

STATE OF ALASKA

BEFORE THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

Stephen McAlpine, Chairman
Paul F. Lisankie
Rebecca L. Pauli
Robert M. Pickett
Janis W. Wilson

In the Matter of the Consideration of the)
Revenue Requirement Designated as TA 32-)
733 Filed by COOK INLET NATURAL)
GAS STORAGE ALASKA, LLC)
_____)

Docket No. U-18-_____

**PREFILED DIRECT TESTIMONY
OF
JOHN D. SIMS
ON BEHALF OF
COOK INLET NATURAL GAS STORAGE ALASKA, LLC**

**PREFILED DIRECT TESTIMONY
OF
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TABLE OF CONTENTS

I.	POSITION AND QUALIFICATIONS	3
II.	PURPOSE OF DIRECT TESTIMONY	4
III.	OVERVIEW AND HISTORY OF CINGSA	4
IV.	OVERVIEW OF CINGSA’S FILING.....	13
V.	FUTURE CAPITAL PROJECT	17
VI.	INTERRUPTIBLE STORAGE SERVICE REVENUES.....	20
VII.	CONCLUSION.....	21
	EXHIBITS	
	Exhibit JDS-1 Resume of John D. Sims	

1 including the Alaska State Legislature, the executive branch, and other business leaders
2 in Alaska.

3 **Q. Have you previously testified before the Regulatory Commission of Alaska**
4 **(“RCA”) or any other regulatory commission?**

5 A. Yes. I provided testimony before the RCA on behalf of ENSTAR in Dockets
6 U-08-025, U-16-066, and U-18-004.

7 **II. PURPOSE OF DIRECT TESTIMONY**

8 **Q. What is the purpose of your direct testimony?**

9 A. The purpose of my direct testimony is to provide an overview and history of CINGSA,
10 provide a general overview of this rate filing, introduce the witnesses who will testify
11 on behalf of CINGSA in this proceeding, discuss a significant capital project, and
12 discuss an interruptible storage service revenue sharing mechanism being proposed in
13 this proceeding.

14 **III. OVERVIEW AND HISTORY OF CINGSA**

15 **Q. Please describe the origin and history of CINGSA.**

16 A. CINGSA was formed in 2010 to address a critical need for natural gas storage in the
17 Cook Inlet. Historically, gas fields in the Cook Inlet contained large volumes of gas
18 under high pressure. As gas fields are depleted, however, the pressure of the fields
19 drops. In 2009, the Alaska Department of Natural Resources performed a study of
20 natural gas reserves in these fields and concluded that as a result of falling pressures,
21 the deliverability of the fields during high demand periods had also sharply declined.
22 The depletion of local gas supply and associated declining gas deliverability raised
23 concerns about the ability of gas and gas-fired electric utilities in the Cook Inlet,

1 primarily ENSTAR, to meet the peak demand of its commercial and residential
2 customers. Natural gas storage was identified as a means of addressing the declining
3 gas supply and deliverability and ensuring reliable gas service in the Cook Inlet and
4 surrounding areas.

5 Recognizing the need for natural gas storage, in 2010 the Alaska Legislature
6 enacted the Cook Inlet Recovery Act (“CIRA”), which amended the Alaska statutory
7 definition of a public utility in AS 42.05.990(6)(G) to include “furnishing the service
8 of natural gas storage to the public for compensation.” The Sponsor Statement for
9 CIRA stated:

10 Residents of South Central Alaska are at risk that in the near future there
11 will not be enough natural gas produced in Cook Inlet to heat and light
12 their homes and businesses. Legislative action now can help address
13 this challenge before it becomes a crisis.

14 A critical and universally recognized part of the solution is large-scale
15 gas storage, allowing utilities to purchase gas during lower demand
16 periods; hold the gas in storage; then withdraw it when needed.
17 Establishing gas storage is crucial, and the state needs to promote the
18 rapid development of storage facilities. House Bill 280, the Cook Inlet
19 Recovery Act (CIRA), provides tax incentives and regulatory
20 assurances to attract the private investment necessary to develop storage
21 facilities and help reduce the cost of storage to customers.¹

22 The Alaska State Legislature unanimously passed CIRA, making it clear that the
23 Commission had the authority to regulate gas storage facilities as public utilities under
24 AS 42.05.

