

1 STATE OF ALASKA

2 THE REGULATORY COMMISSION OF ALASKA

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4 Before Commissioners:

Robert M. Pickett, Chairman  
Stephen McAlpine  
Rebecca L. Pauli  
Norman Rokeberg  
Janis W. Wilson

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6  
7 In the Matter of the Tariff Revision Designated )  
8 as TA285-4 Filed by ENSTAR NATURAL GAS ) U-16-066  
9 COMPANY, A DIVISION OF SEMCO )  
ENERGY, INC. )  
10

11 **ENSTAR NATURAL GAS COMPANY'S RESPONSE TO THE OFFICE OF THE**  
12 **ATTORNEY GENERAL'S SEVENTH REQUEST FOR DISCOVERY (AG-7)**  
13 **[UNREDACTED]**

14 Pursuant to 3 AAC 48.155 and 3 AAC 48.141-145, ENSTAR Natural Gas  
15 Company ("ENSTAR"), by and through its counsel, responds to the Seventh Set of  
16 Discovery Requests from the Office of the Attorney General ("AG"), as follows:

17 **PRELIMINARY STATEMENT**

18 Discovery in this docket is not complete. As discovery proceeds, facts,  
19 information, evidence, documents, and other matters may be discovered which are not  
20 set forth in these responses, but which may be responsive to these discovery requests.  
21 The following responses are complete based on ENSTAR's current knowledge,  
22 information, and belief. Furthermore, these responses were prepared based on  
23  
24

25 U-16-066 – ENSTAR's Responses to the  
26 Attorney General's Seventh Discovery Requests [UNREDACTED]  
January 11, 2017  
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Date: 8 June 17 Exh # H-37  
Regulatory Commission of Alaska  
By: RL U-16-066  
Northern Lights Realtime & Reporting, Inc.  
(907) 337-2221

1 ENSTAR's good faith interpretation of the discovery requests and are subject to  
2 correction for inadvertent errors or omissions, if any.

### 3 4 GENERAL OBJECTIONS

5 1. ENSTAR objects to requests for documents relating to confidential  
6 settlement negotiations. Any and all answers ENSTAR provides in response to these  
7 data requests will be provided subject to, and without waiving, this objection.

8 2. ENSTAR objects to the production of documents, calculations, and  
9 analyses that do not exist. A document is not within a party's "possession, custody, or  
10 control" if it does not exist.

11 3. ENSTAR objects to each and every data request insofar as they are vague,  
12 ambiguous, overly broad, unduly burdensome, or use terms that are subject to multiple  
13 interpretations but are not properly defined or explained for purposes of these data  
14 requests. Any and all answers ENSTAR provides in response to these data requests will  
15 be provided subject to, and without waiving, this objection.

16 4. ENSTAR objects to each and every data request insofar as it is not  
17 reasonably calculated to lead to the discovery of admissible evidence and is not relevant  
18 to the subject matter of this proceeding.

19 5. ENSTAR objects to providing information to the extent such information  
20 is already a matter of public record. The requesting party is not entitled to require other  
21 parties to gather information that is equally available and accessible to it.

1           6.     ENSTAR objects to each and every data request insofar as it seeks  
2 documents or information protected by the attorney-client privilege or the work product  
3 privilege. Nothing contained in these responses is intended as, or shall in any way be  
4 deemed, a waiver of any such privilege or protection, or any other applicable privilege  
5 or doctrine.  
6

7           7.     ENSTAR objects to the instructions contained in the AG's Seventh  
8 Request for Discovery. In responding to the requests, ENSTAR will abide by the  
9 Regulatory Commission of Alaska's ("RCA") discovery regulations and where  
10 applicable, Alaska Rules of Civil Procedure.  
11

12           8.     ENSTAR objects to the requests for identification of answering witnesses  
13 as part of the responses. Witness designation in this matter is not required by the  
14 Commission's regulations or the Alaska Rules of Civil Procedure. Further, it is too  
15 early in the proceedings to designate witnesses for certain topics and some topics may  
16 be addressed by multiple witnesses. In accord with Commission regulations, ENSTAR  
17 will identify individuals who supplied information for a particular response where  
18 appropriate.  
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1 (a) Has ENSTAR included any 2016 plant additions in its requested rate  
2 base?

3 (b) If the answer to part (a) is "yes," identify each 2016 plant addition and  
4 indicate whether it is anticipated to be eligible for 2016 bonus tax depreciation.  
5

6 (c) Has ENSTAR reflected bonus tax depreciation for tax year 2016 in its  
7 Non-Investor Supplied Capital balance (i.e. Deferred Income Taxes) in its 275(a) filing?  
8 If not, explain fully why not.

9 (d) If the answer to part (c) is "yes," please quantify and identify exactly  
10 where the bonus tax depreciation for tax year 2016 is reflected in the Company's 275(a)  
11 filing.  
12

13 **Response:**

14 (a) No.

15 (b) Not applicable. Please see ENSTAR's response to AG-7-6(a) above.

16 (c) No. Please see ENSTAR's response to AG-7-6(a) above.

17 (d) Not applicable. Please see ENSTAR's response to AG-7-6(c) above.  
18

19 **Person(s) Supplying Information:** Daniel Dieckgraeff  
20

21 **AG-ENSTAR-7-7.** Refer to ENSTAR's 275(a) filing.

