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STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

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

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

**ENSTAR NATURAL GAS COMPANY'S RESPONSE TO THE OFFICE OF
THE ATTORNEY GENERAL'S FIRST SET OF DISCOVERY REQUESTS ON
ENSTAR'S REPLY TESTIMONY (AG-ENSTAR-R1)**

Pursuant to 3 AAC 48.155 and 3 AAC 48.141-145, ENSTAR Natural Gas Company ("ENSTAR") hereby provides its response to the Attorney General's First Set of Discovery Requests on ENSTAR's Reply Testimony ("AG-ENSTAR-R1"), as follows:

PRELIMINARY STATEMENT

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

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May 8, 2017
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Date: 8 June 17 Exh # H-35
Regulatory Commission of Alaska
By: A 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 **GENERAL OBJECTIONS**

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

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

12 3. ENSTAR objects to each and every data request insofar as they are vague,
13 ambiguous, overly broad, unduly burdensome, or use terms that are subject to multiple
14 interpretations but are not properly defined or explained for purposes of these data
15 requests. Any and all answers ENSTAR provides in response to these data requests will
16 be provided subject to, and without waiving, this objection.
17

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

21 5. ENSTAR objects to providing information to the extent such information
22 is already a matter of public record. The requesting party is not entitled to require other
23 parties to gather information that is equally available and accessible to it.
24
25

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

7. ENSTAR objects to the instructions contained in AG-ENSTAR-R-1. In responding to the requests, ENSTAR will abide by the Regulatory Commission of Alaska's ("RCA") discovery regulations and where applicable, Alaska Rules of Civil Procedure.

DISCOVERY RESPONSES

AG-ENSTAR-R1-1. Refer to the attached document titled “AltaGas; AltaGas to acquire WGL Holdings, *Enhancing a leading, North American diversified energy infrastructure company*, dated January 25, 2017 (computer file named 2017-01-25 – Pr Blue Jay Rollout deck (1PM MT) – Final rfs.pdf).

(a) Admit that the document is a true and accurate copy.

(b) If the response to subpart (a) is anything other than an unqualified admission of the truth of the matter asserted, provide a true and accurate copy of the document.

(c) Admit that this document is a presentation to AltaGas shareholders.

1 (d) If the response to subpart (c) is anything other than an unqualified
2 admission of the truth of the matter asserted, state what ENSTAR believes the truth of
3 the matter to be.

4 **Response:**

5 (a) In addition to its General Objections, ENSTAR objects to this request as it
6 is outside the scope of ENSTAR's Prefiled Reply Testimony. ENSTAR also objects to
7 this request as neither relevant nor reasonably calculated to lead to the discovery of
8 admissible evidence, as the referenced transaction occurred far outside the 2015 test
9 year, has not closed, and remains subject to various regulatory approvals.
10

11 (b) See objections and response to subpart (a) above.

12 (c) See objections and response to subpart (a) above.

13 (d) See objections and response to subpart (a) above.

14 **Person(s) Supplying Information:** Counsel.
15

16
17 **AG-ENSTAR-R1-2.** Refer to the Prefiled Reply Testimony of
18 Bruce H. Fairchild at 5-6 discussing year-end rate base where Dr. Fairchild asserts that
19 full value of plant added late in the test year would not be included if 13-month average
20 rate base is used and that the limited construction season in Alaska results in the
21 inability to complete plant early in the calendar [test] year.
22

23 (a) Admit that all regulated utilities in Alaska face these same situations.
24
25

1 (b) If the response to subpart (a) is anything other than an unqualified
2 admission of the truth of the matter asserted, state what Dr. Fairchild believes the truth
3 of the matter to be.

4 (c) Admit that based on the criterion stated in the referenced testimony of
5 Dr. Fairchild, basically every utility in Alaska could qualify to use year-end rate base.
6

7 (d) If the response to subpart (c) is anything other than an unqualified
8 admission of the truth of the matter asserted, state what Dr. Fairchild believes the truth
9 of the matter to be.

