTAR shall purchase, physically receive and pay for, the Initial Volumes. Hilcorp shall deliver the Initial Volumes directly to ENSTAR at the delivery point or points specified in the applicable Transaction Confirmation.

MEA shall have no obligation to sell, transfer, or deliver gas to ENSTAR under this Agreement. Hilcorp’s delivery of the Initial Volumes to ENSTAR shall constitute performance of Hilcorp’s obligation to make those volumes available for the transaction contemplated by this Agreement.

1.2 **Pricing.** ENSTAR shall pay Hilcorp \$11.75 per Mcf for each Mcf of Initial Volumes delivered to and accepted by ENSTAR (“Initial Volume Price”). ENSTAR shall reimburse all reasonable and documented Transportation Costs and actual HAPS withdrawal fees incurred by Hilcorp in connection with the withdrawal of the Initial Volume and delivery of such Initial Volumes to a Delivery Point. The Initial Volume Price shall be payable directly by ENSTAR to Hilcorp, and no portion of such payment shall be payable to or received by MEA. ENSTAR’s obligation to pay the Initial Volume Price, Transportation Costs, and HAPS withdrawal fees shall apply only to Initial Volumes actually delivered to and accepted by ENSTAR at the applicable Delivery Point and shall not be subject to refund, reduction, clawback or adjustment as a result of any RCA order, prudence review, cost-recovery disallowance, or termination of this Agreement; provided, however, that nothing herein shall limit ENSTAR’s rights with respect to billing errors, overcharges, or Hilcorp’s failure to perform its obligations under this Agreement. Failure by Hilcorp to deliver any Initial Volumes shall permanently relieve ENSTAR of any obligation to pay for such undelivered Initial Volumes.

Payback Volumes repaid to MEA during the Payback Period shall be priced at \$9.00 per Mcf (“Payback Volume Price”), consistent with the pricing applicable to such volumes under MEA’s Third Amendment to its Gas Supply Agreement with Hilcorp. The Parties acknowledge that the difference between the Initial Volume Price and the Payback Volume Price represents compensation negotiated between Hilcorp and ENSTAR for facilitating and structuring the transaction and does not affect ENSTAR’s physical volume

repayment obligation. ENSTAR's payment to Hilcorp shall not reduce, replace, monetize, or otherwise satisfy ENSTAR's obligation to physically deliver all Payback Volumes to MEA.

- 1.3 **Obligations.** Upon Hilcorp's physical delivery of Initial Volumes to ENSTAR and ENSTAR's acceptance of such Initial Volumes, Hilcorp shall receive a credit, on an Mcf-for-Mcf basis, against the corresponding volumes that Hilcorp would otherwise have been obligated to deliver to MEA under the Third Amendment to MEA's gas supply agreement with Hilcorp. For each Initial Volume delivered by Hilcorp to and accepted by ENSTAR pursuant to this Agreement: (i) Hilcorp's obligation to deliver such volume to MEA under the Third Amendment shall be fully satisfied and extinguished; and (ii) MEA's corresponding obligation to purchase, receive, or pay Hilcorp for such volume under the Third Amendment shall be fully satisfied and extinguished. Thereafter, neither Hilcorp nor MEA shall have any further obligation to the other with respect to such volume except as expressly provided in this Agreement.

Such credit shall apply only to Initial Volumes actually delivered to and accepted by ENSTAR. No credit shall be allowed for volumes not physically delivered to ENSTAR or for volumes rejected due to failure to satisfy the applicable quality or delivery requirements.

Except for the specific volume and delivery modifications expressly set forth in this Agreement, the Third Amendment between MEA and Hilcorp shall remain unchanged and in full force and effect. For the avoidance of doubt, the credit described in this Section applies solely to Initial Volumes actually delivered to and accepted by ENSTAR and shall not reduce, waive or otherwise affect MEA's remaining purchase obligations, minimum quantities, take-or-pay or similar obligations under the Third Amendment or any other agreement with Hilcorp.

- 1.4 **Title.** Title to and risk of loss for the Initial Volumes shall transfer directly from Hilcorp to ENSTAR at the Delivery Point and time specified in the applicable Transaction Confirmation. Following such transfer, ENSTAR shall bear all pipeline transportation costs, pipeline fuel, LAUF, storage costs, taxes, fees, and other costs or liabilities associated with the Initial Volumes.

