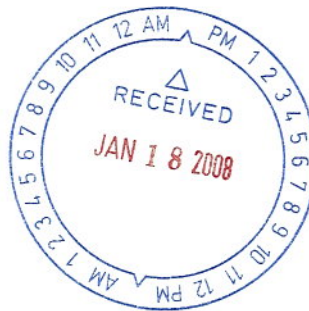


January 18, 2008

*VIA HAND DELIVERY*



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10474.0005

Mr. Robert Corbin  
Office of Fuels Programs, Fossil Energy  
U.S. Department of Energy  
Docket Room 3F-056, FE-50  
Forrestal Building  
Room 3E-042, FE-34  
1000 Independence Ave, SW  
Washington, DC 20585

**Re: Motion of Chugach Electric Association, Inc. for Additional Time to Comment on the Settlement Agreement Between Applicants and the State of Alaska  
FE Docket No. 07-02-LNG**

Dear Mr. Corbin:

Enclosed please find an original and 15 copies of Chugach Electric Association, Inc.'s Motion for Additional Time to Comment on the Settlement Agreement Between Applicants and the State of Alaska for filing in FE Docket No. 07-02-LNG. Three additional copies of the Motion are enclosed to be file-stamped and returned to the messenger.

Thank you for your attention to this matter.

Very truly yours,

  
Eric Redman

Enclosures

cc: Service List  
via first class mail and e-mail

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY



CONOCO PHILLIPS ALASKA )  
NATURAL GAS CORPORATION )  
AND )  
MARATHON OIL COMPANY )

FE DOCKET NO. 07-02-LNG

**MOTION OF CHUGACH ELECTRIC ASSOCIATION, INC.  
FOR ADDITIONAL TIME TO COMMENT ON THE SETTLEMENT  
AGREEMENT BETWEEN APPLICANTS AND THE STATE OF ALASKA**

**Motion**

On January 2, 2008, the State of Alaska (“State”) filed a Motion for Leave to File Supplemental Comments and Supplemental Comments of the State of Alaska (“Motion”). The State’s Motion is based on a settlement agreement between Applicants and the State (“Settlement Agreement”), under which the State requests the DOE to expeditiously grant the Application in this docket (“Application”).

By this motion (“Chugach’s Motion”), and pursuant to 10 C.F.R. §§ 590.105(b), 590.302(b), and 590.310, intervener Chugach Electric Association, Inc. (“Chugach”) respectfully requests leave for itself and other interveners to file comments in response to the Settlement Agreement and the State’s Motion no later than February 7, 2008, which is one month from the date on which Chugach received the State’s Motion, in order to afford adequate time for Chugach and other interveners to evaluate the impact of the Settlement Agreement. Chugach does not object to the Applicants and the State being

afforded an opportunity to reply to Chugach's comments, once Chugach's comments are filed on or before February 7.

Intervener Agrium, Inc. ("Agrium") has authorized Chugach to represent that it supports Chugach's Motion. Chugach has requested that the State consent to the granting of Chugach's Motion; however, the State has informed Chugach that the State will reserve its decision on that request until after Chugach's Motion is filed and the State has had an opportunity to consider it.

### **Argument**

The Application raises critical issues surrounding the adequacy of natural gas supplies and deliverability in the Cook Inlet, particularly for Chugach and other customers of the Applicants, whose existing contractual gas supply commitments from the Applicants either have been or shortly will be exhausted. Because natural gas fuels almost all of Chugach's generation – about ninety percent (90%) – and because Chugach currently has no assurance whatever of receiving additional gas supplies from the Applicants or other producers, and also because of the already-experienced shortage in Cook Inlet gas deliverability for customers of the Applicants such as Chugach, Chugach intervened in this proceeding to ensure that local Cook Inlet domestic natural gas requirements and deliverability are met for the reasonable future – not just during the authorization extension period – before the Applicants are authorized to sell additional Cook Inlet natural gas overseas.

The State also intervened, raising some of the same issues that Chugach raised and seeking stringent conditions upon approval of the Application. Apparently, the State now



has settled its dispute with the Applicants. But Chugach has not reached a new agreement with either of the Applicants, or with any other producer, or with the State.

Chugach first learned of the contents of the Settlement Agreement on January 7, 2008, when it received a copy of the State's Motion. The Settlement Agreement purports to resolve the State's objections – *not Chugach's objections or the objections of other customers* – by imposing a slight potential volumetric limitation on additional gas exports by Applicants. The limitation applies unless corresponding volumes, which are relatively small, have also been made available to Cook Inlet customers such as Chugach under certain conditions. In return, the State agrees to support the Application and withdraw its protest.