10 (e) Does Dr. Fairchild contend that there is Commission precedent
11 specifically authorizing use of year-end rate base based on the factors he discusses in his
12 reply testimony at 5-6?
13

14 (f) If the response to subpart (e) is affirmative, identify the Commission
15 precedent Dr. Fairchild relies on.

16 (g) Admit that ENSTAR's 13-month average test year revenue requirement
17 includes \$16 million of depreciation expense.
18

19 (h) If the response to subpart (g) is anything other than an unqualified
20 admission of the truth of the matter asserted, state what ENSTAR believes the truth of
21 the matter to be.

22 (i) State the depreciation expense related to plant included in ENSTAR's
23 13-month average revenue requirement that would be added to accumulated
24 depreciation in 2016.
25

1 (j) Assuming no plant retirements and no rate case filing by ENSTAR, state
2 the amount of depreciation expense related to plant included in ENSTAR's 13-month
3 average revenue requirement that would be added to accumulated depreciation in 2017.

4 (k) Assuming no plant retirements and no rate case filing by ENSTAR, state
5 the amount of depreciation expense related to plant included in ENSTAR's 13-month
6 average revenue requirement that would be added to accumulated depreciation in 2018.

7 (l) Assuming no plant retirements and no rate case filing by ENSTAR, state
8 the total depreciation expense related to plant included in ENSTAR's 13-month average
9 revenue requirement that would be added to ENSTAR's accumulated depreciation
10 balance between January 1, 2016 and December 31, 2018.

11 (m) Admit that accumulated depreciation reduces the rate base component of a
12 utility's revenue requirement.

13 (n) If the response to subpart (m) is anything other than an unqualified
14 admission of the truth of the matter asserted, state what ENSTAR believes the truth of
15 the matter to be.

16 (o) Admit that until ENSTAR files its next rate case, ENSTAR's rates will
17 not reflect the reduction in rate base that results from the additional depreciation
18 expense that accumulates subsequent to the last test year.

19 (p) If the response to subpart (o) is anything other than an unqualified
20 admission of the truth of the matter asserted, state what ENSTAR believes the truth of
21 the matter to be.

Response:

(a) Deny.

(b) It is Dr. Fairchild's understanding that adjustments to the 13-month average test year plant for known and measureable changes are allowed from time to time by the Commission, in which case the full value of plant added late in the test year would be included in rate base. And while there is generally a limited construction season in Alaska, it is not uniform across the state. Therefore, the extent to which this factor impacts the value of plant added late in the test year included in rate base varies depending on the location of the regulated utility.

(c) Deny.

(d) See response to subpart (b) above.

(e) Dr. Fairchild is not aware of all the factors the Commission may have considered when it has previously allowed adjustments to a 13-month average test year plant for known and measurable changes. It is Dr. Fairchild's belief that the factors discussed in his testimony, including "that full value of plant added late in the test year would not be included if 13-month average rate base is used and that the limited construction season in Alaska results in the inability to complete plant early in the calendar [test] year", fully support such adjustments in ENSTAR's present case.

(f) See response to subpart (e) above.

1 (g) Dr. Fairchild admits that depreciation expense during the 2015 test year
2 was \$15,872,072, which matches the 13-month average test year plant in service.
3 However, it is Dr. Fairchild's belief that the depreciation expense properly
4 included in ENSTAR's revenue requirements for purposes of setting its rate
5 should be \$16,858,126, which matches its plant in service at test year-end.
6

7 (h) See response to subpart (g) above.

8 (i) Assuming no plant retirements, the 2016 depreciation expense associated
9 with all of the plant included in the 13-month average test year plant in service,
10 and the amount added to accumulated depreciation in 2016, would be
11 \$16,858,126.
12

13 (j) \$16,858,126.

14 (k) \$16,858,126.

15 (l) \$50,574,378.

16 (m) Admit.

17 (n) See response to subpart (m) above.