At no time shall title to the Initial Volumes pass through MEA, and MEA shall bear no risk of loss, transportation responsibility, storage responsibility, or other physical-delivery obligation with respect to the Initial Volumes delivered by Hilcorp to ENSTAR.

Hilcorp warrants that it will have title to the Initial Volumes at the delivery point, free of liens created by Hilcorp. Hilcorp further warrants that all Initial Volumes delivered at the Delivery Point shall comply with the gas quality, pressure, and operational specifications of the receiving pipeline. EXCEPT FOR THE FOREGOING WARRANTIES OF TITLE AND GAS QUALITY, THE INITIAL VOLUMES ARE SOLD "AS IS," AND HILCORP MAKES NO OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

ARTICLE 2: ENSTAR TO MEA PAYBACK TRANSACTION

- 2.1 **Payback.** In consideration of Hilcorp's delivery of the Initial Volumes to ENSTAR and the other mutual obligations under this Agreement, ENSTAR, and not Hilcorp or HAGS, shall sell and physically deliver to MEA, and MEA shall purchase and physically receive from ENSTAR, Payback Volumes equivalent to the Initial Volumes received by ENSTAR from Hilcorp.

ENSTAR's obligation to deliver the Payback Volumes is firm in accordance with the terms and conditions of this Agreement, including Force Majeure. The Payback Volumes shall be delivered in full no later than March 31, 2028.

- 2.2 **Cost Responsibility.** ENSTAR shall be solely responsible, at its cost and expense, for transporting, delivering, and injecting all Payback Volumes into MEA's inventory account under the HAGS FSS Agreement. ENSTAR shall pay all costs, charges, fees, losses, and other amounts directly attributable to the transportation, delivery, and injection of the Payback Volumes, including pipeline fuel, LAUF, injection charges, injection fuel, imbalance charges, transportation charges, and other applicable fees or charges assessed under the HAGS FSS Agreement or by any upstream transportation provider in connection with delivery of the Payback Volumes into MEA's inventory account.

ENSTAR shall be responsible for all volume adjustments necessary to ensure that MEA receives Payback Volumes equivalent to the Initial Volumes in its inventory account.

For the avoidance of doubt, ENSTAR's responsibility for costs shall terminate when the Payback Volumes have been credited to MEA's inventory account under the HAGS FSS Agreement. ENSTAR shall not be responsible for storage reservation charges, inventory holding charges, withdrawal charges, or any other storage-related costs incurred after the Payback Volumes have been credited to MEA's inventory account.

MEA shall invoice ENSTAR for any such amounts initially billed to or paid by MEA, and ENSTAR shall reimburse MEA in accordance with Article 4.

- 2.3 **Pricing.** MEA shall pay ENSTAR \$9.00 per Mcf for Payback Volumes physically delivered to and accepted by MEA during the Payback Period. The \$9.00 per Mcf price is consistent with the price MEA would have paid Hilcorp for the corresponding volumes under MEA's Third Amendment to its Gas Supply Agreement with Hilcorp.

MEA shall have no obligation to pay ENSTAR for any Payback Volumes until such volumes have been physically delivered to and accepted by MEA. MEA shall not be obligated to pay for volumes that are scheduled, nominated, tendered, or otherwise identified but not physically delivered and accepted.

- 2.4 **Payback Plan.** By April 15, 2027, ENSTAR will provide MEA a Payback Plan on how the Payback Volumes will be delivered to MEA during the Payback Period. The Payback Plan and any modifications to the quantity or timing of a scheduled delivery shall be subject to MEA's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed. No modification shall extend the final delivery date beyond March 31, 2028, or reduce ENSTAR's obligation to deliver all Payback Volumes.

MEA's approval of a scheduling modification shall not waive any right or remedy arising from ENSTAR's failure to comply with an earlier scheduled delivery.

2.5 Title and Agreement.

- 2.5.1 Title to and risk of loss for Payback Volumes shall remain with ENSTAR until the Gas is physically delivered to MEA at the delivery point specified in the applicable Transaction Confirmation. Upon delivery and acceptance at that point, title to and risk of loss shall transfer directly from ENSTAR to MEA.
- 2.5.2 This Agreement shall remain effective until all material obligations of the Parties have been satisfied or otherwise discharged in accordance with this Agreement.