25 After passage of CIRA, CINGSA filed its application for a new certificate of
26 public convenience and necessity to furnish natural gas storage service on July 28,

¹ See House Bill 280, “The Cook Inlet Recovery Act,” Sponsor Statement of Rep. Mike Hawker (Feb. 5, 2010), available at http://www.akleg.gov/basis/get_documents.asp?session=26&docid=6404 (last visited Apr. 22, 2018). See also Docket U-10-051(8) at 1.

1 2010. *See* Docket U-10-051. After hearings on both the need for a certificate and the
2 rates to be charged for storage service, the Commission granted a certificate to
3 CINGSA to provide storage service and approved inception rates agreed to as part of
4 the stipulations among CINGSA, the Attorney General’s office, and CINGSA’s initial
5 customers. The stipulations included rate stabilization for the first five years of
6 CINGSA’s operation, an initial adjustment to CINGSA’s inception rates at the time
7 service began, and a subsequent 2014 true-up for actual costs based on a 2013 calendar
8 year.

9 CINGSA began permitting and construction in 2010, and the Commission
10 approved inception rates on January 31, 2011. CINGSA went into service on
11 November 9, 2012, providing reliable natural gas storage to its customers at a
12 reasonable rate.

13 **Q. What is the ownership structure of CINGSA?**

14 A. CINGSA is owned indirectly through affiliates of the following companies: 65% by
15 SEMCO Energy, Inc. (“SEMCO”), 26.5% by Alaska Gas Transmission Company,
16 LLC, 4.25% by Cook Inlet Region, Inc., and 4.25% by First Alaskan Capital Partners.

17 **Q. What type of facilities does CINGSA own and operate?**

18 A. CINGSA consists of both subsurface and surface facilities. The subsurface facilities
19 consist of five wells that penetrate an underground natural gas reservoir, the Cannery
20 Loop Sterling C Pool (approximately 5,000 feet below the Kenai River and surrounding
21 areas). These wells allow for customers to inject and withdraw gas as needed.
22 Consistent monitoring of the injection and withdrawal of customer gas—24 hours a

1 day, 365 days a year—is required, and highly technical equipment is utilized for this
2 purpose.

3 The surface facilities consist of the well pad and numerous operational
4 buildings. These buildings are home to:

- 5 • the glycol dehydration unit to dry the gas so that it meets pipeline gas quality
6 standards;
- 7 • two 2,500 horsepower natural gas-fired engine driven reciprocating compressors;
- 8 • various metering stations to measure the gas into and out of the storage reservoir;
- 9 • separators to remove water from the withdrawal gas stream;
- 10 • a withdrawn gas heater to warm up the gas and prevent freeze-offs within the station
11 piping;
- 12 • air fan coolers for the compressors and engines to prevent them from overheating;
- 13 • a station blow-down silencer for venting gas from the station prior to routine
14 maintenance or during station emergencies;
- 15 • a standby generator; and
- 16 • station piping, valves, fittings, storage tanks, and miscellaneous equipment and
17 instrumentation.

18 It is at these facilities where a vast majority of labor is spent on maintenance, onsite
19 monitoring, and day-to-day operation of CINGSA.

20 CINGSA is interconnected with both the Alaska Pipeline Company/ENSTAR
21 and Kenai Beluga Pipeline, LLC (“KBPL”) pipeline systems, and as discussed above,
22 serves a very important role in the overall network of pipelines throughout the region.

