



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

May 24, 2019

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

Subject: Tariff Advice Letter 312-4

Dear Commissioners:

The tariff filing described below is transmitted to you for filing in compliance with the Alaska Public Utilities Commission Act and Sections 3 AAC 48.200 – 3 AAC 48.430 of the Alaska Administrative Code:

| <u>Tariff Sheet</u> |                 | <u>Cancels Sheet</u> |                 | <u>Schedule or Rate Number</u>   |
|---------------------|-----------------|----------------------|-----------------|--|
| <u>Number</u>       | <u>Revision</u> | <u>Number</u>        | <u>Revision</u> |  |
| 61                  | 14th            | 61                   | 13th            | Section 602(c) – Free Main Allowance   |
| 231                 | 14th            | 231                  | 13th            | Section 2501 – Schedule of Fees and Charges  |
| 236                 | 19th            | 236                  | 18th            | Section 2601 – Standard Construction Costs and Standard Load Allowances                      |
| 238                 | Ninth           | 238                  | Eighth          | Section 2701 – Standard Meter Allowances To Be Used in Computing Meter Set Installation Fees |

This filing contains ENSTAR Natural Gas Company’s (“ENSTAR”) annual revisions to its fees and allowances for installing new service connections, meters, and main extensions. The changes are the result of updating average costs to include 2018 data. The new fees and allowances will be effective for calendar year 2020.

ENSTAR currently projects that it will add approximately 1,600 customers to its system in 2020. These new customers will be affected by the revisions to the three schedules included in TA 312-4.

The general methodology for establishing the proposed fees and allowances is set forth in ENSTAR’s Tariff has been updated to reflect the cost of service methodology ordered by the Commission in Order U-16-066(19), dated September 22, 2017.

The calculations under the proposed method result in the following changes: the Standard Construction Costs for Main Extensions increases; the Main Extension Standard Load Allowances for all G1, G2, and G3 customers decreases; the Main Extension Standard Load Allowance for G4 customers increases; and the cost for a standard Service Line increases. The Meter Installation Charge for all meter sizes decreases, except for the G4 High meter class which increases.

### Standard Construction Costs

Section 602b(1) of ENSTAR's Tariff states that ENSTAR will file the Standard Construction Costs to be used in computing main extensions for the upcoming calendar year, and that the Standard Construction Costs will be "calculated by using the actual average cost per foot of the construction of two-inch Main Extensions for the previous five years subject to a 10% increase limitation over the previous approved cost per foot."

Section 602b(2) allows ENSTAR to charge separately for the costs of highway crossings, so these costs have not been included in the Standard Construction Costs. Based on a five-year average, ENSTAR calculates \$23.96 per foot for two-inch main construction in 2020. ENSTAR calculated the 10% increase cap based on the previous year to be \$23.52. Therefore, ENSTAR will replace the \$21.38 per foot used for 2019 construction with the \$23.52 per foot, the smaller of the two amounts, for 2020 construction. The \$23.52 amount is the ceiling limit of the five-year average cost of two-inch main (2014 – 2018) less highway crossings. Enclosed is supporting documentation titled "Standard Construction Costs Calculation".

The Standard Cost Calculation is summarized as follows:

|   | <u>Cost</u>  | <u>Footage</u> |
|---|--------------|----------------|
| Actual Costs (2014 - 2018) <sup>1</sup>       | \$17,358,091 | 724,374        |
| <hr/>   |              |                |
| Cost per foot                                 | \$ 23.95     |                |
| Ceiling Limit (10% Increase of Previous Year) | \$ 23.52     |                |

The Standard Construction Costs are shown on Tariff Sheet 236.

---

<sup>1</sup> Actual Costs less highway crossings and other separately charged costs.

### Standard Load Allowances

Pursuant to Section 602c(1) of ENSTAR's Tariff, the Standard Load Allowances are "the actual average embedded plant cost per Customer for each Customer class as of the end of the prior calendar year less that prior calendar year's cost per Customer (by class) for meter assemblies and Service Lines". Section 602c(1) of ENSTAR's Tariff states that these per customer costs will "be calculated using the methodology accepted by the Commission in the Utility's most recent cost of service study." Thus, the methodology uses the approved cost of service study approved in U-16-066. Enclosed is supporting documentation titled "Rate Base by Customer Class" and "Calculation of Embedded Cost per Customer Class".

ENSTAR has updated the average loads per year for 2020 using an eight-year average. Data to compute a ten-year average is not available as Order U-09-069(10) approved ENSTAR's restructuring of rate classes. ENSTAR will continue adding historical data into the average load calculation until a ten-year average is achieved. The ten-year average will comply with the methodology that was used to calculate average loads in filings prior to the U-09-069 restructuring of rate classes.

As noted above, Standard Load Allowances for all G1, G2, and G3 customers will decrease, while the Standard Load Allowance for G4 customers will increase. The proposed amounts will be used for the upcoming calendar year, 2020.

The Standard Load Allowances are shown on Tariff Sheet 236. The Average Loads are shown on Tariff Sheet 61.

### Service Line Installation Fee

ENSTAR proposes to increase the Service Line Installation Fee from \$688 to \$745. The supporting documentation for the new calculation, labeled "Calculation of Service Line Costs," is enclosed. The proposed amount will be used for 2020 and based on a five-year average of costs. The excess footage charge and service piping sized 2" or greater remains unchanged.

The Service Line Installation Fees are shown on Tariff Sheet 231.

### Meter Installation Charge

The updated five-year average meter installation costs for all classes of meters have decreased compared to the three-year average costs for 2018 except for the G2 class, which remains the same. As a result, ENSTAR is proposing to adjust the Meter Installation Charge for meter sizes as follows:

| Meter Size | Charge                  | Amount of Increase/Decrease |
|------------|-------------------------|-----------------------------|
| G1         | From \$276 to \$267     | \$9 decrease                |
| G2         | From \$462 to \$459     | \$3 decrease                |
| G3 Low     | From \$1,201 to \$1,189 | \$12 decrease               |
| G3 Mid     | From \$2,360 to \$2,231 | \$129 decrease              |
| G3 High    | From \$4,397 to \$4,140 | \$257 decrease              |
| G4 Low     | From \$5,395 to \$5,277 | \$118 decrease              |
| G4 High    | From \$5,559 to \$5,575 | \$16 increase               |

The supporting documentation for the updated Meter Installation Charges, titled "Calculation of Meter Set Installation Costs and Credits," is enclosed.

The proposed Meter Installation Charges are shown on Tariff Sheet 231. The Standard Meter Allowances are shown on Tariff Sheet 238.

Effective Date

ENSTAR respectfully requests that the Commission approve these revisions at the conclusion of the 45-day standard notice and review period.

Sincerely,

ENSTAR Natural Gas Company



Daniel M. Dieckgraeff  
Director of Rates and Regulatory Affairs

Phone: 907-334-7661

Fax: 907-334-7657

Dan.Dieckgraeff@enstarnaturalgas.com

Enclosures:

- Standard Construction Costs Calculation
- Rate Base by Customer Class
- Allocation Factors
- Average Load by Customer Class
- Calculation of Embedded Cost per Customer Class
- Calculation of Service Line Costs
- Calculation of Meter Set Installation Costs and Credits
- Revised Tariff Sheets as listed