ARTICLE 3: NATURE OF TRANSACTION

- 3.1 The Parties acknowledge that Hilcorp's sale and delivery of Initial Volumes to ENSTAR and ENSTAR's subsequent sale and physical delivery of Payback Volumes to MEA are interdependent components of a single integrated commercial arrangement.
- 3.2 The Parties further acknowledge that the Initial Volume price payable by ENSTAR to Hilcorp and the Payback Volume price payable by MEA to ENSTAR arise from separate physical deliveries between different contracting parties. The difference between those prices reflects the modified timing and structure of the deliveries and shall not change the quantity or energy equivalence of ENSTAR's Payback Volume obligation.
- 3.3 The Parties agree that, solely as between MEA and ENSTAR, MEA and its members shall be left in no worse economic position than they would have occupied had the exchange never occurred. Any determination of such economic position shall be made in accordance with the Replacement Costs provisions of this Agreement. Nothing in this Agreement obligates Hilcorp to hold MEA, its members or any other person harmless, or to compensate any person for any economic position, Replacement Costs or other loss arising from the Payback Volumes or ENSTAR's performance.

ARTICLE 4: PAYMENT

- 4.1 All invoices issued under this Agreement shall be due and payable within ten (10) Business Days after receipt of an invoice. Amounts not paid when due shall accrue interest from the due date until paid at the lesser of: (i) the Prime Rate published in The Wall Street Journal plus two percent (2%) per annum; or (ii) the maximum rate permitted by applicable law. All Parties shall provide reasonable supporting documentation with all invoices submitted under this Agreement. Each Party shall pay all amounts due under this Agreement in full, without set-off, counterclaim, deduction or netting against any amounts owed or claimed under this Agreement or any other agreement.
- 4.2 Any disputed amount shall be paid when due, subject to later adjustment through the dispute resolution process. No Party shall withhold payment of disputed amounts, and payment of disputed amounts shall not constitute a waiver of a Party's right to dispute such amount.

ARTICLE 5: REMEDIES

- 5.1 For any Unrepaid Payback Volumes, ENSTAR will be obligated to reimburse MEA's Replacement Costs. MEA will make commercially reasonable efforts to secure the most cost-effective replacement energy for Unrepaid Payback Volumes. Costs recoverable under this Agreement must be reasonable, documented, and supported by contemporaneous records. MEA shall use commercially reasonable efforts to mitigate all Replacement Costs and damages for which reimbursement is sought under this Agreement.
- 5.2 Payment obligations under this section shall survive expiration or termination of this Agreement and shall remain in effect until all Payback Volumes have been fully returned, but only to the extent that Initial Volumes were actually delivered to ENSTAR as set forth herein.
- 5.3 The Parties agree that, solely as between MEA and ENSTAR, MEA and its members shall be left in no worse economic position than they would have occupied had the exchange never occurred.
- 5.4 A Party affected by Force Majeure shall be excused from performance to the extent and for the duration such Force Majeure prevents performance. The affected Party shall use commercially reasonable efforts to mitigate the effects of the Force Majeure event and resume performance as soon as practicable. Notwithstanding the foregoing, Force Majeure event shall not relieve ENSTAR of its obligation to ultimately deliver all Payback Volumes but shall extend the applicable delivery deadline for the duration of the Force Majeure event and a reasonable period thereafter necessary to restore service and resume deliveries. No Force Majeure Event shall excuse or delay any obligation to pay money when due. No extension of the Payback Period by reason of Force Majeure shall obligate HAGS to hold, reserve or add storage capacity or extend any term under the HAGS FSS Agreement.
- 5.5 Each Party shall indemnify, defend, and hold harmless the other Party, its officers, directors, employees, agents, and representatives from third-party claims to the extent arising from the indemnifying Party's negligence or willful misconduct in connection with this Agreement; provided that Hilcorp shall have no indemnity obligation with respect to the Payback Volumes, the Payback Plan, or the performance of ENSTAR or MEA.
- 5.6 **Payback Leg; Release.** ENSTAR is solely responsible to MEA for the Payback Volumes, the Payback Plan, and any Replacement Costs. Each of ENSTAR and MEA releases, and covenants not to assert any claim against, Hilcorp, HAGS, and their respective affiliates, officers, directors, employees and agents arising out of or relating to the Payback Volumes, any failure or delay in delivering Payback Volumes, or any Replacement Costs. Hilcorp has no obligation to supply replacement or make-up gas to any Party; any such supply shall be in Hilcorp's sole discretion, at market price, under a separate written agreement.
- 5.7 **Limitation of Hilcorp Liability.** Hilcorp shall use commercially reasonable efforts to deliver the Initial Volumes, provided that absent Force Majeure Hilcorp shall remain obligated to deliver the quantities scheduled in an executed Transaction Confirmation. For the avoidance of doubt, ENSTAR shall be obligated to pay the Initial Volume Price only for Initial Volumes actually delivered to and accepted by ENSTAR at the applicable Delivery Point. If Hilcorp fails to deliver any Initial Volumes for any reason other than ENSTAR's breach, Hilcorp shall have no obligation to purchase or procure replacement

