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June 28, 2022

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

Subject: Tariff Advice Letter 333-4

Dear Commissioners:

This filing is transmitted in compliance with 3 AAC 48.200-.430 and Order U-12-125(1). It seeks approval of the attached Fifth Amendment (“Fifth Amendment”)<sup>1</sup> to the gas sales agreement (“GSA”) by and between Alaska Pipeline Company (“APC”) and Furie Operating Alaska, LLC (“Furie”) dated February 26, 2016 (“Furie GSA”). As explained in more detail below, ENSTAR Natural Gas Company, a division of SEMCO Energy, Inc. (“ENSTAR”) is not seeking approval of any tariff sheets as part of this TA filing.<sup>2</sup>

On April 25, 2016, the Commission issued LO# L1600193, approving the Furie GSA, which ENSTAR had filed for the Commission’s consideration in TA 282-4. On October 31, 2017, the Commission issued LO# L1700450 approving an Amendment to the Furie GSA (“Amendment”), which ENSTAR had filed for the Commission’s consideration in TA 296-4. On December 23, 2019, the Commission issued LO# L1900468 approving the Second Amendment to the Furie GSA (“Second Amendment”), which ENSTAR had filed for the Commission’s consideration in TA315-4. On April 9, 2020, the Commission issued LO# L2000142 approving the Third Amendment to the Furie GSA (“Third Amendment”), which ENSTAR had filed for the Commission’s consideration in TA316-4. On May 21, 2021, the Commission issued LO# L2100175 approving the Fourth Amendment to the Furie GSA (“Fourth Amendment”), which ENSTAR had filed for the Commission’s consideration in TA325-4. APC and Furie have agreed to further amend the GSA as detailed below. In light of the Commission’s direction in Order U-12-125(1), ENSTAR respectfully requests approval of the Fifth Amendment to the Furie GSA. The Amendment will help ENSTAR ensure reliable supply to its over 150,000 gas sales customers.

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<sup>1</sup> See Attachment A, the Fifth Amendment to Gas Sales Agreement between Furie Operating Alaska, LLC and Alaska Pipeline Company.

<sup>2</sup> APC, not ENSTAR, is the party to the proposed GSA amendment. The Commission regulates APC and ENSTAR as a single entity. The use of the name “ENSTAR” in this filing is intended to include both APC and ENSTAR, unless the context clearly requires otherwise.

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***All Our Energy Goes Into Our Customers***

## **BACKGROUND**

Furie, a small producer in Cook Inlet, has expended significant resources to produce natural gas from the Kitchen Lights Unit (“KLU”), an offshore gas field development that required installation of a platform in the Cook Inlet. In August 2019, following production and drilling challenges, Furie filed for Chapter 11 bankruptcy in the United States Bankruptcy Court for the District of Delaware (“Bankruptcy Court”). On June 30, 2020, Furie successfully emerged from a Chapter 11 bankruptcy re-organization under new Alaskan ownership and staffing with the support of the State of Alaska in the form of financial support from the Alaska Industrial Development and Export Authority. At all times during the Chapter 11 process and thereafter, Furie continued to deliver Gas to ENSTAR under the terms of the GSA.

Since emerging from bankruptcy, Furie has successfully returned the KLU A-4 well to natural gas production status. The KLU A-4 well was shut-in by prior ownership in December 2018 due to excessive water production, wellbore issues, and un-economic production costs. In February 2020, Furie obtained the necessary authorization from the State of Alaska Department of Environmental Conservation (“AK DEC”) to construct a produced water treatment system on the Julius R. production platform. On April 1, 2021, Furie also secured authorization to discharge treated produced water from the Julius R. platform from the AK DEC. Furie has installed the water treatment system and has been testing the system while working closely with AK DEC permitting personnel. Furie communicated its intention to utilize the water treatment system to produce additional natural gas that previously was uneconomic to produce.

Natural gas production in the Cook Inlet area has declined significantly in the last 15 years, as has the available deliverability from Cook Inlet producers. Local producers have struggled to keep up with the high production costs associated with declining gas reserves. Furie is committing to continue its development of gas reserves in order to supply firm gas to ENSTAR for the next three years. This gas supply certainty is vital in a time of growing scarcity.

