

STATE OF ALASKA

BEFORE THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

John M. Espindola, Chairman
Steve DeVries
Mark Johnston
Robert M. Pickett
John C. Springsteen

In the Matter of the Consideration of Consumer Costs)
Arising from Utility Contracting with Liquefied)
Natural Gas Facilities)
_____)

Docket No. I-26-001

RESPONSE OF ENSTAR NATURAL GAS COMPANY, LLC
TO ORDER I-26-001(1)

In accordance with the Order Opening Docket, Requiring Filings, and Inviting Filings issued by the Regulatory Commission of Alaska (“Commission”) in the above-captioned proceeding on February 4, 2026 (“Order I-26-001(1)” or “Order”), ENSTAR Natural Gas Company, LLC (“ENSTAR” or “Company”)¹ respectfully submits this response (“Response”) addressing the questions raised and information requested in the Order. The potential for liquefied natural gas (“LNG”) resources is a critical issue for ENSTAR and the other Railbelt utilities, and the Company appreciates this opportunity to provide information to the Commission. The Company has used its best efforts to respond to the Commission’s questions and provide relevant documents in the time allowed, but emphasizes that potential LNG-related arrangements are still in flux and under negotiation,

¹ ENSTAR is a Commission-regulated public utility providing natural gas service. All correspondence to ENSTAR relating to this docket may be directed to undersigned counsel. ENSTAR is a limited liability company organized under Delaware law and its address is 5151 Fairbanks Street, Anchorage, Alaska 99503.

and much of the information responsive to the Commission’s inquiry is confidential, is commercially sensitive, and must not be disclosed publicly. Given the deadline for filing this response and the commercially sensitive nature of the information requested, ENSTAR is continuing to work to identify responsive documents and to ensure the Company is compliant with applicable notice, consent, and waiver provisions within the various confidentiality agreements it has entered into with third parties. Therefore, the Company will need to supplement this filing within the coming weeks. Additionally, ENSTAR welcomes any discussion or further inquiry into the process it undertook or its decision-making after the Commission has had a chance to digest the various materials submitted in this docket.

In Appendix A to this response, ENSTAR has provided a list of the various public and confidential attachments included with this filing.

BACKGROUND

With the issuance of Order I-26-001(1), the Commission opened an informational docket to gather information about potential LNG facilities from which ENSTAR and Chugach Electric Association, Inc. (“Chugach”) may propose to purchase LNG for gas supply. The Order requires ENSTAR and Chugach to complete four principal tasks:

- First, it directs them to file “all information they possess related to LNG import facilities through which they propose to purchase LNG, including the projected costs to be recovered through rates from their customers.”²
- Second, the Order requires ENSTAR and Chugach to file briefs addressing the Commission’s jurisdiction to “require utilities to coordinate their proposed use of any proposed LNG import facility to maximize efficiency and minimize costs

² Order I-26-001(1), *Order Opening Docket, Requiring Filings, and Inviting Filings*, dated Feb. 4, 2026, at 4.

to consumers,” or whether requiring this coordination is otherwise in the public interest.³

- Third, the Order instructs the parties to “provide specific questions they believe should be considered and a narrative response to those questions.”⁴
- Finally, the Order states that ENSTAR and Chugach should “provide any documents in their possession that would be responsive to these questions, as well as additional documents they believe the Commission should attempt to obtain from other sources that would be relevant to this inquiry.”⁵

The Commission also invited the Office of the Attorney General, Regulatory Affairs and Public Advocacy Section (“RAPA”) to file a brief addressing the jurisdictional issues raised in the Order.⁶ The Commission directed the parties to submit their filings by March 6, 2026.⁷

On February 27, 2026, in response to correspondence from Cook Inlet LNG, LLC (“Cook Inlet LNG”), the Commission issued a second order inviting Cook Inlet LNG to make a presentation on its proposed LNG import project during the Commission’s public meeting scheduled for March 11, 2026, or to file the information in this docket.⁸ The Commission also invited other members of the public to file briefs addressing the jurisdictional issues raised in Order I-26-001(1) and otherwise to file comments in this docket.⁹

³ *Id.*

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ Order I-26-001(2), *Order Inviting Presentation, Filings, and Comments*, dated Feb. 27, 2026, at 1-2.

⁹ *Id.* at 2.

ENSTAR appreciates this opportunity to provide information to the Commission and otherwise address questions regarding potential LNG import facilities in Alaska. As the Company has explained on many occasions in recent years, with the well-documented gas supply challenges in Cook Inlet, imports of LNG will be an essential component of ensuring that the Company can continue providing safe and reliable natural gas service to the thousands of Alaska homes and businesses throughout its service territory. As the Commission knows, ENSTAR has entered into an exclusivity agreement with Glenfarne Energy Transition, LLC (“Glenfarne”) for a potential solution developing and implementing an LNG import facility to be located on the Kenai Peninsula (“Glenfarne Project” or “Project”), and ENSTAR believes this opportunity represents the best LNG supply option for the Company and its customers. ENSTAR hopes this informational docket will help provide a foundational understanding as to why ENSTAR chose the Glenfarne Project as the appropriate path forward for the Company and its customers. ENSTAR’s response to this inquiry is solely related to the Glenfarne Project.