18 (o) Admit, but neither will ENSTAR's rates reflect any increases in rate base
19 that result from investments in additional investment in plant in service made
20 subsequent to the last test year.
21

22 (p) See response to subpart (o) above.

23 **Person(s) Supplying Information:** Dr. Bruce Fairchild.
24
25

1 **Response:** Dr. Fairchild's statement regarding "decreasing usage per customer"
2 was based on his analysis of actual use per customer between 2011 and 2016, as
3 well as the normalized use per customer shown in the table on page 25 of his
4 Prefiled Reply Testimony.

5 **Person(s) Supplying Information:** Dr. Bruce Fairchild

6
7
8 **AG-ENSTAR-R1-5.** Refer to the Prefiled Reply Testimony of
9 Bruce H. Fairchild at 7-10 discussing regulatory lag and the page that mentions
10 "regulatory environment" at lines 22-23.

11 (a) Does Dr. Fairchild contend that for shareholders of ENSTAR's parent
12 company, Alaska is an unattractive regulatory environment?

13
14 (b) If the response to subpart (a) is affirmative, please explain.

15 (c) Does Dr. Fairchild contend that for shareholders of ENSTAR's parent
16 company, Alaska is an unattractive regulatory jurisdiction?

17 (d) If the response to subpart (c) is affirmative, please explain.

18 (e) If Dr. Fairchild knows, does AltaGas consider Alaska an "attractive
19 jurisdiction"?
20

21 (f) If Dr. Fairchild knows, does AltaGas represent to its shareholders that
22 AltaGas's strategy is to acquire assets in "attractive jurisdictions"?
23
24
25

1 **Response:**

2 (a) In addition to its General Objections, ENSTAR objects to this request
3 because it is vague and ambiguous as to the terms “unattractive regulatory
4 environment”, “unattractive regulatory jurisdiction”, and “attractive jurisdiction”.
5

6 Subject to and without waiving these objections, ENSTAR assumes this
7 request refers to the materials attached to this set of discovery requests.
8 ENSTAR has no knowledge of those materials because no ENSTAR personnel
9 had a role in preparing them. Dr. Fairchild has made no assessment as to
10 whether “Alaska is an unattractive regulatory environment” for “shareholders of
11 ENSTAR’s parent company”. However, it is Dr. Fairchild’s contention that the
12 extended regulatory lag in Alaska adversely affects ENSTAR’s ability to recover
13 fully the operating and capital costs associated with new investment. Because
14 these costs must be borne by ENSTAR’s owners and are reflected in lower net
15 income, this regulatory lag increases the perceptions of the risks associated with
16 investing in new plant.
17

18 (b) See objections and response to subpart (a) above.

19 (c) See objections and response to subpart (a) above.

20 (d) See objections and response to subpart (a) above.

21 (e) Dr. Fairchild does not know whether AltaGas considers Alaska an
22 “attractive jurisdiction”.
23
24
25

1 (f) Dr. Fairchild is not aware of whether AltaGas represents to its
2 shareholders that its strategy is “to acquire assets in attractive jurisdictions”.

3 **Person(s) Supplying Information:** Counsel; Dr. Bruce Fairchild.
4

5
6 **AG-ENSTAR-R1-6.** Refer to the Prefiled Reply Testimony of
7 Bruce H. Fairchild at 10 that states in part: “While interim rates mitigate some of the
8 negative effects of an extended statutory timeframe for a rate case in Alaska, a year-end
9 rate base will further lessen the adverse effects of regulatory lag”

10 (a) Admit that this would be true for every regulated utility in Alaska.

11 (b) If the response to subpart (a) is anything other than an unqualified
12 admission of the truth of the matter asserted, state what Dr. Fairchild believes the truth
13 of the matter to be.
14

15 **Response:**

16 (a) Admit.