gas, and Hilcorp's sole liability shall be to deliver the undelivered volumes to MEA in accordance with the Third Amendment. Hilcorp's aggregate liability under this Agreement shall not exceed the amounts actually received by Hilcorp from ENSTAR in excess of \$9.00 per Mcf for the Initial Volumes.

- 5.8 **Waiver of Consequential Damages.** No Party shall be liable to another Party for indirect, consequential, special, incidental, punitive or exemplary damages, or for lost profits or revenues, arising out of this Agreement, except that this Section shall not limit ENSTAR's obligation to reimburse MEA's Replacement Costs as expressly provided in this Article 5.
- 5.9 **ENSTAR Default.** If ENSTAR fails to accept Initial Volumes or to pay any amount when due under this Agreement, Hilcorp may, without liability and in addition to any other remedy, suspend deliveries, terminate this Agreement as to undelivered Initial Volumes, resell such volumes to third parties, and recover all unpaid amounts together with interest under Article 4 and reasonable costs of collection. The credit under Article 1 shall apply only to Initial Volumes actually delivered to and accepted by ENSTAR.
- 5.10 **HAGS.** HAGS is not a party to this Agreement and shall have no liability hereunder. All injections of Payback Volumes shall be subject to the HAGS tariff, the HAGS FSS Agreement and HAGS operating procedures. Nothing in this Agreement modifies the HAGS FSS Agreement, obligates HAGS to hold, reserve or add storage or injection capacity, or waives or reduces any fee or charge payable to HAGS.

ARTICLE 6: MISCELLANEOUS

- 6.1 **Audit Rights.** Each Party shall maintain records reasonably necessary to verify compliance with this Agreement. Upon reasonable notice and during normal business hours, either Party may audit records directly related to the calculation of volumes, costs, invoices, and repayments under this Agreement. Audits shall not occur more than once annually and shall be conducted at the auditing Party's expense.
- 6.2 **Governing Law and Resolution of Disputes.** The Parties shall attempt in good faith to resolve any dispute through negotiations between senior management representatives. If a dispute cannot be resolved within thirty (30) days, either Party may pursue any remedies available at law or equity.
- 6.3 **Approvals.** This Agreement shall be subject to approval by the Regulatory Commission of Alaska ("RCA") to the extent such approval is required. ENSTAR shall, at its sole cost, file for any required RCA approval within five (5) Business Days after the Effective Date and shall use commercially reasonable efforts to obtain such approval. Hilcorp and MEA shall reasonably cooperate with ENSTAR in connection with such approval process, provided that Hilcorp shall not be required to incur out-of-pocket cost or to agree to any change in price, volume or other terms.

ENSTAR shall have no obligation to purchase Initial Volumes, accept delivery of Initial Volumes, deliver Payback Volumes, or otherwise perform under this Agreement unless and until any required RCA approval has been obtained and become final and non-appealable. Hilcorp shall have no obligation to deliver any Initial Volumes before such

conditions are satisfied and a Transaction Confirmation has been executed, and shall have no liability to any Party for any delay in obtaining RCA approval.

If the RCA issues an order approving this Agreement subject to terms, conditions, modifications, or cost recovery restrictions that any Party determines, in its reasonable discretion, are unacceptable, the Parties shall attempt in good faith to negotiate mutually acceptable revisions. If the Parties are unable to agree on such revisions within thirty (30) days, any Party may terminate this Agreement without liability upon written notice to the other Parties; provided that no such termination shall affect ENSTAR's obligation to pay the Initial Volume Price for, and to deliver Payback Volumes corresponding to, Initial Volumes delivered to and accepted by ENSTAR before the effective date of termination, and no such amount shall be subject to refund, reduction or adjustment as a result of any RCA order, prudence review or cost-recovery disallowance.