The Order also acknowledges that ENSTAR and Chugach may need to file information classified as confidential under 3 AAC 48.045(b), and that any such information should be filed consistent with the requirements of 3 AAC 48.045(a). While ENSTAR recognizes its obligation to submit confidential information in accordance with Commission requirements, the Company emphasizes that certain information relevant to the subject matter of this docket is confidential and extremely commercially sensitive. Among other material harms, disclosing this information publicly could give one or more participants in the natural gas and LNG markets significant competitive advantages over

other participants or inadvertently harm them, and ENSTAR itself could face liability for potential violations of confidentiality agreements. Accordingly, and concurrently with this filing, the Company is submitting a petition for confidential treatment in accordance with 3 AAC 48.045.

DISCUSSION

In the sections below, ENSTAR addresses the four topics the Commission directed the Company to address in Order I-26-001(1).

I. We require Chugach and ENSTAR to file in this docket all information they possess related to LNG import facilities through which they propose to purchase LNG, including the projected costs to be recovered through rates from their customers.

As a regulated utility with a mandate to provide service that is “reasonably continuous and without unreasonable disruption”¹⁰ to half of Alaska’s population, ENSTAR has undertaken a very deliberate process to evaluate potential gas supply arrangements, including LNG supply arrangements. In May 2022, ENSTAR, Chugach, Matanuska Electric Association, Inc. (“MEA”), Homer Electric Association, Inc. (“HEA”), Golden Valley Electric Association, Inc. (“GVEA”), and the Interior Gas Utility (“IGU”) formed a working group, with participation from the Alaska Department of Natural Resources (“DNR”) and the Alaska Energy Authority (“AEA”), to assess future gas supply needs and energy security in Cook Inlet (the “Working Group”). The Working Group was formed in recognition of the expected decline of aging Cook Inlet natural gas-producing assets and the uncertainty of Cook Inlet natural gas supplies, and its goal was to:

¹⁰ AS 42.05.291(a).

[w]ork together for long-term solutions . . . [which] requires a better understanding of each utility’s constraints and needs based on existing contracts and forecasting our collective demand growth into the next decade.¹¹

The Working Group’s first major milestone was to execute a confidentiality agreement among all the parties in an effort to work together as closely as possible. ENSTAR then proceeded to hire Berkley Research Group (“BRG”) to assist in formulating action plans, methods of determining alternative solutions, and evaluating project costs and feasibility of responsive proposals. Since 2023, the Company has entered into more than 30 non-disclosure agreements to ensure that it considered every qualified concept and entity willing to provide a solution for unmet gas demand in the Cook Inlet.

Following comprehensive research, outreach, analyses, and a resulting market check of the various gas supply solutions for Railbelt utilities, on December 17, 2024, ENSTAR entered into an exclusivity agreement with Glenfarne to develop the Project, which consists of an LNG import terminal that would be co-located with the terminus of the Alaska LNG North Slope Pipeline. The co-location with the pipeline was a key draw of the Project because it would (i) enable ENSTAR to spread project costs over a longer period of time, thus allowing prices to be stabilized for its customers, while (ii) positioning ENSTAR to return to a domestic gas supply once the pipeline became operational. As part of the LNG import terminal, the parties are contemplating that Glenfarne will receive a terminal fee while the LNG terminal functions solely in an import capacity, and a pipeline

¹¹ Docket U-22-090, *ENSTAR Natural Gas Company, LLC’s Petition for Approval to Create a Regulatory Asset for the Accumulation and Deferral of Costs Associated with Studying and Securing Long-Term Gas Supplies for the Alaska Railbelt*, dated Nov. 10, 2022, at Exhibit A.

tariff rate once the pipeline comes online and the LNG terminal is repurposed to support natural gas exports. The Project will supply the Alaska Railbelt with natural gas for heating and power generation and help mitigate the impending supply gap from Cook Inlet gas production.

The exclusivity agreement commits ENSTAR to work exclusively with Glenfarne to facilitate the development of the Project and work toward a Final Investment Decision by the end of 2026. Through this step, the parties agreed to work together to advance the Project, develop a binding Cost Reimbursement Agreement (“CRA”), and execute other applicable definitive agreements. Since that time ENSTAR and Glenfarne have continued to work towards various agreements that will govern the relationship between the parties. Attached as Confidential Attachment A is a copy of the CRA. Attached as Confidential Attachment B is a summary of an additional agreement currently being negotiated between the parties.

Because ENSTAR and Glenfarne have not fully negotiated all of the necessary agreements, the Company does not have final estimates of the projected costs it would seek to recover from customers through rates. ENSTAR received preliminary cost information that Glenfarne provided confidentially during initial discussions when responding to ENSTAR’s market check. As previously mentioned, ENSTAR is currently in negotiations with Glenfarne and expects the costs to be further refined downward. ENSTAR’s selection process and analysis of its decision-making is described in further detail in Section III below.

II. We also require Chugach and ENSTAR to file briefs in this docket addressing our jurisdiction to require utilities to coordinate their proposed use of any

proposed LNG import facility to maximize efficiency and minimize costs to consumers, or [whether such coordination] is otherwise in the public interest.