In LO# L1600193, the Commission stated, “ENSTAR, with the cooperation of Furie, is commended for meeting the intent of the legislature for diversified supply contracts and different pricing mechanisms. ENSTAR has adopted diversification policies to set aside or carve out an allocation of their supply portfolios to small independent producers in Cook Inlet. These provisions conform to legislative policy and the recommendations of the Commission as expressed in a concurring statement to TA242-4.” ENSTAR remains committed to the goal of securing a diversified supply portfolio.

## **KEY FEATURES OF THE AMENDMENT**

The key provisions of the Fifth Amendment are summarized below. (Capitalized terms used but not defined herein have the meanings provided in the Furie GSA, Amendment, Second Amendment, Third Amendment, Fourth Amendment, and Fifth Amendment.)

Effective Date

This Fifth Amendment shall be deemed effective as of the date on which the Commission approves the amendment.

Gas Volumes (Section 2.1a)

The Fifth Amendment adds the Firm Annual Contract Quantity (“ACQ”) for Contract Years 6, 7, and 8. The amended ACQ is as follows:

Contract Year Beginning	Annual Contract Quantity (Bcf)
April 1, 2023	1.098
April 1, 2024	0.547
April 1, 2025	Up to 5.475

Daily Deliverability (Section 2.1b)

The Fifth Amendment adds the Firm Daily Contract Quantity (“DCQ”) for Contract Years 6, 7, and 8. The amended DCQ is as follows:

Contract Year Beginning	Firm Daily Contract Quantities (MMcfd)
April 1, 2023	3.00
April 1, 2024	1.50
April 1, 2025	Up to 15.00

For Contract Year 8 (April 1, 2025 through March 31, 2026), Furie will assess the results of the 2023 well work program and determine Annual Contract Quantity and Firm Daily Contract Quantities available for sale to ENSTAR. Furie will communicate by Formal Notice the available gas volumes by December 10, 2023.

Right of First Refusal (Section 2.2)

The Fifth Amendment adds additional provisions for the Right of First Refusal (“ROFR”) Gas daily volumes for Contract Years 6 and 7 and the Optional-ROFR daily volumes for Contract Year 8. The Seller will determine the daily volumes for the Contract Years by February 1<sup>st</sup> of 2023, 2024 and 2025, respectively.

Price; Cost Allocation (Section 3)

The Fifth Amendment adds the gas pricing for Contract Years 6, 7, and 8.

<i>Volumes</i>	<i>Cost Per Mcf</i>		
	<i>Contract Year 6 Beginning April 1, 2023</i>	<i>Contract Year 7 Beginning April 1, 2024</i>	<i>Contract Year 8 Beginning April 1, 2025</i>
<i>Firm Gas (the “Firm Volume Price”)</i>	\$7.70	\$7.80	\$7.90
<i>ROFR Gas</i>	\$7.70	\$7.80	\$7.90
<i>Discretionary Gas</i>	Not to Exceed \$13.00 Not less than \$7.00	Not to Exceed \$13.65 Not less than \$7.35	Not to Exceed \$14.32 Not less than \$7.72
<i>O-ROFR Gas</i>	Not to Exceed \$9.85 Not less than \$7.00	Not to Exceed \$13.65 Not less than \$7.35	Not to Exceed \$14.32 Not less than \$7.72

The Sales Price for Contract Years 7 and 8 will be further adjusted for inflation utilizing the Consumer Price Index for All Urban Consumers (CPI-U) Alaska, which is published by the U.S. Bureau of Labor Statistics. Price cannot increase more than 6%, nor can it decrease more than 6%. Throughout the Term of the Fifth Amendment, the Sales Price is further limited by a floor of \$7.70/Mcf and a ceiling of \$8.37/Mcf.

Calculating the inflation adjustment in Sales Price is performed by following the steps set forth below:<sup>3</sup>

- (1) Determine how much the Price Index has changed, on average, in the two years prior to the Contract Year in question.
- (2) Determine the Annual Price Modifier by applying the collar to the Price Index Change Percentage calculated above to ensure that the Annual Price Modifier stays within +6% and -6%.
- (3) Apply the Annual Price Modifier to the Sales Price for the applicable Contract Year.
- (4) Verify that the calculated Sales Price is within the Sales Price Floor of \$7.70/Mcf and the Sales Price Ceiling of \$8.37/Mcf.

