

What Does a \$1/mcf Tariff Mean to Homer?

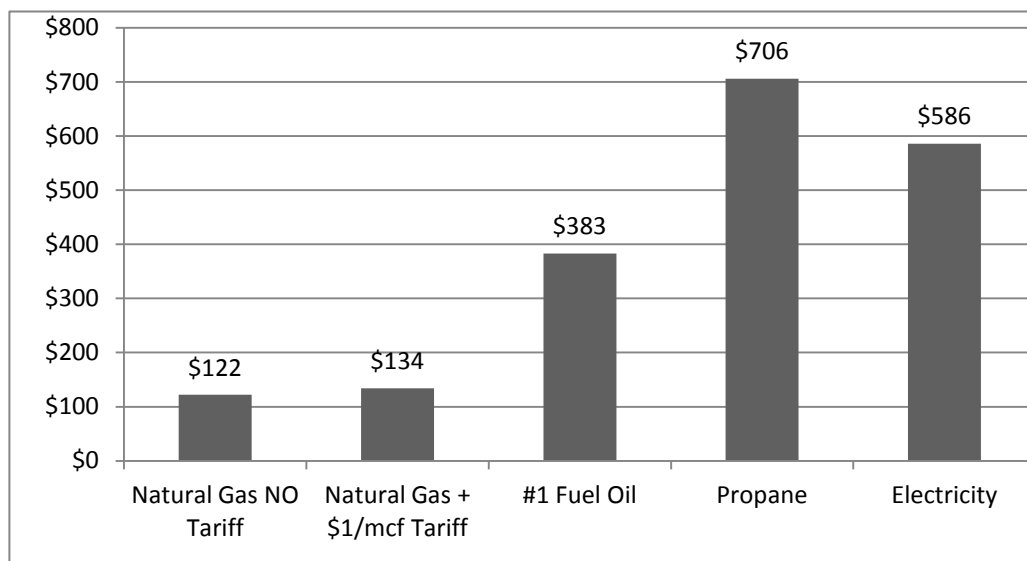
What is a tariff? - The Southern Peninsula is in Estar's service area which means Enstar has to charge us the same rate for natural gas as everyone else in the service area (Kenai Peninsula to Matsu). The tariff is an additional amount used to cover capital construction costs. Southern Peninsula users agree to pay more on their monthly gas bill until \$2.5m in revenue is reached (estimated to take 10 years). Enstar fronts the \$2.5m to help build the line.

	NO TARIFF	\$1/mcf TARIFF
Capital Request - How Much to ask the Legislature for	\$10.55 million Total to bring main extension from AP to K-City.	\$8.05 million \$2.5m paid by tariff over 10 yrs (estimated). Enstar Fronts the \$2.5m.
Perception	Southern Peninsula Residents have no 'skin in the game.'	The Southern Peninsula is helping fund our energy needs.
Monthly Cost to Heat Typical Home/ Small Business*	\$122	\$134
Savings Over Fuel Oil for Typical Home/ Small Business	68%	65%

* Typical Home/ Small Business Fuel Oil Usage Assumption: 1200 gallons/year.

Typical Home/Small Business Average Monthly Heating Cost

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Prepared by City Manager's Office with Data from Bill Smith updated 1-30-12