If any required RCA approval has not been obtained by November 15, 2026, any Party may terminate this Agreement upon written notice to the other Parties, without further liability except for obligations arising prior to such termination. Until Initial Volumes have been delivered to and accepted by ENSTAR, Hilcorp's obligations to MEA under the Third Amendment shall continue unmodified.

- 6.4 **Notices.** All notices required or permitted by this Agreement shall be deemed to have been properly given when delivered in writing personally or sent by facsimile transmission, email or by mail with all postage prepaid to the Parties hereto at the respective address set forth herein or to such other address as may be furnished by either party in writing.
- 6.5 **Entire Agreement.** This Agreement comprises the full and complete agreement of the Parties hereto with respect to the subject matter hereof and supersedes, replaces and cancels all prior communications, understandings and agreements between the Parties (whether written or oral, express or implied); provided that nothing in this Agreement supersedes, amends or replaces the MEA-02 Gas Sales Agreement, the Third Amendment, the APL-14 Gas Sales Agreement or the HAGS FSS Agreement, except for the specific volume and delivery modifications expressly set forth herein.
- 6.6 **Assignment.** No Party may assign this Agreement, in whole or in part, without the prior written consent of the other Parties, which shall not be unreasonably withheld. Any purported assignment in violation of this Section is void.
- 6.7 **No Third-Party Beneficiaries.** This Agreement is for the sole benefit of the Parties and their permitted successors and assigns. Except for the releases in favor of HAGS and Hilcorp's affiliates in Article 5, no other person has any right under this Agreement. MEA's members are not third-party beneficiaries.
- 6.8 **Taxes.** ENSTAR shall be responsible for taxes imposed on the Initial Volumes or ENSTAR's operations from and after the Delivery Point. Hilcorp shall remain responsible for all taxes on its income and all production and severance taxes.

IN WITNESS WHEREOF, the parties hereto have caused their respective authorized representatives to execute this Agreement as of the Effective Date.

By ENSTAR Natural Gas Company, LLC

By Matanuska Electric Association, Inc

Signature: 

Signature: 

Name: John D. Sims

Name: Anthony M. Izzo

Title: President

Title: Chief Executive Officer

Date: 10/20/2026

Date: 10/19/2026

By Hilcorp Cook Inlet, LLC

Signature: _____

Name: _____

Title: _____

Date: _____

By Hilcorp Cook Inlet, LLC

 Recoverable Signature

X Rob Kinnear

Rob Kinnear
VP - Alaska Marketing
Signed by: Rob Kinnear (4217)

EXHIBIT 1
Eklutna Generation Station Diesel Cost Breakdown

The Parties acknowledge that, given current Cook Inlet gas market conditions, replacement of any Unrepaid Payback Volumes may require diesel generation at MEA's Eklutna Generation Station ("EGS"). The following table identifies categories of costs and impacts that may be incurred by MEA as a result of such replacement generation. The categories below are intended to provide transparency regarding potential replacement costs and are illustrative only; all recoverable amounts shall remain subject to the limitations and requirements contained in the definition of Replacement Costs.

Description	Basis for Recovery / Evaluation
Diesel Fuel Consumption	Cost of diesel fuel consumed to generate replacement energy, including fuel procurement, transportation, delivery, handling, taxes, and related charges.
Ammonia Consumption	Cost of ammonia consumed to comply with applicable emissions and air permit requirements during diesel generation, including procurement, transportation, storage, and handling costs.
Lube Oil Consumption	Cost of additional lube oil consumed as a result of diesel operations, including oil purchases, testing, disposal, labor, and associated maintenance activities.
Air Permit Compliance – Ammonia Requirements	EGS air permits require ammonia injection for emissions compliance. If ammonia is unavailable, EGS may continue operating; however, MEA may become subject to permit violations, penalties, enforcement actions, or other compliance costs. MEA shall use commercially reasonable efforts to mitigate or avoid such penalties.
Air Permit Classification Changes	Extended diesel operation may impact EGS air permit status and could result in a change in applicable permit classifications or regulatory obligations. Such changes may require additional reporting, permitting activities, compliance measures, testing, or operational modifications.
Additional Source Testing Requirements	Extended diesel generation may trigger additional source testing or compliance testing requirements. Based on current

