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STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

Robert M. Pickett, Chairman  
Kate Giard  
Mark K. Johnson  
Anthony A. Price  
Janis W. Wilson

In the Matter of the Tariff Revision, Designated as )  
TA167-4, Regarding a Proposed Gas Sales )  
Agreement Between ENSTAR NATURAL GAS )  
COMPANY, A DIVISION OF SEMCO ENERGY, )  
INC. and ConocoPhillips Alaska, Inc. and a )  
Proposed Gas Sales Agreement Between )  
ENSTAR NATURAL GAS COMPANY, A )  
DIVISION OF SEMCO ENERGY INC. and )  
MARATHON OIL COMPANY )

U-08-58  
ORDER NO. 12

ORDER ADDRESSING COMPLIANCE WITH ORDER U-08-58(8)  
AND TRANSFERRING RECORD

BY THE COMMISSION:

In Order U-08-58(8), we required ENSTAR<sup>1</sup> to file specific amendments to its proposed gas sales agreements (GSAs) with ConocoPhillips Alaska, Inc. (ConocoPhillips) and with Marathon Oil Company (Marathon).<sup>2</sup> We required ENSTAR to file the amendments by December 1, 2008. On December 1, ENSTAR filed a new

<sup>1</sup>ENSTAR Natural Gas Company is a Division of SEMCO Energy, Inc. (SEMCO). Alaska Pipeline Company (APLC) is a wholly-owned subsidiary of SEMCO. APLC, not ENSTAR, is the actual party to the contracts. The commission has historically regulated APLC and ENSTAR as a single entity. The use of the name ENSTAR in this proceeding includes both APLC and ENSTAR.

<sup>2</sup>Order U-08-58(8), *Order Approving Gas Sales Agreements, If Amendments Required in this Order are Filed*, dated October 31, 2008 (Order U-08-58(8)), at 1-2, 34-35.

1 GSA with ConocoPhillips.<sup>3</sup> On December 8, ENSTAR filed a new GSA with Marathon.<sup>4</sup>  
2 ENSTAR asserts that both new GSAs comply with the “second option set forth in Order  
3 No. 8[.]”<sup>5</sup> However, contrary to ENSTAR’s claims, there is no “second option” in our  
4 ruling in Order U-08-58(8).<sup>6</sup>

5 The new GSAs entered into between ENSTAR and ConocoPhillips and  
6 between ENSTAR and Marathon do not contain the amendments required by Order  
7 U-08-58(8). Therefore, the filings do not comply with our ruling in Order U-08-58(8).  
8 Accordingly, by operation of our ruling in Order U-08-58(8), the GSAs between  
9 ENSTAR and ConocoPhillips and between ENSTAR and Marathon filed in TA167-4 on  
10 April 11, 2008, and considered in this docket, are not approved.<sup>7</sup>

11 We opened Docket U-08-142, a separate docket to address the tariff  
12 filings that implement the rates proposed in ENSTAR’s new GSAs with ConocoPhillips  
13 and Marathon.<sup>8</sup> We transfer all filings related to the new GSA between ENSTAR and  
14 ConocoPhillips, filed December 1, 2008, and the new GSA between ENSTAR and

15 \_\_\_\_\_  
16 <sup>3</sup>ENSTAR’s *Filing in Compliance with Order No. 8 and Request for a Ruling on*  
17 *an Amended ConocoPhillips GSA by December 22, 2008*, filed December 1, 2008  
(ENSTAR December 1 Filing).

18 <sup>4</sup>ENSTAR’s *Second Filing in Compliance with Order No. 8 and Request for a*  
19 *Ruling on an Amended Marathon GSA by December 22, 2008*, filed December 8, 2008,  
20 as corrected by *Notice of Filing Errata to ENSTAR’s Second Filing in Compliance with*  
*Order No. 8 and Request for a Ruling on an Amended Marathon GSA by December 22,*  
*2008*, filed December 9, 2008 (ENSTAR December 8 Filing).

21 <sup>5</sup>ENSTAR December 1 Filing at 2; ENSTAR December 8 Filing at 3.

22 <sup>6</sup>Order U-08-58(8) at 1-2, 34-35.

23 <sup>7</sup>ENSTAR revised Tariff Sheet No. 221, filed on April 11, 2008, was replaced by  
24 revised Tariff Sheet No. 221 filed by ENSTAR on October 31, 2008, with TA172-4 and  
25 suspended into Docket U-08-142.

26 <sup>8</sup>Order U-08-142(1), *Order Suspending TA172-4, Addressing Timeline for*  
*Decision, Designating Commission Panes, and Appointing Administrative Law Judge,*  
dated December 11, 2008.

1 Marathon, filed December 8, 2008, to Docket U-08-142. We allow ENSTAR in Docket  
2 U-08-142 to recover the cost of gas supplied under its new GSAs with ConocoPhillips  
3 and with Marathon in its 2009 gas cost adjustment.

4 Final Order

5 This order constitutes the final decision in this proceeding. This decision  
6 may be appealed within thirty days of the date of this order in accordance with  
7 AS 22.10.020(d) and the Alaska Rules of Court, Rule of Appellate Procedure  
8 (Ak. R. App. P.) 602(a)(2). In addition to the appellate rights afforded by  
9 AS 22.10.020(d), a party has the right to file a petition for reconsideration as permitted  
10 by 3 AAC 48.105. If such a petition is filed, the time period for filing an appeal is then  
11 calculated under Ak. R. App. P. 602(a)(2).

12 ORDER

13 THE COMMISSION FURTHER ORDERS:

- 14 1. The *Gas Sales Agreement Between ConocoPhillips Alaska, Inc. and*  
15 *Alaska Pipeline Company*, filed with TA167-4 on April 11, 2008, by ENSTAR Natural  
16 Gas Company, a Division of SEMCO Energy, Inc. is not approved.  
17 2. The *Gas Sales Agreement Between Marathon Oil Company and*  
18 *Alaska Pipeline Company*, filed with TA167-4 on April 11, 2008, by ENSTAR Natural  
19 Gas Company, a Division of SEMCO Energy, Inc. is not approved.

20 DATED AND EFFECTIVE at Anchorage, Alaska, this 22nd day of December, 2008.

21 BY DIRECTION OF THE COMMISSION  
22 (With separate statement of Commissioner Kate Giard)