1 **Q. What type of operations and maintenance (“O&M”) expenses does CINGSA**
2 **typically incur?**

3 A. CINGSA incurs more than \$4 million per year in O&M expenses. In addition to labor
4 and administrative and general (“A&G”) allocations, the O&M expenses include those
5 associated with power and utilities, freight fees, vehicles, equipment rentals, chemicals
6 for treating gas, dehydration unit fluid and filter disposal, administrative supplies and
7 office expenses, miscellaneous contracts, and maintenance expenses. Maintenance
8 expenses include items such as replacement parts and materials, vehicle repair, rotating
9 equipment in and out of service to ensure the facilities are always fully operable,
10 cleaning out vessels and tanks, re-insulating pipes and facilities, spot-welding, and
11 tune-ups on compressor engines. CINGSA also incurs expenses on liability insurance
12 and IT systems maintenance on an annual basis.

13 **Q. Who are CINGSA’s firm storage service customers?**

14 A. CINGSA’s firm storage service customers (“FSS Customers”) include ENSTAR,
15 Chugach Electric Association (“CEA”), Alaska Electric and Energy Cooperative, Inc.,
16 and the Municipality of Anchorage d/b/a Municipal Light and Power (“ML&P”). The
17 identity and service provide by these entities and the desire for those entities to enter
18 into long-term, firm agreements with CINGSA further demonstrate the importance of
19 the storage services provided by these critical storage facilities.

20 CINGSA also has contractual arrangements with ENSTAR, CEA, ML&P,
21 KBPL, and Furie Operating Alaska, LLC to provide those customers with interruptible
22 service.

1 **Q. Do you believe that CINGSA has met the need and expectation identified by the**
2 **legislature in the Sponsor Statement?**

3 A. Absolutely. CINGSA has safely and reliably provided the necessary storage service
4 both directly, and by extension indirectly, to customers in the Cook Inlet. The
5 following are examples of how various types of customers use the CINGSA facility:

6 • On January 19, 2017, the ENSTAR system experienced record demand. The
7 recorded average temperature was -8 degrees Fahrenheit that day, and CINGSA
8 was called upon to meet a high percentage of ENSTAR's gas requirements. In fact,
9 gas from the CINGSA storage facility met 42% of the ENSTAR system needs on
10 that day.

11 • Independent producers at one time or another have utilized this facility on an
12 interruptible basis to meet contractual obligations. Without CINGSA, they would
13 have no place to store their gas, and contracts would have to be structured
14 significantly different than they are today, resulting in less economic feasibility.

15 • The refinery owned by Andeavor (formally known as Tesoro) in Kenai indirectly
16 utilizes CINGSA's facilities as well by "leasing" some of CEA's capacity. This
17 allows the refinery to more cost effectively refine and produce their fuels.

18 The CINGSA facility is contributing significantly more than what the legislature had
19 ever considered, and is benefiting many, if not all, natural gas stakeholders in the Cook
20 Inlet today.

21 **Q. What were the "inception rates" the Commission approved in 2011?**

22 A. The Commission approved inception rates that were based on a five-year levelized
23 model. Levelized rates are a means of lowering rates in the initial years of service and

1 stabilizing them over a longer period. Because a storage utility's return on investment
2 is calculated on a declining rate base, rates are traditionally higher in the earlier years
3 of the life of the facilities when rate base is high, and lower as the facilities depreciate
4 and rate base declines. As the term implies, levelizing the rates is intended to make the
5 rates more constant over the period.

6 The model that CINGSA used to design the levelized inception rates was built
7 on the following assumptions:

- 8 • capital structure of 50% debt and 50% equity;
- 9 • return on equity of 12.55%;
- 10 • weighted average cost of debt of 7%;
- 11 • depreciable life of 30 years for all assets;
- 12 • initial capital cost of \$180 million; and
- 13 • rate design allocating the revenue requirement as follows: fixed storage capacity
14 (49.5%), fixed withdrawal capacity (49.5%) and actual injections/withdrawals
15 (1.0%).