	estimates, additional source testing costs may be approximately \$50,000, subject to adjustment based on actual regulatory requirements and vendor pricing.
Catalyst Efficiency Degradation	Diesel generation may degrade catalyst efficiency, increasing ammonia consumption and reducing emissions-control performance. MEA may utilize ammonia-use curves, emissions data, operating records, engineering analyses, and other reasonable methodologies to estimate impacts resulting from catalyst degradation.
Accelerated Catalyst Replacement	Catalyst degradation may shorten catalyst useful life and accelerate refurbishment or replacement schedules. MEA may develop reasonable engineering estimates of the resulting economic impact and accelerated replacement costs.
Lube Oil Maintenance Impacts	Current Wärtsilä OEM requirements require lube oil replacement when diesel operating hours exceed twenty-five percent (25%) of total monthly operating hours. Costs may include oil replacement, testing, disposal, labor, materials, vendor support, and related maintenance activities.

Cost Estimation Methodology

For costs or impacts that cannot be precisely determined at the time incurred, MEA may utilize reasonable engineering, operational, accounting, economic, or regulatory methodologies to estimate the resulting cost or economic impact. Supporting documentation may include operating data, fuel records, emissions records, ammonia-use curves, maintenance records, OEM requirements, vendor quotations, invoices, engineering studies, and regulatory correspondence.

Member Held-Harmless Intent

The Parties acknowledge that the purpose of this Exhibit is to support the Agreement's requirement that, solely as between MEA and ENSTAR, MEA and its members be left in no worse economic position than they would have occupied had the Gas Exchange not occurred. Accordingly, the costs and impacts identified above shall be evaluated and reimbursed in a manner consistent with that objective.

Attachment B

Contains the following tariff sheets:

Tariff Sheet 127, Revision 1

Tariff Sheet 129, Revision 1

Tariff Sheet 130, Revision 1

**ENSTAR Natural Gas Company, LLC**

§708c(1)(d) The cost of Gas withdrawn from storage (“Gas Stored” FERC Account 164.1) for use in System Supply. The cost of Gas will be valued at the average unit cost of gas stored in the Gas Stored account calculated as of the end of the Month prior to the Month the Gas is withdrawn from storage. Costs to be included in the calculation of the average unit cost of gas stored include:

§708c(1)(d)(i) Cost of gas purchased and injected into storage;

§708c(1)(d)(ii) Transportation fees incurred for Gas transported to storage;

§708c(1)(d)(iii) FSS and ISS storage injection and withdrawal fees and related RCC charges; and

§708c(1)(d)(iv) Gas cost incurred for FSS and ISS storage fuel use reimbursement;

§708c(2) Debit or credit entries for actual amounts paid or received in association with gas exchange agreements, including, but not limited to, the value of gas received or returned, transportation charges, storage charges, pipeline fuel, lost and unaccounted for gas (LAUF), imbalance or overrun charges, and other costs or credits directly associated with the gas exchange agreement. N
N
N
N
N

§708c(~~3~~2) A credit entry equal to the total number of Mcf of gas sold during the month multiplied by the weighted average unit cost of gas as computed pursuant to Section 708e below. T

§708c(~~4~~3) A debit entry equal to the amount paid pursuant to Section 1205e (Interruption Cost Sharing) or to any Customer interrupted pursuant to Commission ordered sharing of the costs of interruptions. Any amount so included in account 191 may not be included in the Determination of Gas Cost Adjustment filed pursuant to Section 708e below unless it has been reported to the Commission pursuant to 708g below not less than thirty (30) days prior to the filing of such Determination of Gas Cost Adjustment. T

§708c(~~5~~4) Debit or credit entries for adjustments for entries described in Sections 708c(1) through 708c(~~4~~3) for prior periods. T
T

Cancelling

OriginalSheet No. 129**ENSTAR Natural Gas Company, LLC***§708e* **Determination of Gas Cost Adjustment**(1) Current Cost of System Base Gas Supply:

	<u>Approved Base Supply Contracts</u>	<u>Estimated Purchases*</u> (A)	<u>Estimated Unit Cost</u> (B)	<u>Total (A x B)</u> (C)
a) Hilcorp APL-14		Mcf	\$/Mcf	\$
b) Furie Operating Alaska		Mcf	\$/Mcf	\$
c) Vision Resources		<u>Mcf</u>	\$/Mcf	\$
d) System Base Gas Supply		Mcf		\$
e) Current Average Cost of System Base Gas Supply (C/A)			<u>\$/Mcf</u>	