While the Commission unquestionably has broad authority to regulate public utilities subject to its jurisdiction, whether the Commission has the power to require coordination between ENSTAR and Chugach on the use of any proposed LNG import facility is unclear. AS 42.05.141(a) broadly provides that:

The Regulatory Commission of Alaska may do all things necessary and proper to carry out the purposes and exercise the powers expressly or reasonably implied in this chapter, including . . .

(3) make or require just, fair, and reasonable rates, classifications, regulations, practices, services, and facilities for a public utility.

In describing the Commission's authority, the Alaska Supreme Court has explained as follows:

The commission has implied powers. An organization like the commission "is an administrative agency that has whatever powers are expressly granted to it by the legislature or conferred upon it by implication as necessarily incident to the exercise of powers expressly granted."¹²

Under these broad powers, the Commission has the authority to evaluate whether a proposed gas supply contract is "in the public interest" and whether the utility should recover the costs through rates.¹³ The standard for approval of a gas supply contract is set forth in AS 42.05.141(d) and reads as follows:

When considering whether the approval of a rate or a gas supply contract proposed by a utility to provide a reliable supply of gas for a reasonable price is in the public interest, the commission shall:

¹² *Chugach Elec. Ass'n, Inc. v. RCA*, 49 P.3d 246, 251 (Ak. 2002).

¹³ See AS 42.05.141(d) (addressing Commission's evaluation of "whether the approval of a rate or gas supply contract proposed by a utility to provide a reasonable supply of gas for a reasonable price is in the public interest").

(1) recognize the public benefits of allowing a utility to negotiate different pricing mechanisms with different gas suppliers and to maintain a diversified portfolio of gas supply contracts to protect customers from the risks of inadequate supply or excessive cost that may arise from a single pricing mechanism; and

(2) consider whether a utility could meet its responsibility to the public in a timely manner and without undue risk to the public if the commission fails to approve a rate or a gas supply contract proposed by the utility.

Likewise, the Commission exercises its authority to review the prudence of a utility's capital investments and determine whether the utility may recover the costs through rates. The Commission generally makes this determination after the utility has constructed a facility placed it into service or executed a new gas supply agreement, and can undertake a detailed analysis of the utility's decision if a dispute arises regarding including the costs in rates. Outside of this typical process, the Commission has held that it has the authority to grant a utility's request for an advance determination of prudence and find that an investment is prudent before the utility begins to construct facilities or otherwise incur costs.¹⁴ But granting an advance determination of prudence is different from requiring two utilities to coordinate on a specific investment or resource decision. In short, the Commission's typical role is to allow separate utilities to undertake projects independently and to review their decisions after the utilities makes such decisions. ENSTAR is not aware of any statute or case that squarely addresses whether the Commission has the power to require utilities to coordinate on a particular decision sort of a statutory mandate.

¹⁴ See, e.g., Order U-18-024(17), *Order Denying Petition, in Part, and Closing Docket*, dated Feb. 28, 2019, at 9.

Moreover, requiring coordination between utilities could also run afoul of the Federal Energy Regulatory Commission’s (“FERC”) exclusive jurisdiction to regulate LNG facilities. As the Commission has acknowledged, under the Natural Gas Act (“NGA”), FERC has exclusive jurisdiction over the “siting, construction, expansion, or operation” of an LNG import facility used in interstate or foreign commerce.¹⁵ The Commission also has recognized that an Alaska statute, AS 42.05.711(v), prevents the Commission from assuming jurisdiction over “[a] liquefied natural gas import facility under the jurisdiction of [FERC].”¹⁶ Additionally, the Commission has previously held that FERC’s exclusive jurisdiction deprives the Commission of its power under AS 42.05.221(d) to determine whether a duplication of LNG import facilities would be in the public interest.¹⁷ Requiring ENSTAR and Chugach to coordinate on a particular LNG import decision could encroach on FERC’s exclusive jurisdiction. For example, if the Commission directs ENSTAR and Chugach to coordinate and decide to purchase gas supply from one LNG import facility instead of from two separate facilities, the Commission could encroach on FERC’s exclusive jurisdiction over the “siting, construction, expansion, or operation” of LNG import facilities and could be indirectly

¹⁵ *E.g.*, Order I-26-001(1) at 2 (citing 15 U.S.C. § 717b(e)(1)). The NGA defines an LNG terminal to include: “[A]ll natural gas facilities located onshore or in State waters that are used to receive, unload, load, store, transport, gasify, liquify, or process natural gas that is imported to the United States from a foreign country, exported to a foreign country from the United States, or transported in interstate commerce by waterborne vessel. . . .” 15 U.S.C. § 717(a)(11).

¹⁶ Order U-25-004(5), *Order Closing Regulatory Asset Authorized by Order U-22-090(2), Approving New Regulatory Asset, Denying TA350-4, Finding Motions for Confidential Discovery Orders and Motion for Expedited Consideration Moot, Requiring Filings, Vacating Remaining Procedural Schedule and Hearing, and Appointing Administrative Law Judge*, dated Apr. 22, 2025, at 31 (quoting AS 42.05.711(v)).

