

Cook Inlet is running short of gas. Your capital plan is where Alaska answers for it.

Southcentral Alaska has run on cheap Cook Inlet gas for six decades — and that supply is now declining faster than local producers will replace it. ENSTAR is lining up LNG imports by 2029 while the state pushes a North Slope pipeline, and every one of those moves is a large, uncertain capital commitment. Invizion helps gas utilities re-sequence a capital portfolio in a click as the supply picture shifts — and defend every decision.

156,000+ ¹	\$12.96 ²	~80% ¹	2029 ¹
Homes and businesses ENSTAR serves in Southcentral Alaska — the state's dominant gas LDC.	Alaska's average residential gas price per Mcf in 2025 — a record, up from \$11.73 in 2024.	Share of an ENSTAR customer's bill that is simply the cost of purchased gas.	Target for first LNG imports into Cook Inlet as local production falls short.

THE ALASKA LANDSCAPE

A small gas sector with one very large problem

Alaska's gas distribution business is tiny by national standards and concentrated in Southcentral. But the Cook Inlet supply shortfall is an existential, capital-heavy event — and it reshuffles every other priority on the list.

SUPPLY & RELIABILITY

The Cook Inlet shortfall — the defining risk

Cook Inlet production has declined for years, and producers now say they are unable or unwilling to commit the additional firm supply needed to meet future demand.¹ In the winter of 2025–2026 ENSTAR drew on storage more heavily than at any point in company history to get through an extended cold snap.² Statewide marketed production is only about 369 Bcf a year, and most of Alaska's gross gas output is North Slope gas that is reinjected rather than delivered — Cook Inlet is what actually feeds Southcentral homes.³

The stopgaps are themselves capital events: CINGSA invested \$67 million to add 2 Bcf of storage, ENSTAR signed a five-year supply deal with Furie/HEX beginning in 2026, and the utility spent \$4.6 million on engineering studies and global RFPs before committing to LNG imports.¹

CAPITAL & NEW INFRASTRUCTURE

Importing gas into a gas state

To bridge the gap, ENSTAR and Glenfarne are developing an LNG import terminal on the Kenai Peninsula with first deliveries targeted for 2029 — a facility designed to later switch to North Slope gas.¹

The longer-term answer is the Alaska LNG project: a 739-mile, 42-inch pipeline from the North Slope for domestic supply (807 miles with export liquefaction), 75% owned by Glenfarne and 25% by the state's AGDC.⁴ Glenfarne became lead developer in March 2025 and reached a gas-sales agreement with ConocoPhillips in May 2026 that it called sufficient for a Phase One investment decision.⁵ Either path stacks billions in new obligations onto utilities that used to just buy local molecules.

AFFORDABILITY & THROUGHPUT

Rising bills, and the pull toward electric heat

Alaska faces little of the gas-ban or building-electrification pressure seen in the Lower 48. The throughput risk here is economic: imported LNG and pricier replacement contracts will raise costs, and roughly 80% of a customer's bill is already just the gas commodity.¹

Statewide residential gas prices hit a record \$12.96 per Mcf in 2025.² As bills climb, some customers will lean on heat pumps, wood, or conservation — softening the very demand that has to fund new supply infrastructure.³

SYSTEM INTEGRITY & REACH

A limited system, tightly regulated

Gas reaches only a fraction of Alaska. About 143,600 residential and roughly 158,400 total customers take gas statewide — nearly all in Southcentral and the Interior.⁷ ENSTAR, the largest utility in Southcentral, has operated the network since 1961.⁸

Every rate and capital decision runs through the Regulatory Commission of Alaska, which oversees ENSTAR under a formula rate mechanism.⁹ Beyond the road system, most of Alaska burns fuel oil or propane, so the gas capital story is really the story of two markets: Cook Inlet and Fairbanks.

WHO DELIVERS ALASKA'S GAS

One dominant investor-owned LDC, a small municipal system, and the state

Alaska's gas sector is small and geographically concentrated. ENSTAR carries Southcentral; the municipally owned Interior Gas Utility serves Fairbanks with trucked LNG; and state entities are shaping the supply that all of them depend on.

Investor-owned & regulated LDCs

Rates & capital recovery regulated by the RCA

ENSTAR Natural Gas Company 156,000+ customers ·
Anchorage, Mat-Su, Kenai

Cook Inlet Natural Gas Storage Alaska (CINGSA) Regulated seasonal storage ·
+2 Bcf expansion

Fairbanks Natural Gas Interior LDC, now within the
public IGU system

ENSTAR is a subsidiary of SEMCO Energy and has served Southcentral Alaska since 1961.