To meet its customers’ demand, ENSTAR requires a higher service level from producers than other utilities in Cook Inlet. Despite its complex requirements and current market conditions, ENSTAR negotiated a competitive Sales Price and market-consistent collars to ensure the stability of pricing for the next three years. This will add stability to the economy of Southcentral Alaska.

<sup>3</sup> Illustrated in detail in the new Exhibit I to the GSA, which is attached to the Fifth Amendment.

**COMMISSION APPROVAL**

ENSTAR seeks Commission approval pursuant to its direction in Order U-12-125(1), where the Commission stated as follows:

We advise ENSTAR that any amendments, supplements, modifications, clarifications, or other agreements affecting a GSA subject to our approval must be filed for our approval before gas costs incurred under the affected GSA are included in ENSTAR's rates.

This language indicated to ENSTAR that any amendment of a GSA must be submitted for the Commission's approval before the Commission will approve cost recovery of gas purchased under the GSA in question.

ENSTAR is not seeking a revision of any tariff sheet in this filing. The Furie GSA is already listed in ENSTAR's Determination of Gas Cost Adjustment in Tariff Section 708e (Sheet 89). The effect of the amendment will be taken into account in ENSTAR's next Gas Cost Adjustment determination that is scheduled to be filed by May 15, 2023.

ENSTAR respectfully requests that the Commission approve the Fifth Amendment at the conclusion of the standard notice and review period.

Sincerely,

ENSTAR Natural Gas Company



Chelsea Guintu  
Supervisor of Rates and Regulatory Affairs  
Phone: 907-334-7620  
Fax: 907-334-7657  
Chelsea.guintu@enstarnaturalgas.com

Attachment:

Attachment A: Fifth Amendment to Gas Sale and Purchase Agreement between Furie Operating Alaska, LLC and Alaska Pipeline Company

## FIFTH AMENDMENT TO GAS SALES AGREEMENT

This Fifth Amendment to the Gas Sales Agreement (the “Fifth Amendment”) is made this 15<sup>th</sup> day of June, 2022, by and between Alaska Pipeline Company, a wholly-owned subsidiary of SEMCO Energy, Inc., a Michigan corporation (“Buyer”), and Furie Operating Alaska, LLC, a Delaware limited liability company (“Seller”), and amends that Gas Sales Agreement between Furie Operating Alaska, LLC and Alaska Pipeline Company dated February 26, 2016 (as amended on September 13, 2017, April 25, 2019, February 13, 2020, and April 15, 2021) (the “GSA”).

### RECITALS

- A. WHEREAS, Buyer and Seller entered into the GSA and it was approved by the Regulatory Commission of Alaska (“Commission”) in LO# L1600193 on April 25, 2016. The first amendment was approved by the Commission in LO# L1700450 on October 31, 2017, the second amendment was approved in LO# L1900468 on December 23, 2019, the third amendment was approved in LO# L2000142 on April 9, 2020, and the fourth amendment was approved in LO# L2100175.
- B. WHEREAS, Buyer and Seller now wish to amend the GSA under the terms and conditions of this Fifth Amendment.
- C. WHEREAS, Buyer seeks gas supply reliability and optionality in order to meet its responsibility to the public in a timely manner and without undue risk to the public. Subject to the terms of this Fifth Amendment, Seller agrees to perform operations to enhance production so it can offer additional purchase options to allow Buyer the opportunity to secure additional gas over the remaining Term of the GSA.
- D. WHEREAS, Seller commits to providing Buyer quarterly updates of capital expenditures on the Water System and on expenses to increase available production from the Kitchen Lights Unit.
- E. WHEREAS, Buyer and Seller adopt the terms and conditions set forth herein to govern this transaction.