¹⁷ Order I-26-001(1) at 2-3.

determining whether duplication of LNG import facilities is in the public interest, which is contrary to its prior findings.

As a regulated public utility serving half of Alaska’s population, ENSTAR has an obligation to provide service that is “reasonably continuous and without unreasonable disruption.”¹⁸ That fundamental mandate guides the Company’s decisions and actions every day. As with all of its decisions, ENSTAR must ensure that any potential LNG supply arrangement helps the Company fulfill that basic statutory mission and is a complete solution capable of meeting its statutory obligations, including the demands of its existing, and future customers.¹⁹ Regardless of whether the Commission has the authority to require coordination or requires coordination if it does have such authority, any decision must be made such that sufficient gas supply is made available to all customers in the Cook Inlet.

III. As part of the above briefing, ENSTAR and Chugach are required to provide specific questions they believe should be considered and a narrative response to those questions.

ENSTAR provides below specific questions that the Company believes the Commission should consider, as well as a narrative response to those questions.

A. Please summarize ENSTAR’s needs for meeting its gas supply portfolio requirements.

ENSTAR’s core mission is to provide safe and reliable natural gas utility service to its customers, 24 hours a day, 365 days per year. As part of this mission, the vast majority

¹⁸ AS 42.05.291(a).

¹⁹ Pursuant to Section 411 of ENSTAR’s Tariff, subject to other requirements such as gas supply availability, the Company is required to provide gas sales service to transportation customers upon one to six-months’ notice from the customer to ENSTAR. Therefore, ENSTAR must be prepared, especially in the current gas supply environment, to meet the needs of current and future customers in its service territory. The Glenfarne Project can readily accommodate not only ENSTAR’s projected demand but also additional Cook Inlet demand should the situation arise.

of the Company's customers rely on ENSTAR not only to deliver gas to their premises, but also to procure the gas that is delivered. Quite simply, if ENSTAR is unable to procure the needed gas, it cannot meet its mandate as a public utility. In addition, ENSTAR must maintain an adequate flow of gas on its pipelines to sustain a certain gas pressure in its transmission pipelines. An adequate pressure is required to deliver gas to its gas sales customers, and just as important to provide service to its transport customers.

As the Commission knows, ENSTAR and other Alaska utilities currently face significant challenges in procuring natural gas supply in Cook Inlet. In 2022, Hilcorp Alaska, LLC ("Hilcorp") informed ENSTAR and other Alaska utility companies that Hilcorp would not be extending their existing contracts. Hilcorp is the largest natural gas producer in Alaska, and ENSTAR's contract with Hilcorp currently provides approximately 85% of the natural gas volumes ENSTAR's Customers require each year, and a majority of the deliverability. With the contract set to expire on March 31, 2033, the Company must find alternative arrangements to replace this vitally important source of natural gas supply. As the Commission knows, the Company has been actively exploring its options for several years.

Despite the already limited nature of production and storage in the Cook Inlet, ENSTAR's analysis of the current gas supply market indicates that the availability of gas supply continues to deteriorate. ENSTAR's operating environment has become increasingly challenging, as the Company has had to meet rising customer demand with declining gas supply resources. HEA, for example, was unable to secure needed gas for power generation for the Kenai Peninsula, and thus became an ENSTAR gas sales

customer. Additionally, over the last three years, the Company's customer base has grown by 5,000 customers, and extreme cold weather events also have resulted in increased demand variability for natural gas. In short, the Cook Inlet market is not able to meet the requirements of all gas users, and utilities and large industrial gas users are struggling to secure gas supply in the market. The well-documented decline in Alaska's natural gas supply has profound impacts for the Company and creates significant gas supply risk and additional costs for its operations.

In ENSTAR's pending base rate case (Docket U-25-013/U-25-019), the direct testimony of ENSTAR witness Inna B. Johansen provides a detailed discussion of the Company's gas supply needs. A copy of Ms. Johansen's testimony without exhibits is attached as Attachment C.

C. What actions did ENSTAR take to evaluate the market for its gas supply needs?

Ms. Johansen's testimony in the Company's pending rate case (Docket U-25-013/U-25-018), also describes actions the Company has taken to evaluate the market for its gas supply needs. Those efforts, and others, are described in further detail below.

1. BRG Phase I Assessment

In May 2022, ENSTAR, Chugach, IGU, MEA, HEA, and GVEA, along with the Alaska DNR and AEA²⁰ formed the Working Group to assess future gas supply needs and energy security in Cook Inlet. The Working Group, through ENSTAR, engaged BRG to conduct a planning assessment to: (i) develop scalable options to fill the natural gas supply

²⁰ DNR and AEA participated in an advisory capacity to provide information to the utilities, as well as remain aware of the effort. The agencies did not fully participate in the deliberations or scoring of options.

gap anticipated to occur as Cook Inlet production declines, including Alaska-based options; (ii) develop and assess high-level project scope, cost estimates, and time to execute for each of the options; (iii) for options requiring LNG imports, analyze the available sources for the required annual volumes of gas, potential contract structure and price ranges; (iv) assess key risk and mitigations associated with each option; and (v) develop a ranking system, ranked assessment of options, and recommendations, all of which comprised BRG's and the Working Group's "Phase I Assessment."

