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August 3, 2023

Girdwood Board of Supervisors
Attn: Jennifer Wingard, Co-Chair
Briana Sullivan, Co-Chair
Via Email: girdwoodgalaxy@gmail.com
bsullivan.gbos@gmail.com

State of Alaska, Department of Natural
Resources, Division of Mining, Land and
Water
Southcentral Regional Office
Attn: Yannick Calvez
Via Email: yannick.calvez@alaska.gov

Re: ADL 234206, ENSTAR Application for Development within Existing Section
Line Easement

Dear Mr. Calvez and Co-Chairs of the Girdwood Board of Supervisors:

ENSTAR is writing to respond to comments made during the July 17, 2023 Girdwood Board of Supervisors (“GBOS”) meeting regarding the above-referenced application, to the GBOS letter of July 20, 2023, to the RY Letter of July 20, 2023, and to comments that have been made directly to ENSTAR personnel. ENSTAR’s intent in providing this letter is to provide further information on the record, address certain misapprehensions, and offer alternative approaches to address certain community concerns. ENSTAR appreciates your attention to this matter.

Background

ENSTAR was founded as Anchorage Gas in 1959 and begin gas service to Anchorage in 1961. Gas service to Girdwood began in 1996. Since then, ENSTAR has proudly delivered natural gas to the Girdwood area. ENSTAR currently serves 1,615 customers in the Girdwood valley. ENSTAR defines each gas meter as a “customer,” so the number of actual residents served is difficult to ascertain. It is fair to assume, however, that the majority of buildings in Girdwood are equipped with natural gas meters for space heating.

Nearly all of ENSTAR’s Girdwood customers are served through a single 6” plastic line (a “distribution main”) that heads NNE along the Alyeska Highway from our pressure reducing station location on Ruane Rd. In the event of a line strike or other event impeding gas delivery on this single-feed line, downstream customers are at risk of a loss of gas. A loss of gas means a loss of heat and hot water, which can be particularly consequential to this community during winter months.

Understanding the risks and the impact of a compromise on single-feed lines, ENSTAR endeavors to improve the reliability of its system by installing two-way feeds where prudent. Girdwood is a prime example of an area requiring this added reliability. In 2022, for example, ENSTAR installed over 40,000 feet of distribution main elsewhere in its system to ensure that areas like Girdwood, that are only served by a single pipeline (a “one-way” or “single” feed), have the benefit of a secondary feed to provide system redundancy in the event of a line break. This is a best practice in the gas pipeline industry that helps to ensure both that hydraulic pressures stay high enough at the end of the line to maintain service in the winter and to ensure that, in the event the one-way feed goes down, service can remain on.

While ENSTAR is proud of our system-wide 99.99% reliability rate, we know that external forces can disrupt gas service, particularly in areas with one-way feeds. Historically, the biggest threat to ENSTAR’s pipelines is from third party excavators who hit and damage our pipelines over 100 times across our system most years.

In the case of Girdwood, the possibility of this risk materializing is not just hypothetical. In August 2016, while performing work for a DOT road construction project in the proximity of 1127 Alyeska Highway, Granite Construction hit the 6” distribution main, the one-way feed on Alyeska Highway. This damage jeopardized natural gas service to all Girdwood customers downstream, on the Alyeska Resort side, of that location. Fortunately, Granite’s line damage only compromised the top of the line and ENSTAR’s crews were able to install a bypass before pinching off the area that required the repair. Thanks to the fortuitous timing and the multiple steps undertaken by ENSTAR, service was maintained to all Girdwood customers.

Factors that allowed customers to continue to receive gas service under these circumstances include:

- **Timing.** Natural gas usage is highly temperature dependent, and this damage occurred in August, when natural gas usage is among its lowest. Because this happened during a summer month, there was very little demand on the pipeline and thus the pressure dropped only slightly while the repairs were being conducted.
- **Voluntary load reductions.** ENSTAR crews did not just rely on temperature to address the urgent need to keep natural gas service flowing; the Hotel Alyeska

switched to its back-up fuel upon ENSTAR's request and thus removed its load from the line.

- **Luck.** Despite these mitigating factors, ENSTAR line pressure dropped precipitously during this event. The Girdwood Distribution Main typically operates above 50 psi; pressure dropped to 5 psi during the event. Had the first two bullets not coincided, Girdwood would have experienced a mass loss of service.

It should be noted that if ENSTAR was unable to conduct the bypass and this particular area needed to be pinched off, all customers on the downstream side of this location (approximately 1,000 homes and businesses) would have lost service. Restoring gas service to an area like this is not simple and involves a meticulous process that requires an ENSTAR employee to physically inspect and ensure that each customer's service is on, no air is in the lines, and all appliances are safely relit. An outage in an area of this size would likely take anywhere from 4 to 7 days, depending on the resources available, to get all customers back in service. Moreover, given the seasonal use of many of these properties, it may have taken months to contact and reconnect each customer. Continuity of gas service is particularly critical during winter months where many homes do not have alternate heating sources and would be subject to freezing pipe issues.

Circumstances have changed in Girdwood since 2016; not only has the Hotel Alyeska built the Nordic Spa, which places a significant additional load on the Girdwood Distribution Main, but there has been, and apparently may continue to be, significant development and additional customers added. The number of customers served by the Girdwood Distribution Main has increased by 7% since 2016 and continues to grow.