### AGREEMENT

- I. **Effective Date; Conditions to Effectiveness.** This Fifth Amendment shall be deemed effective as of the date on which the Commission approves the amendment (“Fifth Amendment Effective Date”).
- II. **Amendments to the GSA.** As of the Fifth Amendment Effective Date, the Buyer and Seller agree to amend the GSA as follows:

**1. Amendment to Article 1 (Definitions) of the GSA:**

a. *Section 1.1 (Defined Terms) is amended to insert the following:*

“Annual Price Modifier” shall mean the Price Index Change Percentage for the Price Index. The Annual Price Modifier is limited to a maximum of positive six percent (6%) and a minimum of negative six percent (-6%).

“Excess Royalties” means royalties (including interest and penalties thereon) in excess of those payable on the sale of the Gas at the applicable Sales Price due to a attributed to the Gas under the applicable oil and gas lease which is higher than the contract price. “Excess Royalties” do not include royalties, interest or penalties thereon which are determined after audit to be due on the sale of the Gas at the applicable Sales Price.

“Excess Taxes” means taxes (including interest and penalties thereon) in excess of those payable under tax law as of the Amended Effective Date, on the production or severance of the Gas or the sale of Gas at the applicable Sales Price. “Excess Taxes” do not include taxes, interest or penalties thereon which are determined after audit to be due under tax law as of the Amended Effective Date, on the production or severance of the Gas or the sale of the Gas at the applicable Sales Price. “Excess Taxes” also do not include any reductions, delays in payment, limitations, or other changes of tax credits afforded oil and gas operators set forth in AS 43.55.023, AS 43.55.024, or AS 43.55.025 which are passed into law after the Amended Effective Date.

“Price Index” shall mean Consumer Price Index for All Urban Consumers (CPI-U) Alaska, Series Id CUURS49GSA0, as published by the U.S. Bureau of Labor Statistics.

“Price Index Annual Average Value” shall mean the calculated annual average of the Price Index using published bimonthly observation values.

“Price Index Change Percentage” shall mean the percentage of change in the Price Index Annual Average Values. It is calculated by dividing the Price Index Change Value by the Price Index Annual Average Value of the Year prior to the Year preceding the Contract Year.

“Price Index Change Value” shall mean the amount by which the Price Index Annual Average Values have changed between the previous two Years.

“Sales Price Ceiling” is \$8.37/Mcf.

“Sales Price Floor” is \$7.70/Mcf.

**2. Amendment to Article 2 (Sale and Purchase of Gas) of the GSA:**

- a. *The table in Section 2.1(a) is amended and restated to add the Annual Contract Deliveries during Contract Years 6, 7, and 8:*

Contract Year Beginning	Annual Contract Quantity (Bcf)
April 1, 2023	1.098
April 1, 2024	.547
April 1, 2025	Up to 5.475*

\*Furie to communicate, by Formal Notice, Annual Contract Quantity for April 1, 2025-March 31, 2026 by December 10, 2023 based upon results of 2023 well work program.

- b. *The table in Section 2.1b is amended and restated to add the Firm Daily Contract Quantities during Contract Years 6, 7, and 8:*

Contract Year Beginning	Firm Daily Contract Quantities (MMcfd)
April 1, 2023	3.00
April 1, 2024	1.50
April 1, 2025	Up to 15.00*

\*Furie to communicate, by Formal Notice, Firm Daily Contract Quantities by December 10, 2023 for April 1, 2025-March 31, 2026 based upon results of 2023 well work program.

- c. *Section 2.2 is amended to add the following:*

Buyer has the right of first refusal for any daily volumes of gas available for sale (“ROFR Gas”) (1) up to an additional 3.0 MMcfd (for a total of no more than 6.0 MMcfd as a Daily Contract Quantity) in Contract Year 6 beginning April 1, 2023 and (2) up to an additional 3.0 MMcfd (for a total of no more than 4.5 MMcfd as a Daily Contract Quantity) in Contract Year 7 beginning April 1, 2024.

In Contract Year 8 beginning April 1, 2025, Buyer will have the right of first refusal for any daily volumes of Gas available for sale by Seller in excess of the Firm Daily Contract Quantity pursuant to Section 2.2(a) set forth in that Fourth Amendment to the GSA (“O-ROFR”). In that Contract Year Buyer may purchase up to an additional 7.0 MMcfd (for a total of no more than 23.0 MMcfd as a Daily Contract Quantity).

