

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 Request Filed by the)
MUNICIPALITY OF ANCHORAGE d/b/a)
MUNICIPAL LIGHT & POWER DEPARTMENT for) U-16-064
Approval to Establish Depreciation Rates)
_____)

In the Matter of the Tariff Revision Designated as)
TA357-121 Filed by the MUNICIPALITY OF)
ANCHORAGE d/b/a MUNICIPAL LIGHT &) U-17-008
POWER DEPARTMENT)
_____)

**MUNICIPAL LIGHT & POWER'S RESPONSE TO
PROVIDENCE HEALTH & SERVICES' SEVENTH REQUEST FOR DISCOVERY
(PHS-MLP-7)**

The Municipality of Anchorage d/b/a Municipal Light & Power ("ML&P"), hereby responds to the Providence Health & Services' ("PHS") seventh request for discovery. All responses to discovery are prepared by ML&P in consultation with counsel. Witnesses at hearing will be available for cross-examination on their testimony. Documents produced in response to these requests will also be stored in an electronic document management sharefile site accessible with login credentials that have been or will be provided as requested to the counsel, analysts, and consultants for PHS, AG, ANTHC, ENSTAR, FEA, and JLP.

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

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PHS-MLP-7

Date: 11/21/17 Exh # H-13
Regulatory Commission of Alaska
U-16-094 By: CPT U-17-008
Northern Lights Realtime & Reporting, Inc.
(907) 337-2221

Person(s) Supplying Information: Bente Villadsen.

XII. REVENUE REQUIREMENT STUDY

Request for Admission (No. PHS-MLP-7-60): Admit that the rate increase proposed in this docket, assuming the Revenue Stabilization Plan *is not* approved, constitutes a rate shock to ML&P's retail customers. If your answer is anything other than an unqualified admission, state what you believe the truth of the matter to be, including and explanation of what *does* constitute rate shock.

Response: ML&P can neither admit nor deny this request, because ML&P is not aware of any objective definition of the term "rate shock."

Person(s) Supplying Information: Anna Henderson.

Request for Admission (No. PHS-MLP-7-61): Admit that the rate increase proposed in this docket, assuming the Revenue Stabilization Plan *is* approved, constitutes a rate shock to ML&P's retail customers. If your answer is anything other than an unqualified admission, state what you believe the truth of the matter to be, including and explanation of what *does* constitute rate shock.

Response: ML&P can neither admit nor deny this request, because ML&P is not aware of any objective definition of the term "rate shock."

Person(s) Supplying Information: Anna Henderson.

XIII. LABOR

Interrogatory (No. PHS-MLP-7-62): PHS-MLP-1-28(a)-(c) asked for a breakdown of ML&P's 2015 labor costs by employee category. PHS-MLP-1-28(f) asked for the

MUNICIPAL LIGHT & POWER'S RESPONSE TO
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1 labor capitalization ratio of those expenses. ML&P produced spreadsheet MLP16884 in
2 response. In this regard:

3 (a) The spreadsheet shows less than \$22.8 million in total labor costs in 2013
4 and 2014, jumping to over \$25.5 million in 2015 and remaining above \$24.8 million in 2016.
5 What explains this increase in labor costs?

6 (b) Does ML&P believe labor costs will remain elevated or increase from
7 2017 into the future, or return to lower levels comparable to 2012-2013?

8 (c) The spreadsheet shows a marked increase in the capitalization ratio for
9 IBEW labor expenses in 2016, compared to 2013-2015. What caused this increase? Does
10 ML&P expect it to continue into the future, and why or why not?

11
12 **Response:** (a) Labor costs increased in 2015 and 2016 due to a variety of
13 factors: cost of living raises, more overtime in 2015 and 2016 due to Plant 2A related projects,
14 and filling of vacancies.

15 (b) ML&P expects to continue to strive for full employment of necessary
16 positions, however, the overtime associated with Plant 2A construction and SAP implementation
17 will no longer be a factor.

18 (c) Most of the increase in IBEW capitalized labor at the end of 2016 is
19 attributable to bringing Plant 2A online. ML&P does not have any construction projects of that
20 magnitude planned for the near future. ML&P expects its capitalized labor to be at a level to
21 complete necessary construction projects throughout the upcoming years.

22
23 **Person(s) Supplying Information:** Mollie Morrison.

