

Enstar applies to increase delivery rate

Petroleum News

Enstar [Natural Gas](#) Co., the Southcentral Alaska [natural gas](#) distribution company, has applied to the [Regulatory Commission of Alaska](#) to increase its base rate, the rate the company charges to deliver natural gas to customers.

Enstar said this will be the first increase in that rate since 1984. The proposed increase does not include an increase in the cost of natural gas. That cost, Enstar said “is paid by customers, dollar for dollar, without a profit or other kind of Enstar mark-up,” with RCA establishing the rate for collecting the cost of gas each January.

Enstar said an October 2008 order from RCA required it to make the filing for the base rate increase. The company said it expects RCA to hold hearings on the filing, which would increase the bill for a typical residential customer by about 4.7 percent. The new base rate would go into effect sometime in 2010.

Includes storage study costs

The company’s filing includes recovery of costs to investigate gas storage options, costs of complying with federal pipeline inspection mandates and normal increases in the costs of goods and services. Enstar said that even with the proposed increase, base rates for service from Enstar — adjusted for inflation over the last 25 years — “will be far less than they were in 1984.”

“This is Enstar’s first base increase in 25 years,” Colleen Starring, president of Enstar Natural Gas, said in a June 1 statement. She said Enstar serves almost twice as many Southcentral homes and businesses as it did in 1984.

“The modest base rate increase Enstar has proposed is necessary to give Enstar a reasonable opportunity to recoup its costs of providing service, including the cost of capital needed for investment to provide service to customers,” she said.

Starring said the company has invested more than \$108 million in its gas distribution and transmission system since 2001, “excluding expenditures for development of storage and a ‘bullet line’ from the [North Slope](#).”

‘Pro-conservation’ rate design

More than 97 percent of Enstar’s customers will be shifted to a single fixed charge rate, the company said. That means the only cost based on the amount of usage is the recovery of gas consumed by customers.

Enstar said this is a “pro-conservation” rate design and is a trend throughout the country, as well as fitting well with a program by the Alaska Housing Finance Corp. to encourage conservation through installation of high efficiency heaters and other [energy](#) saving measures.

Enstar is proposing that most residential customers pay \$28.47 per month for service. Most small commercial customers would pay \$67.96 per month. The company said this rate design is similar to local water, phone and cable TV.

Large commercial and industrial customers would pay a traditional combination of fixed and usage-based rates, but gas costs would still be billed as a separate component on the bill.

Enstar serves more than 130,000 customers in [Anchorage](#), Mat-Su and [Kenai Peninsula](#).