Seller will determine Contract Year 6 ROFR Gas daily volumes by February 1, 2023, Contract Year 7 ROFR Gas daily volumes by February 1, 2024, and Contract



Year 8 O-ROFR daily volumes by February 1, 2025, all to be communicated by Formal Notice on the dates set forth herein.

Seller will coordinate daily with Buyer regarding ROFR and O-ROFR availability.

d. *Section 2 is amended to add Section 2.6(c), as set forth below:*

Seller shall coordinate with Buyer to re-schedule Gas deliveries (Firm Gas, ROFR Gas, Discretionary Gas, and O-ROFR GAS) during scheduled well work. Gas deliveries not delivered due to well work will be re-delivered as mutually agreed to with no penalties to either Party. Seller will use its best commercial efforts to coordinate work activities to have the least impact to Buyer.

e. *Section 2 is amended to add Section 2.11(c), as set forth below:*

Seller shall provide quarterly updates by email to Buyer regarding Seller’s operational and development plans for the Kitchen Lights Unit.

**3. Amendment to Article 3 (Price; Cost Allocation) of the GSA:**

a. *The table in Section 3.1(d) is amended to add the following Sales Prices:*

<i>Volumes</i>	<i>Cost Per Mcf</i>		
	<i>Contract Year 6 Beginning April 1, 2023</i>	<i>Contract Year 7 Beginning April 1, 2024</i>	<i>Contract Year 8 Beginning April 1, 2025</i>
<i>Firm Gas (the “Firm Volume Price”)*</i>	\$7.70	\$7.80	\$7.90
<i>ROFR Gas*</i>	\$7.70	\$7.80	\$7.90
<i>Discretionary Gas</i>	Not to Exceed \$13.00 Not less than \$7.00	Not to Exceed \$13.65 Not less than \$7.35	Not to Exceed \$14.32 Not less than \$7.72
<i>O-ROFR Gas</i>	Not to Exceed \$9.85 Not less than \$7.00	Not to Exceed \$13.65 Not less than \$7.35	Not to Exceed \$14.32 Not less than \$7.72

\*Contract Years 7 and 8, beginning April 1, 2024 and April 1, 2025, will be adjusted for inflation per Exhibit (I).

b. *Section 3.1(a) is further amended by adding the following:*

(A) For Contract Year 6, the Sales Price for Firm Gas and ROFR Gas purchased and sold pursuant to this Agreement shall be \$7.70/Mcf.

(B) For Contract Years 7 and 8, the Sales Price for Firm Gas and ROFR Gas purchased and sold pursuant to this Agreement will be subject to modification each Contract Year based on the following succession of calculations, which are further detailed in Exhibit I:

(1) Step 1: Determine Price Index Annual Average Values. Obtain the observation values for the Price Index and calculate the annual average values for the two Years preceding the applicable Contract Year.

(2) Step 2: Determine Price Index Change Values. Calculate the amount by which the Price Index Annual Average Values have between the previous two Years for the Price Index.

(3) Step 3: Determine Price Index Change Percentages. Calculate the percentage of change of the Price Index Annual Average Values by dividing the Price Index Change Value by the Price Index Annual Average Value of the Year prior to the Year preceding the Contract Year.

(4) Step 4: Determine Annual Price Modifier. Compare the Price Index Change Percentage calculated in Step 3 to the following:

i. The Annual Price Modifier is limited to a maximum of positive six percent (6%) and a minimum of negative six percent (-6%).

(5) Step 5: Determine Sales Price. Calculate the Sales Price by multiplying the applicable Contract Year's Sales Price by one (1) plus the Annual Price Modifier (as determined in Step 4 above).

i. The Sales Price for all Firm Gas and ROFR Gas is limited to a minimum of \$7.70 per Mcf (the "Sales Price Floor") and a maximum of \$8.37 per Mcf (the "Sales Price Ceiling").

