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ENSTAR Natural Gas Company, LLC

Section 1200 - Interruption

§1205 Interruption Cost Sharing

§1205a General

This section incorporates the concepts of the Interruption Cost Sharing Agreement, required by the Alaska Public Utilities Commission (APUC) in Order U-83-38(6) dated February 14, 1984 and approved in Order U-83-38(9) dated July 5, 1984, modified for the advent of Transportation Service on ENSTAR's system and the availability of alternative sources of Gas and electrical generation supply to its customers.

§1205b **Application**

These provisions apply to all Customers (including Shippers) receiving Gas Sales Service or Firm Transportation Service.

§1205c **Definitions**

These are in addition to the terms set out Section 200.

$\S1205c(1)$ Interruption

The term "Interruption" shall mean the reduction in the amount of Gas supplied to the Customer, or the Customer's End Users if the Customer is a Shipper, by the Company due to shortfalls in Gas supply or system capacity. This could include a situation where a power company, at the request of the Company to reduce Gas usage, secures a substitute electric energy supply from another source (other than itself) and reduces the amount of Gas being supplied by the Company. A temporary Interruption may also be referred to as a curtailment.

§1205c(2) Replacement Energy Cost

The term "Replacement Energy Cost" shall mean the replacement cost for the delivered supply of oil, coal, substitute Gas supply or substitute electrical energy supply used by a Customer during an Interruption.

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§1205c(3) Interruption Expense
The term "Interruption Expense" shall mean the amount by
Energy Cost (used during an Interruption) exceeds the cost of

which the Replacement Energy Cost (used during an Interruption) exceeds the cost of the same amount of Gas (on a BTU equivalency basis) for oil, coal or a substitute Gas supply plus the direct labor costs incurred during an Interruption which are in excess of those which would have been incurred if no Interruption had occurred. For a substitute electrical energy supply, Interruption Expense is the amount by which the cost of the substitute electrical energy supply exceeds the Gas and direct labor costs that the power generation plant would have incurred to generate the same amount of electricity if no Interruption had occurred.

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§1205d Responsibility for Interruption Expense

The general concept for assigning responsibility for Interruption Expense is that the "cost causer is the cost payer".

§1205d(1) Customer's (including Shipper's) Responsibility

 $\S1205d(1)(a)$ In the case of a Customer receiving Firm Transportation Service, Interruption Expense resulting from the Customer's (Shipper's) Gas suppliers' failure to provide all of the Customer's (Shipper's) Gas needs shall be the responsibility of the Customer (Shipper).

\$1205d(1)(b) Interruption Expense resulting from a power generation plant's generation equipment's failure to operate according to industry norms, which increases the demand on the Company's system, shall be reimbursed by that power generation company, even if the power generation plant is not receiving service from the Company. The Interruption Expense caused by such a failure by two or more power generation companies shall be divided between the companies in proportion to their causal responsibility. If a power exchange agreement is in effect when the interruption occurs, it shall be the power generation company whose system experienced the difficulty, rather than the one who drew the increased supply, that is responsible for payment of the Interruption Expense.

§1205d(1)(c) Expenses incurred by a Customer, or by the Customer's End Users or customers, caused by the Interruptions described in Section 1205d(1)(a) and 1205d(1)(b) above do not qualify as Interruption Expense and shall be borne by the Customer and the Customer's End Users or customers.

§1205d(2) The Company's Responsibility

 $\S1205d(2)(a)$ The Company shall be responsible for Interruption Expense for an Interruption due to a failure of the Company's Gas suppliers (including backup arrangements) to provide all of the Company's gas need or a capacity restriction not determined to be a Customer's responsibility in accordance with the above section.

 $\S1205d(2)(b)$ If the Company interrupts a Firm Transportation or Gas Sales Customer, or a Customer's End Users, in order to perform maintenance or for construction related activities on the Company's system, the Company shall be responsible for the resulting Interruption Expense.

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§1205e Recovery of Interruption Expense Paid by the Company

§1205e(1) Interruption Expense paid by the Company pursuant to Section 1205d(2)(a) shall be recovered from the Company's Gas Sales Customers under its Gas Cost Adjustment, as set out in Section 708.

§1205e(2) All Interruption Expense, other than that provided in Section 1205e(1) above, paid by the Company under this Section 1205 shall be recovered from the Firm Transportation Customers and the Company's Gas Sales Customers on a pro rata basis. The Firm Transportation Customer's pro rata share of the Interruption Expense shall be the amount of Interruption Expense times a fraction, the numerator of which is the amount of Gas delivered to each Firm Transportation Customer's Delivery Points during the Month of the Interruption and the denominator of which is the total amount of Gas delivered by the Company (i.e., Gas transported for others and Gas sold by the Company), excluding Gas delivered on an interruptible basis, during the Month of the Interruption. The remainder of the Interruption Expense will be recovered from the Company's Gas Sales Customers under its Gas Cost Adjustment (Section 708). Firm Transportation Delivery Points that are fully interrupted during the Interruption shall not be assessed Interruption Expenses under this Section 1205e(2), and the volumes for those Delivery Points shall be excluded from the calculation of the pro rata shares.

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§1205f Reimbursement Procedures

§1205f(1) Within one (1) week of the end of an Interruption, the Company shall notify its Firm Transportation Customers and the power generation companies that an interruption occurred, providing the date and time period of such an Interruption, and shall request that any party claiming reimbursement notify the Company, in writing, of its intent to claim reimbursement of Interruption Expense. The Company shall advise the other Firm Transportation Customers and power generation companies if it receives such a notification.

