

Notice of Utility Tariff Filing

The REGULATORY COMMISSION OF ALASKA (Commission) gives notice that Cook Inlet Natural Gas Storage Alaska, LLC (CINGSA), filed tariff revision TA20-733, which clarifies and articulates when and under what circumstances CINGSA may make Commercial Sales of newly-discovered Native Gas that is not required for operation of CINGSA's certificated Firm Storage Service (FSS).

During directional drilling in early 2012, CINGSA encountered higher well pressures than anticipated. Upon further investigation, CINGSA determined that it had discovered an estimated 14.5 Bcf (billion cubic feet) of Native Gas.

CINGSA asserts that Native Gas may be sold at CINGSA's discretion as a commercial sale under terms agreed to by CINGSA and the purchaser in a Commercial Sale Agreement, subject to conditions including:

- For each agreement by CINGSA to sell Native Gas, CINGSA will obtain an opinion from a qualified engineer that the Commercial Sale will not cause a reduction in CINGSA's ability to provide service under currently effective FSS agreements and Section 4 of its tariff.
- If the purchaser has an effective FSS or Interruptible Storage Service (ISS) agreement with CINGSA, the purchaser may elect to have CINGSA transfer the title of the Commercial Sale Gas in place under that agreement and there will be no charge for the transaction other than the gas sale price, with future withdrawals subject to the provisions of the purchaser's effective FSS or ISS Agreement.
- If the purchaser does not have an effective FSS or ISS Agreement with CINGSA or elects not to have the title of the Commercial Sale Gas transferred in place, CINGSA shall, upon production and sale, charge the currently effective ISS Injection/Withdrawal Rate set out in Section 35.2 of its tariff for withdrawal and delivery to that purchaser at the point of injection/withdrawal.
- The risk of loss or gain on a Commercial Sale shall be borne entirely by CINGSA. Revenues from any Commercial Sale of Native Gas, and any expenses associated with the same, shall be accounted for separately by CINGSA and segregated from CINGSA's revenues and expenses associated with its regulated storage operations. Revenues and expenses of a Commercial Sale of Native Gas shall remain with CINGSA without further obligation to refund or credit, in any form, such revenue to its customers, and will not affect or otherwise increase or decrease CINGSA's revenue requirement or rate base used to determine its revenue requirement.
- CINGSA shall report all sales of Native Gas to the State of Alaska in accordance with state law and shall be responsible for payment of all royalties and taxes due.

Additionally, within 30 days of entering into a Commercial Sale Agreement for Native Gas, CINGSA proposes reporting the sale to the Commission in the form of an informational filing. Further, in conjunction with the annual Fuel Use report filing required under Section 30 of its tariff, CINGSA proposes providing a report to the Commission reflecting any Commercial Sales for the contract year ending the preceding March 31.

Finally, CINGSA proposes a tariff revision defining the terms, "Commercial Sale," "Commercial Sale Agreement," and "Native Gas."

This notice does not contain every pertinent revision or request associated with TA20-733. The Commission may approve a rate or classification that varies from those proposed. You may obtain information about this filing by contacting Dan Dieckgraeff at CINGSA at 3000 Spenard Rd., P. O. Box 190989, Anchorage, AK 99519-0989; (907) 334-7980. The complete filing is also available for inspection at the Commission's office at 701 West 8th Avenue, Suite 300, Anchorage, AK 99501; phone: (907) 276-6222, or may be viewed at the Commission's website at <http://rca.alaska.gov> by typing Docket "TA20-733" in the *Find the Matter* search box.

To comment on this filing, please file your comments by 5:00 p.m. on March 6, 2015, at the Commission address given above or via our website at:

<https://rca.alaska.gov/RCAWeb/WhatsNew/PublicNoticesComments.aspx>

Please reference the docket number and include a statement that you have filed a copy of the comments with CINGSA, at their address above or by email at Dan.Dieckgraeff@enstarnaturalgas.com.

Individuals or groups of people with disabilities, who require special accommodations, auxiliary aids or service, or alternative communication formats, please contact Joyce McGowan at (907) 276-6222, toll-free at 1-800-390-2782, or TTY (907) 276-4533 or send a request via electronic mail to rca.mail@alaska.gov by February 27, 2015.

DATED at Anchorage, Alaska, this 5th day of February, 2015.

REGULATORY COMMISSION OF ALASKA



James A. Keen
Engineering Section Manager