More recently, in October of 2021, heavy rain resulted in Ruane Road washing out and exposing a portion of ENSTAR's 2" main that fed the AWWU plant. This line had to be cut out and replaced, with a bypass installed as a temporary fix. ENSTAR cannot predict when or how natural disasters and other unanticipated events will impact its system and the downstream customers. What we can do is take careful and prudent steps to make sure our customers are served under a variety of circumstances.

Reliable service is critical in this region. A lack of gas in the winter could quickly result in frozen pipes and potential threats to residents' safety. ENSTAR has presented this explanation for the project, and in response certain project opponents have made several assertions, including (1) that Girdwood residents are ok with losing natural gas

supply for several days; (2) that the likelihood of a damage is lower in the winter than in the summer; and (3) that if the project is needed, it should be sited elsewhere. These arguments are addressed below.

1. Reliability is not an optional component of service; it is essential to natural gas delivery.

The assertion was made by an affected landowner that Girdwood residents are indifferent to whether they receive reliable natural gas service. To ENSTAR's knowledge this is not a formal position taken by the Girdwood Board of Supervisors. Moreover, ENSTAR's statutory obligation as a regulated utility with a Certificate of Public Convenience and Necessity is to provide service that is "continuous and without unreasonable delay." ENSTAR would not, and legally cannot, rely on one landowner's representation as to the wishes of the rest of Girdwood residents, business owners, and landowners.

2. The risk of damage to ENSTAR's system is not seasonal.

Residents indicate that the likelihood of damage to ENSTAR's pipeline is lower in the winter than the summer due to construction schedules. This only marginally impacts the third party damage rate, and while the risk is slightly lower, it is not zero. ENSTAR's historical data shows that over the last ten years, 1,401 line hits occurred between October and March from 2016-2022, or approximately 45% of all line hits on our system. Please note that this data is system-wide and not specific to Girdwood. This risk would be slightly elevated in the more temperate parts of ENSTAR's service territory, where excavation work does not necessarily stop in the winter. Additionally, third-party damages are not the only ways that service could be disrupted on ENSTAR's system. Earthquakes, leaks, and washouts can occur at any time of the year and impact gas delivery to downstream customers on a single-feed line.

3. ENSTAR engineers carefully plan, design, and site projects to minimize cost and impact, while maximizing efficiency and achieving project objectives.

Consistent with its practice in other reinforcement projects, ENSTAR identified a path for boring this project that it deemed best-suited for the design. When determining which route to bore for like pipelines, ENSTAR's engineering department prioritizes (1) cost, specifically identifying the most economical way for ENSTAR to meet its need in order to minimize costs to customers; (2) safety

of ongoing operations so that ENSTAR has ready access for ongoing maintenance and to address any leaks that occur; and (3) engineering considerations such as pressure, elevation, the Joules Thompson effect, etc.

Proposed Project

Having identified a reinforcement of Girdwood's one-way feed as a key priority to ensure the resiliency of its natural gas distribution network, ENSTAR's engineering department searched for the best way to do so. As it does in other parts of its service territory, ENSTAR identified the section line easement, which is owned by the State of Alaska, as the most reasonable way to reinforce the existing one-way feed. It submitted its application in April 2023, and the Department of Natural Resources Division of Mining, Land and Water provided public notice on July 6, 2023.

ENSTAR's application included a request for permission to clear a 20' wide right of way for the lineal extent of the easement. This request was made because the U.S. Department of Transportation, Pipeline and Hazardous Materials Administration ("PHMSA") requires ENSTAR to maintain cleared rights of way that allow the performance of certain actions to ensure its pipelines are safe, including leak surveying and installing signage. Additionally, it maintains the rights-of-way above its pipelines in a cleared state so that it can quickly respond to any leak. When natural gas leaks occur, ENSTAR's priority is the safety of the public and its employees. An encumbered right-of-way risks slowing a response and heightening any risk of a safety incident.

A project opponent has pointed out that ENSTAR "does not have a terminus" for this pipeline. This is correct. After completing the boring and conducting a soil analysis, ENSTAR will tie in to its distribution system at an appropriate location. ENSTAR has the expertise to determine where to lay pipelines on its own; indeed it has over 3,200 miles of distribution main throughout its system, the majority of which was laid by ENSTAR. As such, ENSTAR has elected to defer this final piece of the project until the boring portion is complete.

Accommodations/Mitigations

- Viewsheds.
 - ENSTAR understands that there are certain community members who have expressed concern about the project, including those with viewsheds that could potentially be affected. To address this concern, ENSTAR offers to sit down with the affected landowners and discuss revegetation in the area closest to their homes. ENSTAR has done as much with other landowners when proposed projects would affect viewsheds.
- Timing.
 - The project, as proposed, would be undertaken in the August-September 2023 timeframe. While DNR public notice was indeed shorter than ENSTAR would have liked, it comported with the law. Nonetheless, ENSTAR acknowledges both the need for further review of this project as well as the value of further dialogue.

Thank you for your commitment to our communities. We appreciate the feedback we've received and for the opportunity to provide this response. Our goal is to provide open communication with area residents and to take prudent steps to maintain reliable service to our customers.

Sincerely,



Steve Cooper
VP of Operations & Engineering