During the Phase I Assessment, BRG and the Working Group collaboratively identified ten project options and developed a scoring methodology for various project options proposed and considered. BRG then conducted a screening-level engineering and commercial evaluation, including cost, permitting, and schedule constraints, to assign scores to each of the ten different project options. At the end of the Phase I Assessment, based on the scoring results, the top three options were: (i) In-State Pipeline – to construct a 24-inch long-distance pipeline across Alaska (if government-subsidized); (ii) Kenai LNG – retrofitting the former Nikiski LNG export facility owned by Marathon to enable LNG imports; and (iii) floating storage and regassification unit ("FSRU") – importing LNG using an FSRU. On June 28, 2023, ENSTAR presented the results of the Phase I Assessment to the Commission during the public meeting. A copy of BRG's Phase I Assessment document is attached as Attachment D. A copy of the presentation to the Commission related to the Phase I Assessment is attached as Attachment E.

2. BRG Phase II Assessment

In the BRG “Phase II Assessment,” BRG continued to refine the project plans for the top-scoring options, conduct commercial diligence, and establish project management strategy. The main scopes of work were: (i) to refine each of the shortlisted options, including site evaluation, design basis, risk analysis, cost model, capital and operating expenditure estimates and integrated schedule; (ii) to conduct LNG sourcing, including market outreach, securing confidentiality agreements and surveying potential LNG suppliers; (iii) to provide a report outlining marine shipping consideration specific to Cook Inlet, and to help formulate a regulatory and commercial strategy for LNG shipping; (iv) to update the supply model for the short-listed options and provide an updated estimate of the cost of delivered gas in \$/Mcf; (v) to seek feedback from the utilities and recommend commercial structure for LNG acquisition and a financing structure for the project; and (vi) to evaluate sourcing and procurement strategies and develop a roadmap for further project development and execution.

Four distinct project options were shortlisted and reviewed in Phase II: (i) modifying Marathon’s jetty and installing onshore storage and regasification at its Kenai LNG facility; (ii) using Marathon’s jetty with an FSRU; (iii) using an FSRU at the Alaska LNG Project’s export dock; and (iv) developing a greenfield FSRU terminal at a new site.

Another option identified as the top-scoring alternative in Phase I, the In-State Pipeline from the North Slope, underwent a permitting review, but not a full conceptual engineering effort. This is because more detailed engineering and permitting work had already been completed on a very similar project that served as the basis for the In-State Pipeline (an Alaska Stand Alone Pipeline owned by Alaska Gasline Development

Corporation (“AGDC”). The threshold barrier to developing a large-diameter pipeline from the North Slope of Alaska by members of the Working Group was the relatively low level of in-state gas demand that made the economics of that project challenging, and prevented the Working Group from being able to move the option forward in a meaningful way without government subsidies.

As part of the Phase II Assessment, BRG and its contractors developed a detailed schedule of activities for the design and development of all four shortlisted options, comprised of up to 170 individual activities per schedule. BRG used a probability analysis for the likely duration of all schedule activities. The key threshold uncertainty in the schedule was the duration of the FERC-led LNG import terminal permitting process, and the nature and extent of the connected National Environmental Policy Act (“NEPA”) review. The integrated schedules were also reviewed by ENSTAR’s legal representatives.

The results of this in-depth analysis showed that none of the four shortlisted options could meet the target of delivering first gas or LNG by late 2027 due to likely permitting and construction schedule constraints. The estimated in-service date for the four large-scale options fell between late 2029 and 2033, with the greenfield option having the longest schedule duration.

These schedule findings prompted a second look at smaller-scale LNG import options that could provide for a more expedited schedule (*i.e.*, earlier first-gas date) and potentially lower “stranded investment” in case of the development of a major gas pipeline project, which would make lower-cost gas available in the long term. The two distinct options that were identified by ENSTAR and BRG were LNG shipments in ISO containers

and LNG shipments using smaller cryogenic vessels. Variations of these options have been examined in earlier stages of feasibility studies, including by ENSTAR in 2020, and were dismissed as either high cost and/or not easily scalable for larger imports. In addition, both options have more limited supply sources than those available using standard-size LNG carriers. However, due to the schedule priority, BRG returned to these options. BRG used the findings of Phases I and II of this project for a refreshed scoping exercise.

A copy of the Phase II Assessment is attached as Attachment F.

3. ENSTAR's Request for Information for Charter of LNG Storage Vessel with Regasification Ability

In October 2024, ENSTAR issued a request for information (“Market Check”) for the purpose of determining market capability and interest in a project in which ENSTAR would charter an LNG FSRU. The Market Check, which was sent to potential service providers that were experienced and had the best potential for being capable of providing service, described in detail the parameters and requirements for such a project, including the FSRU vessel characteristics (such as regasification capacity, gas quality, and estimated annual gas demand), vessel location, vessel mobilization and service period, and cost estimates, among other items. A copy of the Market Check is attached as Confidential Attachment F.