§1205f(2) Within sixty (60) days of the end of an Interruption, the party claiming reimbursement shall provide supporting documentation for the claim to the party(ies) from which it seeks reimbursement. Supporting documentation shall include, but not be limited to:

 $\S1205f(2)(a)$ A schedule showing the time and duration of the Interruption.

§1205f(2)(b) A schedule showing the total Btu's utilized from coal or oil, or showing the total Mcf's of substituted Gas used, or the amount of substitute electrical energy purchased during the Interruption, along with the cost and supporting documentation.

 $\S1205f(2)(c)$ A schedule showing any additional costs incurred for the Interruption with supporting documentation.

 $\S1205f(2)(d)$ A schedule showing the calculation of expenses of the Interruption that may be reimbursed pursuant to this Section 1205.

\$1205f(2)(e) A statement from the Firm Transportation Customer or the power generation company that its system was operating pursuant to industry norms.

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§1205f(3) The Company may secure substitute Gas for Firm Transportation Customers as the result of an Interruption, or to avoid an Interruption. The recipient of such substitute Gas, if they are not the party deemed to have caused the Interruption, shall reimburse the Company for the substitute Gas at the lower of the Company's actual cost or the cost of the Gas the recipient would have paid for its Gas had the interruption not occurred. Any shortfall between what the Company paid for the Gas and its reimbursement shall be an Interruption Expense, and a schedule showing the calculation shall be provided.

§1205f(4) All parties shall exchange the information required by this Section 1205 in a timely fashion.

§1205f(5) The deadlines imposed by this Section 1205f may be extended by the agreement of the affected parties.

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§1205g Payments and Resolution of Disagreements

 $\S1205g(1)$ The burden of proof in claiming reimbursement for Interruption Expenses is on the party requesting reimbursement.

 $\S1205g(2)$ In the event of a dispute regarding the operation of power generation plants, each power generation company will provide a summary of generation operations during the Interruption and the 24 hours preceding and following the Interruption. The summary shall include a list of all generating units in use during the period, including those not powered by Gas delivered through the Company's system, location, period of operation, reasons for start-up or shut-down, fuel source, and electrical power provided by unit per hour. The summary shall also include a list of generating units not in use, location of those units, and reasons for non use.

 $\S1205g(3)$ Amounts not in dispute will be paid within 20 days of the date a statement is received.

 $\S1205g(4)$ If a dispute cannot be resolved by the parties within sixty (60) days of the date a statement is received, then it shall be submitted to the RCA for resolution.

§1205h **Incorporation of Tariff**

This Section 1205 shall be read in conjunction with and incorporates by reference all non-conflicting provisions of the Company's tariff, of which this Section is a part, including Sections 409, 801, 802, 1605, 1620 and 1640. Nothing in this Section shall be construed to impose on the Company any liability for failure to provide Gas, except the liability to reimburse Interruption Expense as provided by this Section 1205.

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§1220 Interruption Program

§1220a General

This section will be applied in concert with Section 801 (Shortage and Interruption). In the case of shortage of supply, capacity and other emergency situations, the Company will apportion the available Gas supply and/or capacity among its Customers in the most reasonable manner possible given the circumstances at the time.

§1220b Priorities

Every shortage or emergency will have different circumstances and operational constraints, and the appropriate response by the Company will vary depending on those circumstances and constraints. Unless the Company determines that a different response is necessary or appropriate, the Company will, to the extent practical, attempt to apply the following priorities in the order listed with (1) being the highest priority for uninterrupted service and (8) being the lowest.

§1220b(1) Deliveries to Gas Sales Customers of the Company for Residential Use and the end use of hospitals, schools, churches and other human needs.

§1220b(2) Deliveries to Gas Sales Customers of the Company for Commercial Use in small facilities (defined as those End Users using less than 3,000 Mcf per day) and delivery of Gas for use in pilot lights or in accessory or auxiliary equipment essential to avoid serious damage to industrial or power plants.

§1220b(3) Deliveries to End Users that are not Gas Sales Customers of the Company for Residential Use and the end use of hospitals, school, churches and other human needs.

§1220b(4) Deliveries to End Users that are not Gas Sales Customers of the Company for Commercial Use in small facilities (defined as those End Users using less than 3,000 Mcf per day) and delivery of Gas for use in pilot lights or in accessory or auxiliary equipment essential to avoid serious damage to industrial or power plants.

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§1220b(5) Deliveries for Large End Users of Gas for fuel, power generation or as a raw material where an alternate fuel or supply cannot be used and operation and plant production or electric generation would be curtailed or shut down completely when Gas service is curtailed.

§1220b(6) Deliveries for Large End Users of Gas for boiler fuel or for other fuel users who can use alternative fuels or purchase wholesale electric power. Included in this category are power generation plants where an alternative electrical supply can be obtained from another source that does not exacerbate the shortage or emergency.

\$1220b(7) Firm service being provided to electric generation plants for interruptible (economy energy) sales by the electric generation plant.

§1220b(8) Interruptible service made subject to interruption at the Company's sole discretion under contracts or the Company's tariff.

§1220c Use of the Company's Gas Supply

Nothing in this Section 1200 or Section 800 or elsewhere in this tariff obligates the Company to use the Gas supply it has obtained for its Gas Sales Customers to provide service to End Users that are not Gas Sales Customers of the Company.

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