Municipal & public gas entities

Owned by a borough or the state, not by shareholders

Interior Gas Utility (IGU) Municipal · Fairbanks North Star
Borough · trucked LNG

Alaska Gasline Development Corp. (AGDC) State-owned · 25% of the Alaska
LNG project

AIDEA / Interior Energy Project State financing · 5.25M-gallon LNG
storage tank

IGU received the first-ever North Slope LNG trucked to Fairbanks in October 2025.

Every capital dollar has to be defensible

With gas costs passing straight through to bills and large new supply projects on the table, the RCA's scrutiny of capital and cost recovery has rarely mattered more.

Regulatory Commission of Alaska (RCA) regulates gas utility rates, tariffs, and cost recovery, and oversees ENSTAR under a formula rate mechanism.⁹

Gas-cost pass-through means roughly 80% of an ENSTAR bill is the commodity — so replacement-supply and LNG-import costs land directly on customers, sharpening every prudence review.¹

Supply agreements need RCA sign-off — the Furie/HEX five-year deal, CINGSA's storage expansion, and the Glenfarne LNG-import arrangement all run through the commission as they reshape ENSTAR's cost base.¹

Statewide prices are rising — the average Alaska residential gas price reached a record \$12.96 per Mcf in 2025, up from \$11.73 in 2024, keeping affordability at the center of rate proceedings²

Where the capital for Alaska's gas transition comes from

There is little large federal grant money for Alaska gas distribution. The capital comes from utility investment, RCA-approved cost recovery, state financing, and a handful of targeted safety and air-quality programs.

CINGSA storage expansion: \$67M to add 2 Bcf of Cook Inlet storage — the buffer ENSTAR leaned on hardest in winter 2025–2026¹

ENSTAR pre-development: \$4.6M in engineering studies, demand forecasts, and global RFPs before committing to LNG imports — recovered through rates.¹

PHMSA NGDISM grant: ~\$90,000 awarded to Interior Gas Utility in 2024 for safety and modernization of its gas infrastructure¹²

EPA Targeted Airshed Grant (IGU): subsidizes Fairbanks/North Pole conversions so residents pay \$350 (commercial \$500) — about 8% of true installation cost — to cut PM2.5 pollution¹³

State financing (AIDEA / Interior Energy Project) built the Interior's LNG supply chain, including a 5.25-million-gallon storage tank in Fairbanks.¹¹

ALASKA'S GAS, IN BRIEF

Questions Alaska gas utility leaders are asking

Short, sourced answers — the same facts we dig into with utilities weighing their capital programs.

Why is Alaska running short of natural gas?

Cook Inlet, which has supplied Southcentral Alaska since the 1960s, has been in decline for years, and producers now say they cannot or will not commit the firm supply needed to meet future demand. ENSTAR relied on storage more heavily in winter 2025–2026 than at any point in its history¹.

What is Alaska doing to replace the supply?

ENSTAR and Glenfarne are developing an LNG import terminal on the Kenai Peninsula with first deliveries targeted for 2029, while the state pursues the Alaska LNG project — a 739-mile pipeline bringing North Slope gas south¹⁴

How big is Alaska's gas distribution sector?

Small and concentrated. About 143,600 residential and roughly 158,400 total customers take gas statewide, almost all in Southcentral and the Fairbanks area; most of the rest of Alaska heats with fuel oil or propane⁷

Who regulates Alaska's gas utilities?

The Regulatory Commission of Alaska sets rates and cost recovery for gas utilities and oversees ENSTAR under a formula rate mechanism. Because roughly 80% of a bill is the commodity, gas-cost and supply decisions get close regulatory scrutiny⁹¹

How does the shortfall affect customer bills?

Replacement supply and LNG imports cost more than legacy Cook Inlet gas, and those costs pass through. Alaska's average residential gas price already reached a record \$12.96 per Mcf in 2025, up from \$11.73 in 2024²

How does Invizion help Alaska gas utilities plan capital?

Invizion is scenario-based capital portfolio optimization for utilities. It lets you model how a supply-contract expiry, an LNG-import in-service date, or a storage investment reshuffles your whole project list, re-sequence the portfolio automatically, and keep a defensible record of every trade-off for the RCA or your board.

REFERENCES

Sources

Every figure in this briefing is tied to a primary or authoritative source.

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11. Interior Energy Project (AIDEA) — Interior Alaska LNG supply chain, including a 5.25-million-gallon LNG storage tank completed 2018. www.interiorenergyproject.com
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13. Interior Gas Utility — Targeted Airshed Grant mainline expansion (North Pole PM2.5 areas; conversions subsidized to \$350 residential / \$500 commercial, ~8% of true cost). www.interiorgas.com

ABOUT INVIZION

Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

See how utilities keep capital plans current and defensible with Invizion.

Explore Invizion →