The State, it must be borne in mind, is not only an entity concerned with the interests of natural gas customers such as Chugach. It is also the royalty interest owner of a substantial portion of all gas exported by the Applicants from Cook Inlet. In other words, the State like the Applicants is a natural gas owner, producer, and seller that stands to benefit from additional gas sales overseas. Chugach and other customers of the Applicants do not.

Even though the Settlement Agreement mentions Chugach's unmet gas needs *during the requested extension period (only)*, Chugach had no input into negotiation of the terms of the Settlement Agreement. Indeed, Chugach was unaware of the substantive content of the Settlement Agreement until January 7. Yet the Settlement Agreement would directly affect the gas supply and deliverability issues that led Chugach to intervene in this proceeding. Because the State, like the Applicants, is an owner of

exported natural gas, a settlement agreement in which natural gas customers such as Chugach do not participate cannot necessarily be expected to protect the interests of local domestic users of Cook Inlet natural gas.

Because the Settlement Agreement was first unveiled on January 7, because Chugach is not a party to it, and particularly because the Settlement Agreement purports to address a (small) portion of Chugach's future gas supply needs while ignoring the remainder of those needs, Chugach must have additional time to consider the Settlement Agreement and to respond to it, the State, and the Applicants. Chugach intends to discuss the Settlement Agreement – and the willingness of the Applicants to enter into agreements for gas sales to Chugach – with the State, the Applicants, and other customers as promptly as possible.

Perhaps Chugach's position in this proceeding will be altered as a result of those discussions. Perhaps not. In any event, there is no way for Chugach to assess the recently revealed Settlement Agreement and file responsive comments in the next few days, the time that would otherwise be allowed if Chugach's Motion is not granted. These are momentous matters, and the Settlement Agreement is a new development, heretofore kept under wraps by the Applicants and the State. Chugach needs the relatively few additional business days it has requested within which to consider the Settlement Agreement, meet with the other involved entities, and respond.

If Chugach's Motion is granted, Chugach will file responsive comments with the Department on or before February 7, 2008. As noted above, Chugach does not object to the State and the Applicants being afforded an opportunity to reply to Chugach's comments.

Respectfully submitted,

A handwritten signature in blue ink that reads "Eric Redman / JCO". The signature is written in a cursive style.

Eric Redman  
Eric Todderud  
Heller Ehrman LLP  
701 Fifth Ave., Suite 6100  
Seattle, WA 98104

Attorneys for Chugach Electric Association,  
Inc.

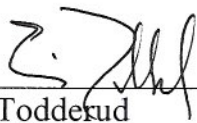
Dated: January 18, 2008

**UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY**

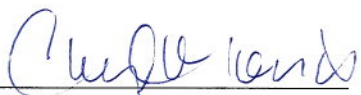
**In the matter of:** )  
 )  
**CONOCO PHILLIPS ALASKA** )  
**NATURAL GAS CORPORATION** )  
**AND** ) **FE DOCKET NO. 07-02-LNG**  
**MARATHON OIL COMPANY** )

**VERIFICATION AND CERTIFICATE OF REPRESENTATION**

Eric Todderud, being first duly sworn, on oath states, pursuant to 10 C.F.R. § 590.103(b), that he is an attorney at the firm of Heller Ehrman, LLP; that he is an authorized representative of Chugach Electric Association, Inc. (“Chugach”); that he prepared the Motion of Chugach Electric Association, Inc., for Additional Time to Comment on the Settlement Agreement Between Applicants and the State of Alaska filed on January 16, 2008, in the above-referenced proceeding; and that all matters of fact stated therein are true and correct to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
Eric Todderud

SUBSCRIBED AND SWORN to before me this 16<sup>th</sup> day of January, 2008.

  
\_\_\_\_\_  
Notary public in and for the State of Washington.  
My commission expires: 02/21/10



## CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was served by regular mail and by e-mail upon the individuals listed below:

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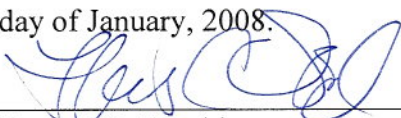
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Dated at Washington, D. C., this 17th day of January, 2008.

  
\_\_\_\_\_  
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