17 (b) See response to subpart (a) above.
18

19 **Person(s) Supplying Information:** Dr. Bruce Fairchild.
20

21 **AG-ENSTAR-R1-7.** Refer to the Prefiled Reply Testimony of
22 Bruce H. Fairchild at 10 that states in part: “. . . a year-end rate base will further lessen
23 the adverse effects of regulatory lag, especially for utilities like ENSTAR that are
24

1 **AG-ENSTAR-R1-9.** Refer to the Prefiled Reply Testimony of
2 Bruce H. Fairchild at 12 that states in part: "ENSTAR intentionally included the
3 13-month average balance during the test year of Stored Gas, Material and Supplies,
4 and Prepaid Expenses in rate base, and Ms. Fairchild-Hamilton's conclusion that '(t)his
5 results in a mismatch between various rate base items' is incorrect."

6
7 (a) Is Dr. Fairchild aware of any Alaska Commission precedent authorizing a
8 utility to use year-end rate base for plant balances while at the same time authorizing
9 use of 13-month average balances for Stored Gas, Materials and Supplies, and Prepaid
10 Expenses?

11 (b) If the response to subpart (a) is affirmative, identify the Commission
12 precedent/decision.
13

14 **Response:**

15 (a) No, nor is Dr. Fairchild aware of any instance where this has been an issue
16 addressed by the Commission.

17 (b) See response to subpart (a) above.
18

19 **Person(s) Supplying Information:** Dr. Bruce Fairchild.
20

21 **AG-ENSTAR-R1-10.** Refer to the Prefiled Reply Testimony of
22 Bruce H. Fairchild at 13 that states: "Ms. Fairchild-Hamilton's statement that ENSTAR
23 has made no effort to account for these variables [weather and economic factors] is a
24

1 (i) See responses to subparts (a) and (e) above.

2 **Person(s) Supplying Information:** Dr. Bruce Fairchild.

3
4 **AG-ENSTAR-R1-11.** Refer to the prefiled reply testimony of
5 Bruce H. Fairchild at 14, lines 9-10 where Dr. Fairchild states: "She
6 [Ms. Fairchild-Hamilton] appears to assume that much of this plant will not be used
7 until 2016." Why does Dr. Fairchild conclude that Ms. Fairchild-Hamilton makes any
8 assumptions regarding when "this plant" became used and useful?
9

10 **Response:** Ms. Fairchild-Hamilton suggests that ENSTAR should have adjusted
11 its customer count beyond the test year into 2016 because a portion of the plant
12 investment made during the test year was to serve new customers. However,
13 regardless of whether rate base is measured using a 13-month average or test
14 year-end, new customers are included in test year billing units and matched with
15 the plant investment made to serve them. The only valid reason to adjust billing
16 units associated with customers added in 2016 would be if some investment
17 made in 2015 was used to serve customers that did not commence service until
18 2016; therefore, this is what she must have assumed.
19

20
21 **Person(s) Supplying Information:** Dr. Bruce Fairchild.

22
23 **AG-ENSTAR-R1-12.** Refer to the Prefiled Reply Testimony of
24 Bruce H. Fairchild at 14-15 that states in part: "Her [Ms. Fairchild-Hamilton's]
25

1 contention fails to recognize that most of the new plant placed into service during 2015
2 did not replace older plant. ENSTAR will continue to incur the same O&M expense on
3 the older plant, but it will now also incur additional O&M expenses on the new plant."

4 (a) Identify the amount of plant placed into service during the test year that
5 did replace older plant.
6

7 (b) State the cost of the plant identified in the response to subpart (a).

8 (c) Does Dr. Fairchild contend that ENSTAR will still incur the same O&M
9 expense on the plant that was replaced by the new plant identified in the response to
10 subpart (a)?
11

12 (d) If the response to subpart (c) is affirmative, explain.

13 (e) If the response to subpart (d) is negative, state the amount of reduced
14 O&M expense and provide all supporting calculations, workpapers and documents.

15 (f) Admit that ENSTAR's operating expenses were over \$15 million lower in
16 2016 than they were during the 2015 test year.
17

18 (g) If the response to subpart (f) is negative, state the amount of reduced
19 operating expense and provide all supporting calculations, workpapers and documents.