(2) Additional Gas Supply:

a) Short Term Supply Contracts	Mcf	\$/Mcf	\$	
b) Undetermined Supply	<u>Mcf</u>	\$/Mcf	\$	
<u>c) Gas Exchange Agreements</u>	<u>Mcf</u>	<u>\$/Mcf</u>	<u>\$</u>	<u>N</u>
<u>de) Total Additional Gas Supply</u>	<u>Mcf</u>		<u>\$</u>	<u>T</u>

(3) Gas Withdrawn From Storage	Mcf	\$/Mcf	\$	
(4) FSS Storage Fees			\$	
(5) ISS Storage Fees			\$	
(6) Transportation Fees			\$	
(7) Total Current Cost of System Gas Supply (1d plus 2 <u>de</u> , 3, 4, 5, & 6)	<u>Mcf</u>		\$	<u>T</u>
(8) Current Average Cost of System Gas Supply (C/A)		<u>\$/Mcf</u>		

(9) Balance of Gas Cost Balance Account at _____, _____. (March 31 st for the annual revision, otherwise the most recent month- end balance available immediately preceding the filing date) (negative if credit balance)			\$	
(10) Other Adjustments			\$	
(11) Total (7, 9 - 10 above)			\$	
(12) Mcf Sales *				
(13) Weighted Average Unit Cost of Gas and Gas Cost Adjustment (11 divided by 12)			\$	/Mcf

* For the __ month period beginning _____, ____.

**ENSTAR Natural Gas Company, LLC*****§708f Supply******§708f(1) Base Supply Contracts***

The base supply contracts are those contracts specified in Section 708e(1) above. Subject to Commission approval, additional base contracts with a term exceeding 12 months and having the effect of increasing the current average cost of system base gas supply will be made by filing with the Commission, 45 days prior to the proposed effective date of such addition or revision, a copy of such addition or revision. New base supply contracts or revisions of base supply contracts having the effect of decreasing the current average cost of system base gas supply become effective immediately without notification.

§708f(2) Additional Supply Contracts and Competitive Bid Gas

Additional contracts of less than one year's duration become effective immediately without notification. Gas purchased through the Company's competitive bidding program does not require Commission approval. Gas purchased under these additional contracts and under the competitive bidding program is considered an approved cost element and may be included in the entries described in Section 708c(1).

§708g Gas Cost Balance Account Quarterly Report

The Company shall file a report on the status of the Gas Cost Balance Account fifteen (15) days after the end of each calendar year quarter commencing July 15, 1981, and every quarter thereafter.

This report shall include price and volume of gas purchased and gas exchanged, with C supporting invoices; volume of gas sold; amounts paid to any interruptible Customer pursuant to Commission ordered sharing of the costs of interruption with a supporting narrative description indicating dates, times and causes of interruptions; interruption cost sharing analyses supporting amounts paid, and the balance in said account; and/or quantitative support along with a narrative explanation of any disputes or billing corrections that the Company is aware of or anticipates.

Attachment C

Contains the following tariff sheets:

Tariff Sheet 127, Revision 1

Tariff Sheet 129, Revision 1

Tariff Sheet 130, Revision 1



ENSTAR Natural Gas Company, LLC

§708c(1)(d) The cost of Gas withdrawn from storage (“Gas Stored” FERC Account 164.1) for use in System Supply. The cost of Gas will be valued at the average unit cost of gas stored in the Gas Stored account calculated as of the end of the Month prior to the Month the Gas is withdrawn from storage. Costs to be included in the calculation of the average unit cost of gas stored include:

§708c(1)(d)(i) Cost of gas purchased and injected into storage;

§708c(1)(d)(ii) Transportation fees incurred for Gas transported to storage;

§708c(1)(d)(iii) FSS and ISS storage injection and withdrawal fees and related RCC charges; and

§708c(1)(d)(iv) Gas cost incurred for FSS and ISS storage fuel use reimbursement;

§708c(2) Debit or credit entries for actual amounts paid or received in association with gas exchange agreements, including, but not limited to, the value of gas received or returned, transportation charges, storage charges, pipeline fuel, lost and unaccounted for gas (LAUF), imbalance or overrun charges, and other costs or credits directly associated with the gas exchange agreement. N
N
N
N
N