D. How were various gas supply projects that were the subject of the Market Check evaluated?

During the Market Check process, ENSTAR systematically evaluated the viability of proposed projects based on technical design, timeline, and economic feasibility. The Company received four total responses to the Market Check, including one that was non-

conforming due to its land-based project design (the Glenfarne Project). It became evident, however, that Glenfarne's non-conforming proposal offered numerous advantages supporting the overall goal of identifying a bridge solution for natural gas volumes during the anticipated shortfall window. As a result, the evaluation of the results consisted of two parts: (1) an evaluation of conforming project proposals; and (2) a comparison of the highest-scoring conforming proposal and the non-conforming proposal.

Following the Market Check, the four responding parties presented their proposals to ENSTAR and discussed their projects in detail during meetings that took place in October 2024. Prior to the reviews, ENSTAR developed a quantitative response evaluation matrix. Based on the FSRU being a central part of the Market Check process, the selection was weighted heavily toward respondents' experience with building, owning, and operating FSRUs. Therefore, only the three conforming proposals were evaluated using this method. The non-conforming project presented by Glenfarne offered an opportunity that was previously explored in the Phase II Assessment. At the end of the Phase II Assessment, this option was not preferred in part due to the absence of a capable project developer and owner. While the Project received lower scores due to its non-conformance with the Market Check, the evaluation team agreed that the strategic advantages of the Glenfarne Project, particularly its ability to be converted to domestic gas supply if and when the pipeline portion of the Alaska LNG project is constructed, warranted its inclusion in the top two selected options for further evaluation.

To evaluate the two leading project proposals (one of which was the Glenfarne Project) in a quantitative manner, ENSTAR used the original Phase I scoring methodology,

which prioritized the key selection criteria of schedule, reliability, and cost of supply as the top three weighted metrics.

E. Why is the Glenfarne Project the best option for ENSTAR?

ENSTAR performed a systematic, comprehensive evaluation of the two leading proposals, and this analysis ultimately confirmed that the Glenfarne Project represents the best option for meeting the needs of the Company and its thousands of customers in Alaska. The first leading proposal was the Glenfarne Project, and for confidentiality purposes, the second leading proposal will be referred to as “Project B.” As explained above, ENSTAR evaluated the relative advantages and disadvantages of each proposal according to several key metrics, including: technical feasibility; economic feasibility; reliability of supply; timeline and schedule risk; overall project risk; flexibility in scaling supply; permitting; project complexity; environmental impact; and investment size. Although each project had both advantages and disadvantages, the Company’s analysis confirmed that, overall, the Glenfarne Project was the superior option.

As also explained above, ENSTAR evaluated the Glenfarne Project and Project B according to a quantitative scoring methodology that prioritized ten key selection criteria, with schedule risk, reliability of supply, and cost as the top three weighted metrics. In the end, the Glenfarne Project scored better in six of the metrics, including three of the four highest-priority metrics. Project B scored better in two metrics (the fifth and eighth priority metrics), and the remaining two metrics were a tie. The Glenfarne Project was, in other words, clearly superior. ENSTAR witness Ms. Johansen also describes this process on pages 43-44 of her direct testimony in the Company’s pending base rate case, which is also

attached as Attachment C. In a supplemental filing, ENSTAR intends to provide additional details regarding the scoring and evaluation of the Glenfarne Project and Project B.

The Glenfarne Project represents the best option for ENSTAR and its customers for a variety of reasons. Based on preliminary information from Glenfarne, ENSTAR will be able to acquire gas supply from the Project at a reasonable cost to the Company and its customers while meeting existing and future demand scenarios. Further, the Glenfarne Project can be available by 2029, allowing it to fill any electric utility supply gaps.²¹ Finally, the Glenfarne Project also represents the best option for ENSTAR and its customers because of the optionality it provides once the Alaska LNG Project begins exporting LNG. Early on in the evaluation process, ENSTAR was concerned about selecting a project, locking into a long-term contract, and having another option present itself later that met all of the Company's requirements at a lower price. ENSTAR has since concluded that there is only one project capable of that feat, the Alaska LNG Project. The Glenfarne Project allows ENSTAR's customers to stop paying LNG terminal fees once the Alaska LNG Project begins exporting LNG and switch over to procuring North Slope gas.

²¹ If ENSTAR is obligated to provide natural gas service to any potential customer (assuming the customer complies with the applicable provisions of ENSTAR's tariff), then the Company must support an LNG import facility capable of meeting the demands of Chugach, MEA, and HEA. A FERC application for a competing LNG import facility supported by Chugach states that the expansion of its facilities would enable that proposed LNG terminal to receive up to 0.4 million metric tons per annum of LNG and achieve a send out capacity of up to 20 Bcf/year. Cook Inlet's utility natural gas consumers typically require 60 Bcf of natural gas annually. Of this demand, ENSTAR requires a supply of approximately 38 Bcf/year to meet its customers' needs. As currently proposed, the Chugach-supported facility is not capable of meeting those utilities' combined demands of 60 Bcf. If modified, that facility would no longer comport with its existing permit and would need to be significantly changed, which would eliminate the only benefit identified by Chugach as its reason for making its selection. ENSTAR's Motion to Intervene and Limited Comments filed in that docket are attached as Attachment H.