16 **Q. What was the “true-up” that was made following completion of construction?**

17 A. CINGSA employed two true-ups after the inception rates were approved. Shortly
18 before the facility went into service, CINGSA trued-up the inception rates based on the
19 anticipated capital expenditures being \$18.6 million less than originally budgeted for
20 the project, which resulted in a 14.7% reduction in the annual levelized revenue
21 requirement.² The rates were reduced again by approximately 6.1% when CINGSA
22 filed its second true up in 2014, based on final, actual construction costs, final debt

² See TA 3-733 dated February 13, 2012. Rate reduction approved in Letter Order # L1200159.

1 costs and CINGSA's facility operating costs for calendar year 2013, which were
2 determined after a full cycle of the facility's operation.³ These rates stayed in effect
3 for the remainder of the five-year inception period and were the rates in effect at time
4 this testimony was filed.

5 **Q. Was CINGSA subject to any other rate-related requirements at that time?**

6 A. Yes. In the stipulations accepted in Order U-10-051(9), CINGSA agreed to file a
7 depreciation study in conjunction with the rate case filing to be made at the end of the
8 five-year levelized period. As part of those stipulations, CINGSA also agreed to report
9 to the Commission all tax credits realized by CINGSA under CIRA within 30 days of
10 receiving such payments and agreed that any financial benefit as a result of CIRA
11 would be refunded to CINGSA's initial customers as ordered by the Commission.
12 CINGSA received \$15 million in gas storage facility tax credits pursuant to AS
13 43.20.046 (CIRA). Pursuant to the statute, if CINGSA ceases commercial operation
14 before January 1, 2022, it must refund a proportional share of the tax credit back to the
15 State. CINGSA acts as custodian of the tax credit and derives no direct or indirect
16 benefit from it. Annually, through 2022, CINGSA will disburse to its FSS Customers
17 the amount of the tax credit not subject to refund, along with interest earned. Each FSS
18 Customer's pro rata share of the amount to be disbursed is based on the weighted
19 average contracted maximum storage quantity for the calendar year.⁴ CINGSA has
20 credited the FSS Customers with \$9.0 million thus far (\$1.5 million per year), and has
21 another \$6 million left to distribute in the coming years.

³ See TA 14-733 dated March 27, 2014. Rate reduction approved in Letter Order # L1400196.

⁴ See TA 12-733 dated October 4, 2013. It was approved in Letter Order # L1300512.

1 In addition, CINGSA agreed in the stipulations to make a rate filing as
2 discussed further in Section IV of my testimony.

3 **Q. Who operates the CINGSA storage facilities?**

4 A. CINGSA is operated and managed pursuant to an Operations and Management
5 Agreement (“OMA”) between CINGSA and ENSTAR. The OMA was submitted to
6 the Commission in U-10-051. All work for CINGSA is performed by ENSTAR
7 employees under the OMA.⁵ In her testimony, CINGSA witness Ms. Catherine N.
8 Gardner discusses the Cost Allocation Manual used by both companies and describes
9 how the costs of operating CINGSA are allocated to CINGSA from ENSTAR.

10 **Q. In your experience, is it unusual for employees of one company to operate an
11 affiliate’s facilities?**

12 A. Not at all. It is common in the industry for diversified energy companies to share
13 employees that perform similar managerial and day-to-day operational functions for
14 more than one operating company in the organization. The sharing of employees
15 creates efficiencies that reduces the costs passed on to ratepayers. It is especially
16 common for a relatively small company like CINGSA to be operated by employees of
17 an affiliate engaged in providing similar energy-related services.

18 **Q. Should this affiliate relationship cause any concern about the level of costs passed
19 on to CINGSA’s ratepayers?**

20 A. No. As explained by CINGSA witness Ms. Gardner, both ENSTAR and CINGSA have
21 policies in place that ensure that costs are fairly allocated to CINGSA, including the

⁵ “ENSTAR employees” are technically employees of SEMCO given ENSTAR is a division of SEMCO.

1 use of overhead rates in the Cost Allocation Manual that are determined and verified
2 through annual audits conducted by the Alaska Department of Transportation.