20 (h) Admit that ENSTAR's 2016 total utility operating expenses were
21 \$12 million lower than they were in the 2015 test year.

22 (i) If the response to subpart (h) is negative, state the amount of reduced total
23 utility operating expense and provide all supporting calculations, workpapers and
24 documents.
25

(j) Admit that ENSTAR's 2016 total utility operating expenses, net of purchased gas costs, were 4.2 million lower than they were during the 2015 test year.

(k) If the response to subpart (j) is negative, state the amount of reduced total utility operating expense net of purchased gas costs and provide all supporting calculations, workpapers and documents.

(l) Refer to and compare ENSTAR's requested operating expense in its TA filing at Attachment B, page 4; [Revised] Prefiled Testimony of Janet K. Fairchild-Hamilton at Q/A 114; and ENSTAR 2016 Annual Operating Report filed March 31, 2017, pp 317-325 line 68 & pp114-115 line 23.

(i) Admit that RAPA's recommended operating expense, less cost of gas, is \$60,763,665.

(ii) Admit that ENSTAR's requested operating expense, less cost of gas, is \$70,699,597 (Attachment B, page 4 shows total utility operating expense of \$289,307,686 ($272,272,074 + 17,035,612 = 289,307,686$) less cost of gas: $289,307,686 - 218,608,089 = 70,699,597$).

(iii) Admit that ENSTAR's reported 2016 annual operating expense, less cost of gas, was \$61,147,087.

(iv) If the response to subparts (l)(i) through (iii) was anything other than an unqualified admission of the truth of the matter asserted, state what ENSTAR believes the truth of the matter to be.

Response:

(a) No analyses have been performed to determine the total amount of plant placed into service during the test year that replaced older plant.

(b) See response to subpart (a) above.

(c) Dr. Fairchild's contention is that ENSTAR will continue to operate and maintain all of its plant using its existing cadre of field personnel. There are no quantifiable decreases or increases in O&M expenses that can be directly attributed to specific plant replaced or added during the test year.

(d) See response to subpart (c) above.

(e) See response to subpart (c) above.

(f) Dr. Fairchild has made no analyses of O&M expenses beyond those in the test year.

(g) See response to subpart (f) above.

(h) See response to subpart (f) above.

(i) See response to subpart (f) above.

(j) See response to subpart (f) above.

(k) See response to subpart (f) above.

(l)

(i) RAPA's testimony regarding its recommendation operating expenses, less gas costs, speaks for itself.

1 (ii) ENSTAR is requesting operating expenses, less gas costs, of
2 \$53,663,985 (\$272,272,074 minus \$218,608,089) be included in revenue
3 requirements. ENSTAR is also requesting that taxes other than income of
4 \$17,035,612 be included in revenue requirements. The combined total of
5 net operating expenses and taxes other than income is \$70,699,597.
6

7 (iii) See response to subpart (f) above.

8 (iv) See response to subpart (l)(iii) above.

9 **Person(s) Supplying Information:** Dr. Bruce Fairchild.
10

11 **AG-ENSTAR-R1-13.** Refer to the Prefiled Reply Testimony of
12 Bruce H. Fairchild at 15, referring to page 19 of Ms. Fairchild-Hamilton's testimony
13 and that states in part: "First, because the savings from the CINGSA Lateral will be
14 reflected in ENSTAR's GCA, no adjustment to the O&M expenses included in the
15 revenue requirement is necessary."
16

17 (a) Admit that Ms. Fairchild-Hamilton's testimony does not state that any
18 savings reflected in ENSTAR's GCA require an adjustment to O&M expenses in the
19 revenue requirement.
20

21 (b) If the response to subpart (a) is anything other than an unqualified
22 admission of the truth of the matter asserted, state what Dr. Fairchild believes the truth
23 of the matter to be.
24

1 (c) Refer to the Prefiled Direct Testimony of Jared B. Green at 21 that states
2 in part:

3 . . . installation of a new 4.2-mile transmission pipeline from the
4 CINGSA storage facility to connect directly into the ENSTAR
5 transmission system, creating redundancy of access to CINGSA,
6 saving ENSTAR's customers in the cost to transport gas, and
7 conserving energy by allowing CINGSA's higher pressure gas to
flow into the transmission system without the need for pressure
decreases and later recompression

8 (i) Identify where the savings referred to by Mr. Green from the
9 CINGSA Lateral are shown in ENSTAR's revenue requirement.