This commercial advantage will allow customers to pay a significantly lower rate than what they are paying today for Cook Inlet gas or for the future price of LNG imports.

F. Please describe Glenfarne's qualifications as relied upon by ENSTAR.

Glenfarne is a developer, owner, and operator of energy infrastructure assets including 57 power plants, four LNG development projects, and various LNG and natural gas commodity management and procurement activities. Glenfarne personnel have served in senior positions across approximately 270 MTPA worth of LNG development, construction, and operations including senior positions at Cheniere, Golden Pass LNG, Cameron LNG, Venture Global, ExxonMobil, Naturgy, and various other LNG-relevant companies. Glenfarne is actively finalizing the financing and entry into construction of Glenfarne's Texas LNG export project having recently assembled a debt financing package of \$5.7 billion. The Texas LNG project will be constructed by Kiewit, a leading North American construction firm in a lumpsum turnkey EPC agreement. Glenfarne stands ready and capable to continue the development, financing, construction, and operations activities of the Project and other Alaska LNG Project components.

As Glenfarne explained in its October 27, 2024 transmittal email responding to the Market Check, Glenfarne is the ideal partner for ENSTAR on this Project, as it brings extensive experience in infrastructure development, particularly in LNG. Glenfarne is uniquely positioned to support ENSTAR, not only with its deep expertise and extensive experience in LNG and infrastructure projects, but also with its ability to develop tailored solutions that address ENSTAR's specific challenges and objectives. A copy of Glenfarne's October 27, 2024 transmittal responding to the Market Check and the response

to the Market Check itself are attached as Confidential Attachments I and J, respectively. In its November 11, 2024 responses to a set of questions from ENSTAR, Glenfarne provided even more information about its experience and capabilities. Those responses are attached as Confidential Attachment K. While various aspects of Glenfarne's submissions have been further developed and refined, their solution is still the best fit for the Company.

G. Please describe the Glenfarne Project.

The information responsive to this question is confidential and provided in Confidential Attachment HH, and includes a detailed description of the Project as well as information regarding timeline and scheduling, permitting requirements, and LNG sourcing.

H. What are the potential gas supply costs?

Because the parties are continuing to negotiate and have not executed any final agreements, the potential costs that ENSTAR might incur to obtain gas supply from Glenfarne are still uncertain. But, ENSTAR engaged BRG to support a detailed assessment of the LNG terminal and supply costs proposed by Glenfarne. BRG's analysis leveraged the data, assumptions, and modeling frameworks developed during the Phase I and Phase II Assessments.

First, BRG evaluated two primary LNG price scenarios to develop a long-term cost-of-supply forecast. Those scenarios were as follows:

1. Global Integrated – Gas Basis:

Henry Hub \times 115% plus a \$5.8/MMBtu adder, with 50% of the adder indexed to inflation.

2. Global Integrated – Oil Basis:

A Brent-linked cost structure using a 13% slope.

BRG also examined several alternative pricing perspectives, including a Canada Free on Board (“FOB”) scenario and seasonal Japan Korea Marker (“JKM”) pricing. However, the reference case used across all full-scale options is the Global Integrated – Gas Basis scenario. This approach reflects the average of the U.S. Energy Information Administration (EIA) 2023 long-term Henry Hub outlooks combined with Henry Hub forward curves from the second half of 2023.

BRG concluded that the Global Integrated – Gas Basis scenario provides the most representative view of the underlying commodity cost. At the time of the study, this scenario also exhibited a narrower spread between market forward curves and EIA price forecasts when compared with the oil-indexed alternative. The selected pricing assumptions were further informed by responses received through ENSTAR’s 2023–2024 LNG Supplier Request for Information (“RFI”) process. Additional detail on BRG’s LNG supply cost modeling is provided in the Phase II Assessment.

Following the commodity cost analysis, BRG performed a second study to estimate the delivered cost of gas, which represents the total cost to bring LNG to ENSTAR’s system and ultimately to consumers. This analysis includes:

- LNG commodity cost (based on the selected Global Integrated – Gas Basis scenario);
- marine transportation and associated shipping logistics;
- terminal infrastructure, including unloading, storage, and regasification facilities;

- pipeline interconnection and system integration requirements;
- operating costs, fuel use, and maintenance; and
- capital recovery for required infrastructure investments.

These components were integrated into a comprehensive cost model that reflects both upfront capital needs and long-term operating and commodity expenditures. The result is a fully burdened, lifecycle-based estimate of the cost of gas delivered into ENSTAR's system under the LNG import scenario.

As part of the comprehensive review of Glenfarne's supply proposal, ENSTAR evaluated the LNG terminal service fees submitted by Glenfarne in response to the Market Check (Confidential Attachment J). These proposed terminal service fees were benchmarked against BRG's cost model to determine their alignment with expected cost structures and to assess overall reasonableness. The results of this evaluation are documented in Confidential Attachment N.

In addition to terminal service pricing, Glenfarne provided a preliminary contract price for natural gas delivered via pipeline from the North Slope to ENSTAR's transmission system in Southcentral Alaska. The proposed pricing terms are outlined in the Letter of Intent executed by both parties on January 21, 2026, provided as Confidential Attachment Q.