(6) References. If (i) certain data or information for the Price Index is no longer available, or (ii) any Party, based on reasonable evidence, believes in good faith that (A) such data or information has been computed or published in error, or (B) the basis of calculating or reporting such data or information has changed so as to materially alter the validity of the Price Index Value determination as originally contemplated, then either Party may notify by Regular Notice the other Party of such deficiencies or beliefs. The Parties will meet within five (5) Days after notice is received by the receiving Party and will determine if the deficiencies or beliefs are valid and, to the extent they are, will agree to appropriate modifications to Price Index Value. If the Parties do not resolve the dispute within fifteen (15) Days after the meeting, either Party may seek to resolve the dispute in accordance with Article 15.

(C) Sales Price Determination. By February 20, Seller will provide to Buyer by Regular Notice its calculation of the Sales Price for the following Contract Year.

Within ten (10) Days of receipt of Seller's calculation, Buyer will notify Seller, by Regular Notice, of its agreement or its reasons for any objections to Seller's calculation and will include Buyer's calculation of the Sales Price. The Parties will meet within five (5) Days of Seller's receipt of Buyer's Regular Notice to attempt to agree on the Sales Price. If the Parties do not resolve the dispute within fifteen (15) Days after the meeting, either Party may seek to resolve the dispute in accordance with Article 15.

(D) Delayed Determination of Price. If the Parties are unable to agree on the Sales Price applicable to any Contract Year by the 20th) Business Day of such Contract Year, the Sales Price in effect for the immediately preceding Contract Year will be used for the purposes of Article 3 until the Sales Price for such Contract Year is mutually agreed upon by Buyer and Seller or otherwise resolved in accordance with Article 15. Once the Sales Price is determined, Seller will, within thirty (30) Business Days, provide Buyer with a statement setting forth the corrected amounts due Seller with respect to Gas made available by Seller and taken by Buyer on and after the beginning of the applicable Contract Year, as well as any interest accrued and due.

### **III. Regulatory Approvals.**

- a. This Fifth Amendment must be approved by the RCA before Buyer purchases Gas hereunder. Buyer will submit this Fifth Amendment to the RCA for its consideration on or before June 30, 2022.
- b. Buyer will seek Regulatory Approval of this Fifth Amendment with Seller's cooperation as contemplated in Section 10.1(b) of the GSA.
- c. If the RCA issues an order that approves (conditionally or otherwise) this Fifth Amendment and imposes terms and conditions or modifications unacceptable to Buyer or Seller, each as determined in its sole and absolute discretion, Buyer or Seller shall attempt to negotiate in good faith mutually acceptable alternative provisions within thirty (30) Days of the RCA order. If the Parties cannot negotiate mutually acceptable provisions in that Period, either Buyer or Seller may terminate this Fourth Amendment upon Formal Notice to the other Party, such termination to take effect on the date outlined in any such written notice of termination.
- d. If RCA Approval has not been obtained by December 31, 2022, either Party may terminate this Fifth Amendment upon Formal Notice to the other Party, such termination to take effect on the date outlined in any such written notice of termination.
- e. Approval. "RCA Approval" will be deemed to have occurred on the date that an RCA order approving the Fifth Amendment, including approval of recovering all costs resulting from this Fifth Amendment in the Rates of Buyer's affiliate

ENSTAR Natural Gas Company, without conditions or modifications unacceptable to the Parties, becomes final and is not subject to further reconsideration by the RCA.

**IV. Agreement Remains in Force:**

Except as specifically modified by this Fifth Amendment, the terms of the GSA shall remain in full force and effect and shall apply to this Fifth Amendment as if the provisions of this Fifth Amendment were part of the GSA. To the extent there is a conflict between this Fifth Amendment and the GSA, the terms of this Fifth Amendment shall apply.

**V. Counterparts:**

This Fifth Amendment may be executed by the Parties in any number of counterparts and on separate counterparts, including electronic transmittals, each of which when so executed will be deemed an original, but all such counterparts, when taken together, will constitute but one and the same Third Amendment. In the event one Party executes the Fifth Amendment, and the other Party does not execute the Fifth Amendment within ten (10) Days of the first Party's execution, the execution of the Fifth Amendment by the first Party will be deemed null and void.

IN WITNESS WHEREOF, the parties have executed this Amendment on the first day above written.