10 (ii) If the savings were not reflected in ENSTAR's revenue
11 requirement, explain.

12 **Response:**

13
14 (a) Ms. Fairchild-Hamilton's testimony regarding the lack of synchronization
15 as a result of reduced transportation costs resulting from the installation of the
16 CINGSA lateral speaks for itself.

17 (b) Ms. Fairchild-Hamilton's testimony contends that ENSTAR did not
18 properly synchronize year-end plant balances with reduced transportation costs
19 resulting from the installation of the CINGSA lateral, but as explained by Dr.
20 Fairchild her contention is incorrect. See page 15, lines 6-16 of Dr. Fairchild's
21 testimony for an explanation of why no adjustments to operating expenses for
22 potential savings from the CINGSA lateral are necessary to match year-end
23 plant.
24
25

1 (c)

2 (i) As stated on page 15, lines 11-12 of Dr. Fairchild's Reply
3 Testimony, the savings in gas transportation costs attributable to the
4 CINGSA lateral will be reflected ENSTAR's Gas Cost Adjustment
5 (GCA). As Dr. Fairchild further notes, the most GCA that was effective
6 July 1, 2016 was used in the preparation of the revenue requirement.
7

8 (ii) See response to subpart (c)(i) above.

9 **Person(s) Supplying Information:** Dr. Bruce Fairchild.

10
11 **AG-ENSTAR-R1-14.** Refer to the Prefiled Reply Testimony of
12 Bruce H. Fairchild at 17-18 discussing an increase in insurance premiums and referring
13 to Exhibit BHF-4.
14

15 (a) Please provide copies of all documents and information quantifying all
16 2015 and 2016 insurance premium increases referred to by Dr. Fairchild, including
17 invoices showing annual premiums.
18

19 (b) State ENSTAR's actual annual insurance premium for each insurance
20 policy shown on BHF-4 for 2016 and produce all supporting invoices and proof of
21 payment.

22 **Response:**

23 (a) In addition to the General Objections, ENSTAR objects to this request as
24 it misrepresents Dr. Fairchild's Prefiled Reply Testimony and requests
25

1 (f) If the response to subpart (e) is anything other than an unqualified
2 admission of the truth of the matter asserted, state what Mr. Dieckgraeff believes the
3 truth of the matter to be.

4 (g) Admit that Order U-84-059(15) does not identify synchronization of the
5 economy's impact on revenue as a disputed issue.

6
7 (h) If the response to subpart (g) is anything other than an unqualified
8 admission of the truth of the matter asserted, state what Mr. Dieckgraeff believes the
9 truth of the matter to be.

10 **Response:**

11 (a) Admit.

12 (b) See response to subpart (a) above.

13 (c) Admitted.

14 (d) See response to subpart (c) above.

15 (e) Admit.

16 (f) See response to subpart (e) above.

17 (g) Admit.

18 (h) See response to subpart (g) above.

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

22
23 **AG-ENSTAR-R1-23.** Refer to the Prefiled Reply Testimony of

24 Daniel M. Dieckgraeff at 16-17 that states in part:

1 Any major savings realized from the CINGSA Lateral are realized
2 as savings to customers through the reduction transportation
3 charges or through reduced compressor gas usage, which are both
4 reflected in the GCA. It should be noted that ENSTAR's GCA
5 includes transportation costs on gas purchased, not just on gas
6 withdrawn from CINGSA. Further, during most of the time since
7 the CINGSA Lateral was operational, KBPL was operating under a
significantly increased interim and refundable rate. Thus, any
superficial comparison of total costs reported in ENSTAR's GCA
pre- and post-CINGSA Lateral are incorrect and thus not relevant
to this discussion.