To estimate the impact of Glenfarne's proposed gas supply solutions on ENSTAR's customers, ENSTAR applied the same process and methodology used in its annual Gas Cost Adjustment (GCA) model for calculating the Weighted Average Cost of Gas

(WACOG), which is filed with the Commission each year. For this analysis, ENSTAR incorporated the following new supply elements into the WACOG model:

- LNG supply cost estimates developed by BRG in the Phase II Assessment;
- Glenfarne's proposed LNG terminal service fees; and
- Glenfarne's proposed North Slope pipeline-delivered gas pricing.

Integrating these components allowed ENSTAR to quantify how Glenfarne's supply option would flow through to customer rates under existing recovery mechanisms.

The detailed results of this evaluation are provided in Confidential Attachment O.

IV. In addition, ENSTAR and Chugach should provide any documents in their possession that would be responsive to these questions, as well as additional documents they believe the Commission should attempt to obtain from other sources that would be relevant to this inquiry.

The documents responsive to these questions are referenced in the section above and attached to this filing. In addition to the documents referenced above, ENSTAR is also submitting various documents that support the various activities described herein. These are listed on Appendix A to this brief. Additionally, ENSTAR is filing various confidential documents with this brief.

CONCLUSION

ENSTAR appreciates this opportunity to provide information to the Commission on a critical issue for ENSTAR and its thousands of customers across Alaska. ENSTAR has entered into an exclusivity agreement with Glenfarne for the potential development of a Project on the Kenai Peninsula, and the Company believes this opportunity represents the best LNG supply option for the Company and its customers. The Company hopes this informational docket will help confirm the Glenfarne Project as the appropriate path forward for the Company and its customers.

As ENSTAR explained above, the Company has used its best efforts to respond to the Commission's questions and provide relevant documents in the time allowed, but emphasizes that potential LNG-related arrangements are still in flux and under negotiation, and much of the information is confidential, is commercially sensitive, and must not be disclosed publicly. Given the deadline for filing this response and the commercially sensitive nature of the information requested, ENSTAR is continuing to work to identify responsive documents and to determine compliance with third-party agreements before producing documents. Therefore, the Company will need to supplement this filing within the coming weeks. Additionally, ENSTAR welcomes any discussion or further inquiry into the process it undertook or its decision-making after the Commission has had a chance to digest the various materials submitted in this docket.

Dated this 6th day of March, 2026, at Anchorage, Alaska.

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APPENDIX A

Confidential Attachment A	Cost Reimbursement Agreement
Confidential Attachment B	Summaries of Current Drafts of Glenfarne Affiliate-ENSTAR Natural Gas Affiliate Agreements for Natural Gas Supply
Attachment C	Direct Testimony of Inna B. Johansen in Docket U-25-019
Attachment D	BRG Phase I Assessment
Attachment E	Presentation to Commission on BRG Phase I Assessment
Attachment F	BRG Phase II Assessment
Confidential Attachment G	ENSTAR Request for Information (Market Check)
Attachment H	Motion to Intervene and Limited Comments of ENSTAR Natural Gas Company in FERC Docket No. CP26-61-00
Confidential Attachment I	Glenfarne's October 27, 2024 transmittal email regarding response to ENSTAR RFI
Confidential Attachment J	Glenfarne's Response to ENSTAR RFI
Confidential Attachment K	Glenfarne's November 11, 2024 responses to ENSTAR questions
Confidential Attachment L	Map of Proposed Project Site
Confidential Attachment M	Glenfarne Cost of Supply Analysis
Confidential Attachment N	ENSTAR GCA Analysis – March 2026
Confidential Attachment O	Project Timeline
Confidential Attachment P	Letter of Intent
Attachment Q	2024 10 02 CA Standard – ENSTAR LNG RFI
Attachment R	2024-12-17 CIG Letter Agreement Signed
Attachment S	2025-01-15 RCA ENSTAR 2025 Gas Supply Update
Attachment T	2025-06-12 Amendment Letter Agreement.pdf EXECUTED
Attachment U	AK LNG – Enstar Jan 27 Legislative Slides

Attachment V	CIGSP Phase I Report BRG 28June2023 Appendices
Confidential Attachment W	Cook Inlet Gateway LNG Summit_20241217_vF
Confidential Attachment X	BRG Phase II Assessment Apr 2024 FINAL Confidential
Confidential Attachment Y	Glenfarne Import Cook Inlet Demand Scenario
Confidential Attachment Z	Question Response_20241127_vS
Confidential Attachment AA	ENSTAR Confidential Attachments Sections 3 and 5
Confidential Attachment BB	Cook Inlet Supply and Demand Data Apr 2024 – All Utilities
Confidential Attachment CC	BRG Updated Annual Supply and Demand 2-9-2003
Confidential Attachment DD	AK Utility Supply and Demand Data September 2024
Confidential Attachment EE	Demand backup BRG Updated Annual Supply and Demand Added Furie 2-13-2023
Confidential Attachment FF	Cook Inlet Gateway MEA_(20250113)
Confidential Attachment GG	Glenfarne Project Description