3 **IV. OVERVIEW OF CINGSA'S FILING**

4 **Q. Why is CINGSA making this rate filing?**

5 A. As I stated above, this filing is being made in compliance with the stipulations CINGSA
6 agreed to and which were accepted in Order U-10-051(9) and two subsequent
7 Commission orders. In the stipulations, CINGSA agreed to file a revenue requirement
8 study by June 30, 2017, based on a test year ending December 31, 2016. Pursuant to a
9 request by CINGSA, its FSS Customers, and the Attorney General, the Commission
10 extended the filing deadline to August 31, 2017 in Order U-10-051(12). CINGSA later
11 filed an unopposed request to extend the filing deadline until April 30, 2018 and change
12 the test year to 2017, which the Commission granted in Order U-10-051(13). CINGSA
13 witness Mr. Daniel M. Dieckgraeff provides additional background regarding the
14 purpose of this filing in his direct testimony.

15 **Q. What statutory standard applies to the Commission's review of this filing?**

16 A. Pursuant to AS 42.05.141(a)(3), the Commission is empowered to "make or require
17 just, fair, and reasonable rates . . . for a public utility . . ." To assist the Commission
18 in determining "just, fair, and reasonable rates" and in compliance with Order U-10-
19 051(9), CINGSA has prepared revenue requirement and cost of service studies that
20 comport with 3 AAC 48.275(a) and (h).

21 **Q. Please describe the rate filing package.**

22 A. CINGSA's rate filing package includes the standard schedules and information
23 required by the RCA under the relevant statutes and regulations. In addition, the rate

1 filing is supported by my direct testimony and by the direct testimony of the following
2 witnesses:

- 3 • Ms. Gardner sponsors the comparative financial statements and historical financial
4 schedules required in the 275(a) filing. She also addresses certain adjustments to
5 test-year expenses, the cost of debt and capital structure, the impact of the Tax Cuts
6 and Jobs Act (“TCJA”) passed by Congress in 2017 on CINGSA’s rates, and the
7 treatment of deferred tax balances.
- 8 • Mr. Peter S. Huck sponsors CINGSA’s depreciation rate study and depreciation
9 rates.
- 10 • Mr. Robert B. Hevert sponsors testimony regarding the appropriate return on equity
11 (“ROE”) for CINGSA and the reasonableness of CINGSA’s capital structure and
12 cost of debt.
- 13 • Mr. Barry E. Sullivan discusses the methodologies the Company used to develop
14 the cost of service and rate design for CINGSA.
- 15 • Mr. Dieckgraeff discusses CINGSA’s rate case history and sponsors the revenue
16 requirement computation, as well as calculations for operating revenue and
17 expenses, 13-month average rate base, the cost of service, calculation of rates (rate
18 design), the interruptible storage service sharing mechanism, cost recovery for a
19 future capital project, and the proposed tariff sheets related to this filing.

20 **Q. What is CINGSA requesting in this rate filing?**

21 A. CINGSA is requesting a decrease in rates of approximately \$4.0 million, or 15%. The
22 decrease is primarily due to two factors: CINGSA’s declining rate base and the
23 reduction in corporate income taxes due to the TCJA. This filing also includes a

1 reduction from CINGSA's current ROE of 12.55% to 11.875%, a proposed capital
2 structure of 46.96% debt and 53.04% equity, and a cost of debt of 4.76%.

3 As stated in CINGSA witness Mr. Sullivan's direct testimony, CINGSA is
4 proposing a cost of service allocation and a rate design that are consistent with
5 precedent of the Federal Energy Regulatory Commission and are consistent with the
6 manner in which rates were originally designed at CINGSA's inception.

7 **Q. Why is approval of CINGSA's proposed cost of capital important?**

8 A. CINGSA has become one of the most critical assets in the Cook Inlet when it comes to
9 keeping Alaskans warm in the winter. A supply or deliverability disruption carries the
10 risk of not being able to meet CINGSA's customers' gas demand, which could affect
11 power production and potentially impact utility service to residential customers. For
12 this reason, it is important that CINGSA's rates reflect the actual cost of doing business
13 and an ROE that is fair and compensatory. Without an ROE that will allow it to
14 continue to attract capital at a reasonable cost, CINGSA may not be able to make
15 additional investments to ensure this critical infrastructure is available when and as
16 needed.

