1 STATE OF ALASKA 2 THE REGULATORY COMMISSION OF ALASKA 3 Before Commissioners: Stephen McAlpine, Chairman Rebecca L. Pauli 4 Robert M. Pickett Norman Rokeberg 5 Janis W. Wilson 6 In the Matter of the Request Filed by the 7 MUNICIPALITY OF ANCHORAGE d/b/a. MUNICIPAL LIGHT & POWER DEPARTMENT for U-16-094 8 Approval to Establish Depreciation Rates 9 In the Matter of the Tariff Revision Designated as 10 TA357-121 Filed by the MUNICIPALITY OF ANCHORAGE d/b/a MUNICIPAL LIGHT & U-17-008 11 POWER DEPARTMENT 12 13 THE FEDERAL EXECUTIVE AGENCIES' ("FEA") RESPONSES TO MUNICIPAL LIGHT & POWER'S 14 SECOND SET OF DISCOVERY REQUESTS (MLP-FEA-2) 15 A. Prefiled Testimony of Michael P. Gorman. 16 REDACTED 17 18 19 20 21 22 23 24 25 26

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Date: 12-7-17 Exh # 198 Regulatory Commission of Alaska U-16-04 By: A U-17-08 Northern Lights Realtime & Reporting, Inc. (907) 337-2221

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MLP-FEA-2-37: With regard to the Prefiled Testimony of Larry Blank at page 8, have you completed a survey that shows how many utilities classify generation on the basis of the A&E method? If so, please provide the results.

Response: Yes, for the Western United States. Please see attached survey report, which was attached to Direct Testimony of Larry Blank in Arkansas PSC Docket No. 13-028-U on behalf of the Hospitals and Higher Education Group ("HHEG"). A summary of the survey from that testimony is the following:

"HHEG commissioned a survey of 20 states west of the Mississippi River plus the State of Mississippi on production allocation methods. Of these 21 states, only 4.5 use some variant of an Energy & Peak methodology, and two of these. Utah and Wyoming, do not use system load factor to determine the energy/demand split. Instead, these two states define only 25% as energy-related and 75% as demand-related costs. PacifiCorp in Idaho also uses a 25/75 split for energyrelated and demand-related, respectively. Arizona companies are divided on methodology in that the Arizona Public Service Co. consistently uses the Average and Excess methodology while Tucson Electric and UNS Electric use the Energy & Peak method. Of the remaining 16 states, 10.5 states use either an Average and Excess methodology or a coincident peak (hereinafter "CP") demand method such as 12-CP (the 0.5 accounts for the APS territory in Arizona). The majority of these jurisdictions use the Average and Excess method. California, Nevada, and Oregon traditionally use a marginal cost approach. The remaining three states (North Dakota, Minnesota, and Missouri) use some form of a stratification method or a base-intermediate-peak methodology. I have attached our complete survey report as Exhibit HHEG-LB-5."

Person Supplying Information: Larry Blank

<sup>&</sup>lt;sup>1</sup> Nebraska has no investor-owned electric utilities and Montana Power divested itself of all generation over 10 years ago.

THE FEDERAL EXECUTIVE AGENCIES' RESPONSES TO MUNICIPAL LIGHT & POWER'S SECOND SET OF DISCOVERY REQUESTS (MLP-FEA-2) Docket U-17-008/U-16-094 August 11, 2017 Page 37 of 41