22 (a) Refer to the electronic version of ENSTAR's 275(a) filing on the tab titled  
23 "TB" and to the following listing of prepaid items. Please identify each payment that  
24

comprises these prepaid items, and for each such payment, identify the payee, amount paid, date paid, and the insurance coverage, rent coverage, and for each "other" item, the related service period covered by each payment:

i.	18110 Prepaid - Insurance	\$716,144
ii.	18120 Prepaid - Worker's Compensation	\$103,106
iii.	18150 Prepaid - Rent	\$6,738
iv.	18150 Prepaid - Rent	\$39,975
v.	18160 Prepaid - Employee Assistance	\$1,245
vi.	18190 Prepaid - Other	\$668,203
vii.	18190 Prepaid - Other	<u>\$126,957</u>
	Total	\$1,662,007

(b) Referring to the electronic version of ENSTAR's 275(a) filing on the tab titled "LL," please reconcile each item of Prepayments listed in part "a" above to the Cash Working Capital requirement that is reflected on tab "LL." Identify, quantify and explain each reconciling item.

(c) Refer to the electronic version of ENSTAR's 275(a) filing on the tab titled "TB" and to part (a) above. Please explain fully and provide a detailed breakout of the two categories of "Other" Prepaid expense, in the amounts of \$668,203 and \$126,957. Show exactly what payments were included in those amounts, as well as the payees, dates paid, amounts paid, and service periods.

(d) Refer to the electronic version of ENSTAR's 275(a) filing on the tab titled "LL." Please explain fully and in detail, and identify all of the 2015 test year Other Third-Party O&M Expenses which total \$18,734,298. Identify exactly what payments

1 were included in those amounts, as well as the payees, dates paid, amounts paid, and  
2 service periods.

3 (e) Did ENSTAR include any insurance payments in its expense lags,  
4 including but not limited to its "other" expense lags? If yes, identify each insurance  
5 payment that was included in the derivation of ENSTAR's proposed expense lags.  
6

7 (f) Did ENSTAR include any workers' compensation payments in its  
8 expense lags, including but not limited to its "other" expense lags? If yes, identify each  
9 workers' compensation payment that was included in the derivation of ENSTAR's  
10 proposed expense lags.  
11

12 (g) Did ENSTAR include any rent payments in its derivation of its proposed  
13 expense lags, including but not limited to its "other" expense lags? If yes, identify each  
14 rent payment that was included in the derivation of ENSTAR's proposed expense lags.

15 (h) Did ENSTAR include any Employee Assistance payments in its  
16 derivation of its proposed expense lags, including but not limited to its "other" expense  
17 lags? If yes, identify each Employee Assistance payment that was included in the  
18 derivation of ENSTAR's proposed expense lags.  
19

20 (i) Did ENSTAR include any "Other" expense payments in its derivation of  
21 its proposed expense lags, including but not limited to its "other" expense lags? If yes,  
22 identify each "Other" payment that was included in the derivation of ENSTAR's  
23 proposed expense lags.  
24

Response:

(a) The requested information was previously provided in response to AG-1-1 in the file labeled ENS00066, which is ENSTAR's general ledger for 2015. Specifically, reference to the debit entries in the various prepayment accounts (*i.e.*, 18110 through 18190) in the general ledger provides each payment made during the test year and identifies the payee, amount paid, date paid, and the purpose of the payment.

(b) The various prepayments listed in part (a) above are balance sheet accounts whereas the related, relevant portions of the lead-lag study are operating expenses. The amounts included in the prepayment accounts are amortized over appropriate periods and recorded in operating expense accounts throughout the test year. Detail behind the amortizations are also reflected in the general ledger previously provided in response to AG-1-1 by reference to the credit entries in the various prepayment accounts (*i.e.*, 18110 through 18190).

(c) Please see ENSTAR's response to AG-7-7(a) above.

(d) The Other Third-Party O&M Expenses of \$18,734,298 on tab LL of the 275(a) filing include all O&M expenses for the test year, less the purchased gas costs, payroll expenses, and affiliate charges shown separately on schedule LL. The Total O&M Expenses on line 7 of the tab labeled LL comes from the adjusted Operating Expenses on page 4 of the 275(a) filing. The full general ledger detail identifying the

1 payee, dates paid, and amounts paid for the operating expense payments was previously  
2 provided in response to AG-1-1 as ENS00066.

3 (e) Please refer to Attachment A to AG-4-23, tab C-8, column AA, which  
4 contains a list of invoices by vendor that were used in developing the O&M expense lag  
5 days. This list does not appear to include any insurance payments.

6  
7 (f) Please refer to Attachment A to AG-4-23, tab C-8, column AA, which  
8 contains a list of invoices by vendor that were used in developing the O&M expense lag  
9 days. This list does not appear to include any workers' compensation payments.

10 (g) Please refer to Attachment A to AG-4-23, tab C-8, column AA, which  
11 contains a list of invoices by vendor that were used in developing the O&M expense lag  
12 days. This list does not appear to include any rent payments.

13  
14 (h) Please refer to Attachment A to AG-4-23, tab C-8, column AA, which  
15 contains a list of invoices by vendor that were used in developing the O&M expense lag  
16 days. This list does not appear to include any employee assistance payments.

17 (i) Please refer to Attachment A to AG-4-23, tab C-8, column AA, which  
18 contains a list of invoices by vendor that were used in developing the O&M expense lag  
19 days. This list does not appear to include any "other" payments.

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21 **Person(s) Supplying Information:** Dr. Bruce Fairchild and Timothy Lyons.

22  
23 **AG-ENSTAR-7-8.** Refer to the Company's 275(a) filing at Schedule A.