17 As stated in the direct testimony of CINGSA witness Mr. Hevert, many factors
18 can influence what a reasonable ROE should be for a company. These factors include,
19 among others, the operating environment of the company, gas supply risk, its size and
20 customer base, and the economy in which it operates.

21 **Q. What is the basis for requesting an 11.875% ROE?**

22 A. CINGSA believes its current 12.55% return on equity appropriately accounts for the
23 current market environment and the significant business risks that Alaskan utilities

1 face. However, CINGSA is mindful of the Commission's most recent ENSTAR
2 decision regarding ROE where it granted ENSTAR a ROE of 11.875%. CINGSA and
3 ENSTAR operate in the same market environment, and therefore experience many of
4 the same risks. That being said, CINGSA does face risks that ENSTAR does not.
5 While ENSTAR and CINGSA are both small utilities with small asset bases,
6 CINGSA's single asset creates a risk that even ENSTAR does not have. When that
7 asset consists of a single storage facility, and that facility operates primarily in the
8 subsurface, geology, geophysics and associated reservoir performance create risks that
9 are not faced by other types of utilities. The Company's lack of asset diversity is
10 relevant when considering overall risk.

11 The geophysical risks and lack of diversity in CINGSA's storage assets was
12 highlighted on March 12, 2018, when the gas flow from its "CLUS-3" well suddenly
13 dropped to zero. This necessitated a clean-out of the well and re-perforation of the well
14 following clean-out to restore production ability. As of the date of this application,
15 CINGSA continues to test well performance. To date, it is unclear whether the well
16 will regain and maintain its normal production ability. CINGSA continues to monitor
17 and is cautiously optimistic about its reworking of the well. The March 2018 event
18 highlights just how limited CINGSA's assets are, and how vulnerable they may be to
19 production difficulties, geophysical and geologic risks faced in the Cook Inlet.

20 Notwithstanding the risks, CINGSA believes that an 11.875% ROE is sufficient
21 to attract investment capital in the future and to continue addressing deliverability
22 challenges presented in the Cook Inlet market.

1 **Q. Has CINGSA considered any operational changes to address this issue?**

2 A. Yes. CINGSA has considered this issue as part of a broader review of its continuing
3 ability to provide safe, reliable and cost-effective storage service in light of the
4 declining supply base in Cook Inlet.

5 **Q. What initiated this review?**

6 A. In addition to the changing use of CINGSA's facilities by its customers, the decline in
7 gas supply and deliverability from other gas fields in the Cook Inlet has resulted in
8 increasing reliance on CINGSA's storage service to meet peak gas demand in the
9 region. Of some concern is that a large proportion of CINGSA's peak well
10 deliverability is provided by just one of its five wells. Given the high degree of local
11 utilities' reliance on CINGSA's facilities, and in particular one well, to meet the
12 demand for natural gas in the Cook Inlet, CINGSA became concerned about the
13 potential impact of a failure of its facilities.

14 **Q. What action did CINGSA take to address this concern?**

15 A. In 2017, CINGSA, in partnership with ENSTAR, commissioned a study to evaluate the
16 deliverability capabilities of various gas sources, including production and storage
17 facilities in the Cook Inlet, and the risk and consequences of a failure of such facilities.
18 This study revealed that the loss of the aforementioned well alone would have a
19 significant adverse impact on the region.

20 **Q. Is CINGSA proposing to address these deliverability and efficiency issues?**

21 A. Yes. As explained in more detail in a separate application that was filed earlier this
22 month, CINGSA is requesting preapproval for the construction, operation, and costs
23 related to a significant capital addition to the CINGSA facilities. CINGSA refers to

1 this as the “Redundancy Project” because it is intended to provide facilities that could
2 be employed in the event of a failure of key storage assets.