8 Compare Mr. Dieckgraeff's above testimony with the Prefiled Direct Testimony
9 of Jared B. Green at 21 that states in part:

10 ... installation of a new 4.2-mile transmission pipeline from the
11 CINGSA storage facility to connect directly into the ENSTAR
12 transmission system, creating redundancy of access to CINGSA,
13 saving ENSTAR's customers in the cost to transport gas, and
14 conserving energy by allowing CINGSA's higher pressure gas to
flow into the transmission system without the need for pressure
decreases and later recompression.

15 (a) Is Mr. Dieckgraeff contending that the savings referred to by Mr. Green
16 only involve costs that are solely recovered through ENSTAR's GCA?

17 (b) If the response to subpart (a) is negative, identify the cost savings from the
18 CINGSA Lateral that are not part of costs recovered through ENSTAR's GCA.

19 (c) Is Mr. Dieckgraeff contending that the KBPL's interim rates eliminated
20 CINGSA Lateral cost savings to ENSTAR customers?

21 (d) If the response to subpart (c) is negative, identify the savings arising from
22 the CINGSA Lateral that ENSTAR customers realized during the time period when
23 KBPL's interim rates were in effect.
24

1 (e) Does Mr. Dieckgraeff contend now that KBPL has permanent rates in
2 effect, that the CINGSA Lateral results in savings to ENSTAR's customers?

3 (f) If the response to subpart (e) is negative, explain.

4 (g) If the response to subpart (e) is affirmative, identify the savings and state
5 whether the costs savings are part of ENSTAR's GCA or are costs included in
6 ENSTAR's revenue requirement.
7

8 (h) Admit that KBPL's interim (temporary) rates were established by Order
9 P-16-004(1) on June 30, 2016, more than six months after the close of the 2015 test year
10 used in ENSTAR's revenue requirement.

11 (i) If the response to subpart (h) is anything other than an unqualified
12 admission of the truth of the matter asserted, state what ENSTAR believes the truth of
13 the matter to be.
14

15 **Response:**

16 (a) No. What Mr. Dieckgraeff is contending is stated in the first sentence of
17 the cited passage from his Prefiled Reply Testimony, "Any major savings
18 realized from the CINGSA Lateral are realized as savings to customers through
19 the reduction transportation charges or through reduced compressor gas usage,
20 which are both reflected in the GCA."
21

22 (b) ENSTAR has not performed the requested calculation.

23 (c) No.

24 (d) ENSTAR has not performed the requested calculation.
25

1 (e) Yes.

2 (f) See the response to subpart (e) above.

3 (g) ENSTAR has not performed the requested calculation, however, on its
4 face, the CINGSA Lateral allows CINGSA customers that are shipping their
5 withdrawn gas on ENSTAR to avoid paying an additional transportation rate on
6 KBPL of \$0.3705 per Mcf, which is significantly more than the impact on the
7 KBPL rate of the removal of the CINGSA Lateral withdrawal volumes. See also
8 the response to subpart (a) above.
9

10 (h) Admitted.

11 (i) See the response to subpart (h) above.
12

13 **Person(s) Supplying Information:** Daniel Dieckgraeff.
14

15 **AG-ENSTAR-R1-24.** Refer to the Prefiled Reply Testimony of
16 Daniel M. Dieckgraeff at 23 that states in part: "At the time, it was believed that the
17 costs related to storing gas should be accounted for like carrying costs related to any
18 other inventory item." Also refer to ENSTAR's request in this Docket for approval of a
19 new methodology for allocating certain storage fees associated with the CINGSA
20 storage facility to ENSTAR's gas sales customers, which was approved in Order
21 U-16-066(6).
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