**ALASKA PIPELINE COMPANY, AN  
ALASKA CORPORATION**

By: 

Its: President

Date: 6/15/2022

**FURIE OPERATING ALASKA, LLC, A  
DELAWARE LIMITED LIABILITY  
COMPANY**

By: 

Its: CEO/pres.

Date: 6/15/22

**EXHIBIT I**

**Sales Price Calculation for Contract Years 7 and 8 (SEC. 3.1)**

The Annual Sales Price shall be calculated by in accordance with the following steps:

**Step 1: Determine Price Index Annual Average Values<sup>1</sup>**

(a)	(b) <u>Index Observation</u> <u>Value</u> CUURS49GSA0 <sup>2</sup>	
1 February 2020	226.51	
2 April 2020	222.909	
3 June 2020	225.245	
4 August 2020	226.984	
5 October 2020	228.343	
6 December 2020	227.259	
7 Annual Sum (Sum of Lines 1-6)	1357.25	No Rounding
8 Number of Observations in a Calendar Year	6	
9 <b>Price Index Annual Average Value for the Year</b> <b>two Years preceding the Contract Year</b> (Line 7 divided by Line 8)	<b>226.2</b>	No Rounding
	<u>Index Observation</u> <u>Value</u> CUURS49GSA0 <sup>2</sup>	
10 February 2021	229.478	
11 April 2021	233.519	
12 June 2021	239.296	
13 August 2021	239.899	
14 October 2021	242.708	
15 December 2021	243.568	
16 Annual Sum (Sum of Lines 10-15)	1428.468	No Rounding
17 Number of Observations in a Calendar Year	6	
18 <b>Price Index Annual Average Value for the Year</b> <b>preceding the Contract Year</b> (Line 16 divided by Line 17)	<b>238.08</b>	No Rounding

**Step 2: Determine Price Index Change Values**

	(a)	(b)	
	Index	CUURS49GSA0 <sup>2</sup>	
19	Price Index Annual Average Value for the Year two Years prior to Contract Year (Line 9)	226.21	No Rounding
20	Price Index Annual Average Value for the Year preceding the Contract Year (Line 18)	238.08	No Rounding
21	Price Index Change Values (Line 20 less Line 19)	11.87	No Rounding

**Step 3: Determine Price Index Change Percentages**

22	Price Index Change Percentage (Line 21 divided by Line 19)	5.25%	No Rounding
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**Step 4: Determine Annual Price Modifier**

23	Price Index Change Percentage (Line 22)	5.25%	No Rounding
24	Annual Price Modifier Minimum	-6.00%	
25	Annual Price Modifier Maximum	6.00%	

If an Average of Price Index Change Percentages is equal to or less than negative six percent (-6%), the Annual Price Modifier will be limited to negative six percent (-6%). If an Average of Price Index Change Percentages is equal to or greater than positive six percent (6%), the Annual Price Modifier will be limited to six percent (6%). Otherwise, the Average of Price Index Change Percentages will be the Annual Price Modifier.

26	<b>This Contract Year's Annual Price Modifier</b>	5.25%	No Rounding
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**Step 5: Determine Sales Price**

	<u>Sales Price</u>	
27	Applicable Contract Year Sales Price	\$7.70
28	Annual Price Modifier	5.25%
29	Apply Annual Price Modifier to Applicable Contract Year Sales Price (Line 27 times (1+Line 28))	\$8.10
		No Rounding Rounded to Two Decimal Places
30	Sales Price Ceiling	\$8.37
31	Sales Price Floor	\$7.70

If calculated Sales Price is equal to or less than \$7.70, the Sales price will be \$7.70. If a calculated Sales Price is equal to or greater than \$8.37, the Sales Price will be \$8.37. Otherwise, the calculated Sales Price will be the Sales Price for the upcoming Contract Year.

**32 Final Sales Price**

<b>\$8.10</b>
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Rounded to Two  
Decimal Places

<sup>1</sup> These index values are for illustrative purposes only, but are the figures for 2020 and 2021, and would not actually be used in the Calculation in Contract Years 7 and 8.

<sup>2</sup> CPI: All items in Urban Alaska, all urban consumers, not seasonally adjusted.  
<https://data.bls.gov/timeseries/CUURS49BSA0>