3 **Q. Is CINGSA proposing to recover the costs of this potential, future project in this**
4 **proceeding?**

5 A. No. While CINGSA is not proposing to recover the costs of the Redundancy Project
6 in this proceeding at this time, it will request approval for recovery at some point. In
7 addition to other capital needs of the Company, the Redundancy Project is an example
8 of a near-term capital project that demonstrates CINGSA’s need to continually have
9 access to capital so that it can analyze, develop, construct and operate future facilities
10 that are necessary to continue to provide safe, reliable, and cost-effective service to the
11 region.

12 CINGSA witness Mr. Dieckgraeff discusses possible cost recovery
13 mechanisms of the Redundancy Project in his direct testimony.

14 **VI. INTERRUPTIBLE STORAGE SERVICE REVENUES**

15 **Q. Please describe the nature of interruptible storage service.**

16 A. Interruptible storage service (“ISS”) is a service that CINGSA may provide to any
17 customer, assuming that sufficient storage capacity is available. Since inception,
18 CINGSA has had a variety of customers who have received ISS (“ISS Customers”),
19 including regulated pipelines, utilities, and independent producers.

20 **Q. How significant are the revenues generated from ISS Customers?**

21 A. On an annualized basis, revenues from ISS Customers have been extremely volatile.
22 CINGSA has seen as little as \$130,000 and as much as \$3.79 million in revenues.

1 **Q. How is CINGSA proposing to treat future ISS revenues in its filing?**

2 A. Due to the volatility and unpredictability of this revenue stream, CINGSA has
3 completely removed them from the revenue requirement and is proposing to split future
4 ISS revenues with its FSS Customers 50/50. On a monthly basis, CINGSA would
5 apply the appropriate credit on FSS Customers' bills depending on the amount of ISS
6 revenues collected in the prior month. Mr. Dieckgraeff discusses the mechanics of this
7 proposal in his testimony.

8 **Q. Why should the Commission approve a split in ISS revenues as proposed in this**
9 **filing?**

10 A. CINGSA recognizes these revenues, albeit inconsistent and unpredictable, represent
11 proceeds above CINGSA's established revenue requirement and believes these should
12 be shared to the benefit of both CINGSA's FSS Customers and CINGSA's owners.
13 Without FSS Customers and investors, ISS revenues simply would not be possible.
14 This sharing mechanism recognizes the FSS Customers' long-term agreements that
15 helped underpin the financing of the original CINGSA investment, while at the same
16 time recognizing (1) CINGSA's efforts to market any additional interruptible capacity,
17 and (2) CINGSA's owners whose direct investment was responsible for alleviating
18 some of the supply risks faced in the Cook Inlet before development of the storage
19 facility. The proposed sharing mechanism is an equitable split of ISS revenues.

20 **VII. CONCLUSION**

21 **Q. Does this conclude your direct testimony?**

22 A. Yes.

John D. Sims

EMPLOYMENT

SEMCO Energy, Inc. 2005 – Present

ENSTAR Natural Gas Company/Alaska Pipeline Company

President 2017 – Present

Vice President, Corporate Resources and Business Development 2015 – 2017

Director, Business Development 2013 – 2015

Director, Corporate Communications & Customer Service 2011 – 2013

Manager, Corporate Communications & Customer Service 2009 – 2011

Manager, Credit & Customer Service 2007 – 2009

Business Development & Public Affairs Representative 2005 – 2007

American Family Life Assurance Company

District Manager 2002 – 2005

Sales Representative 2002

EDUCATION

Hillsdale College: Bachelor of Arts, Marketing Management

University of Alaska Anchorage: Masters, Business Administration

OTHER

Former President, Chugiak/Eagle River Chamber of Commerce

Former President, Junior Achievement Alaska

President, Chugiak Eagle River Foundation

Advisory Board Member, Alaska Regional Hospital