§708c(3) A credit entry equal to the total number of Mcf of gas sold during the month multiplied by the weighted average unit cost of gas as computed pursuant to Section 708e below. T

§708c(4) A debit entry equal to the amount paid pursuant to Section 1205e (Interruption Cost Sharing) or to any Customer interrupted pursuant to Commission ordered sharing of the costs of interruptions. Any amount so included in account 191 may not be included in the Determination of Gas Cost Adjustment filed pursuant to Section 708e below unless it has been reported to the Commission pursuant to 708g below not less than thirty (30) days prior to the filing of such Determination of Gas Cost Adjustment. T

§708c(5) Debit or credit entries for adjustments for entries described in Sections 708c(1) through 708c(4) for prior periods. T
T



ENSTAR Natural Gas Company, LLC

§708e **Determination of Gas Cost Adjustment**

(1) Current Cost of System Base Gas Supply:

	<u>Approved Base Supply Contracts</u>	<u>Estimated Purchases*</u> (A)	<u>Estimated Unit Cost</u> (B)	<u>Total (A x B)</u> (C)
a) Hilcorp APL-14		Mcf	\$/Mcf	\$
b) Furie Operating Alaska		Mcf	\$/Mcf	\$
c) Vision Resources		<u>Mcf</u>	\$/Mcf	\$
d) System Base Gas Supply		Mcf		\$
e) Current Average Cost of System Base Gas Supply (C/A)			<u>\$/Mcf</u>	

(2) Additional Gas Supply:

a) Short Term Supply Contracts	Mcf	\$/Mcf	\$	
b) Undetermined Supply	<u>Mcf</u>	\$/Mcf	\$	
c) Gas Exchange Agreements	<u>Mcf</u>	\$/Mcf	\$	N
d) Total Additional Gas Supply	<u>Mcf</u>		\$	T

(3) Gas Withdrawn From Storage	Mcf	\$/Mcf	\$	
(4) FSS Storage Fees			\$	
(5) ISS Storage Fees			\$	
(6) Transportation Fees			\$	
(7) Total Current Cost of System Gas Supply (1d plus 2d, 3, 4, 5, & 6)	<u>Mcf</u>		\$	T
(8) Current Average Cost of System Gas Supply (C/A)		<u>\$/Mcf</u>		

(9) Balance of Gas Cost Balance Account at _____, _____. (March 31 st for the annual revision, otherwise the most recent month- end balance available immediately preceding the filing date) (negative if credit balance)			\$	
(10) Other Adjustments			\$	
(11) Total (7, 9 - 10 above)			\$	
(12) Mcf Sales *				
(13) Weighted Average Unit Cost of Gas and Gas Cost Adjustment (11 divided by 12)			\$	/Mcf

* For the __ month period beginning _____, ____.



ENSTAR Natural Gas Company, LLC

§708f **Supply**

§708f(1) Base Supply Contracts

The base supply contracts are those contracts specified in Section 708e(1) above. Subject to Commission approval, additional base contracts with a term exceeding 12 months and having the effect of increasing the current average cost of system base gas supply will be made by filing with the Commission, 45 days prior to the proposed effective date of such addition or revision, a copy of such addition or revision. New base supply contracts or revisions of base supply contracts having the effect of decreasing the current average cost of system base gas supply become effective immediately without notification.

§708f(2) Additional Supply Contracts and Competitive Bid Gas

Additional contracts of less than one year's duration become effective immediately without notification. Gas purchased through the Company's competitive bidding program does not require Commission approval. Gas purchased under these additional contracts and under the competitive bidding program is considered an approved cost element and may be included in the entries described in Section 708c(1).

§708g **Gas Cost Balance Account Quarterly Report**

The Company shall file a report on the status of the Gas Cost Balance Account fifteen (15) days after the end of each calendar year quarter commencing July 15, 1981, and every quarter thereafter.

This report shall include price and volume of gas purchased and gas exchanged, with supporting invoices; volume of gas sold; amounts paid to any interruptible Customer pursuant to Commission ordered sharing of the costs of interruption with a supporting narrative description indicating dates, times and causes of interruptions; interruption cost sharing analyses supporting amounts paid, and the balance in said account; and/or quantitative support along with a narrative explanation of any disputes or billing corrections that the Company is aware of or anticipates. C