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STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

Before Commissioners: Stephen McAlpine, Chairman
Paul F. Lisankie
Rebecca Pauli
Robert M. Pickett
Janis W. Wilson

In the Matter of the Tariff)
Revision Designated as TA299-4)
Filed by ENSTAR NATURAL GAS) U-18-004
COMPANY, A DIVISION OF SEMCO)
ENERGY, INC.)

REGULATORY COMMISSION OF ALASKA
701 West 8th Avenue, Suite 300
Anchorage, Alaska 99501

PREHEARING CONFERENCE
February 16, 2018
9:30 a.m.

1 APPEARANCES:

2 For ENSTAR Natural Gas Company:

3 ENSTAR NATURAL GAS COMPANY

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4 P.O. Box 190288

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5 BY: MOIRA K. SMITH

6 For the Attorney General:

7 ATTORNEY GENERAL'S OFFICE

STATE OF ALASKA, DEPARTMENT OF LAW

8 1031 West 4th Avenue, Suite 200

Anchorage, Alaska 99501

9 BY: JEFFREY WALLER

10 For Homer Electric Association:

11 PERKINS COIE, LLP

The PSE Building

12 10885 Northeast 4th Street, Suite 700

Bellevue, Washington 98004-5579

13 BY: PAMELA J. ANDERSON (via telephone)

14 Also Present:

Janet Fairchild-Hamilton

15 Mikel Salzetti

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1 P R O C E E D I N G S

2 ALJ DAVIS: Good morning. It is
3 approximately 9:30 on February 16th, 2018 in the
4 Commission's hearing room in Anchorage, Alaska.
5 This is the time and place set for a prehearing
6 conference in Docket U-18-004 entitled, In the
7 Matter of the Tariff Revision Designated as
8 TA299-4 Filed by ENSTAR Natural Gas Company, a
9 Division of Semco Energy.

10 This prehearing conference was scheduled by
11 Order U-18-004(1) issued January 19th, 2018.
12 Jeffrey Davis, administrative law judge for the
13 Commission presiding. On the dais with me are
14 Commissioners Jan Wilson and Rebecca Pauli. This
15 conference is being recorded. A transcript will
16 be prepared and available on the Commission's
17 website within the week.

18 The purpose of this morning's prehearing
19 conference is to establish a procedural schedule
20 as well as to address any other matters that may
21 expedite the orderly conduct of this docket. At
22 this time, I would like to have the
23 representatives of the parties identify themselves
24 and their clients.

25 MS. SMITH: Good morning, Your

1 Honor. Good morning, Commissioners. My name is
2 Moira Smith, and I am vice president and general
3 counsel of ENSTAR Natural Gas Company and of Cook
4 Inlet Natural Gas Storage Alaska. And I'm here in
5 this portion of the prehearing conference
6 representing ENSTAR and will represent CINGSA in
7 the 10:00, depending on whether we consolidate.

8 ALJ DAVIS: Thank you.

9 MR. WALLER: Good morning, Your
10 Honor. Jeff Waller and Janet Fairchild-Hamilton
11 for the attorney general's office. And I want to
12 take a moment to apologize for my casual attire.
13 It's Friday. And when I got up this morning, I
14 decided to jog to work instead of bike to work.
15 And I forgot to pack a dress shirt.

16 This is -- Mr. Ptacin is the main lead on
17 this case and I'm filling in for him. So I
18 apologize for my casual attire. I'm not trying to
19 bring back Miami Vice.

20 ALJ DAVIS: Thank you.

21 MR. SALZETTI: Good morning. My
22 name is Mike Salzetti. I'm with Homer Electric
23 Association. And our attorney Pam Anderson is on
24 the phone.

25 ALJ DAVIS: Thank you. We have

1 several matters to address in this. One of which
2 is setting a procedural schedule. And that will
3 involve answering the question of whether direct
4 testimony is going to be submitted.

5 Before we begin, have the parties reached any
6 stipulations or any settlements in this matter?

7 MS. SMITH: No, Your Honor. There
8 is a stipulated confidentiality order. We've
9 already -- ENSTAR has already received discovery
10 in this matter that implicates confidential and
11 highly confidential matters. So we have a draft
12 or a proposed confidentiality order to which all
13 of the parties have agreed. But that's as far as
14 we've gotten.

15 ALJ DAVIS: Is there settlement
16 discussions in the works on this? Is that what
17 you're saying, or is that just something for the
18 purposes of the hearing?

19 MS. SMITH: The confidentiality
20 order is for the purpose of discovery.

21 ALJ DAVIS: Okay. So all right.

22 MS. SMITH: Yeah.

23 ALJ DAVIS: So that answers that.
24 This is going to hearing. We're here to set a
25 procedural schedule and move forward, is that --

1 MS. SMITH: That's what my
2 understanding was.

3 ALJ DAVIS: Okay. We also have to
4 address the HEA motion to intervene. Would the
5 Commissioners -- hold on a second.

6 COMMISSIONER WILSON: The HEA
7 motion to intervene has not been adjudicated by
8 the Commission. But HEA may participate today as
9 though it is a party.

10 ALJ DAVIS: So we will then issue a
11 written order or an official order sometime later
12 for the petition to intervene. We'll just proceed
13 as if you are a party.

14 Has anyone come to -- do we have a draft
15 procedural schedule, or is this where I should
16 tell you the dates and then set you guys loose to
17 figure it out yourselves?

18 MS. SMITH: I think we're close.
19 We've exchanged certain drafts, but we are not
20 quite there yet. So we may need to take a brief
21 at ease or go off record for a moment so we can
22 sort of finalize the schedule.

23 ALJ DAVIS: 15 minutes? Half an
24 hour?

25 MS. SMITH: 15 minutes should be

1 adequate. And a couple questions, Your Honor.
2 One is: Would the Commission -- is it the
3 Commission's intention to consolidate these two
4 matters?

5 ALJ DAVIS: What -- before we go
6 into that, let me get each party's opinion on that
7 if you wouldn't mind.
8 Would ENSTAR?

9 MS. SMITH: ENSTAR and CINGSA are
10 indifferent. ENSTAR's -- well, CINGSA's proposal
11 was that perhaps it might make sense to stay
12 U-18-005 pending the resolution of U-18-004, since
13 U-18-005 concerns the simple question as to
14 whether CINGSA may amend its FSS agreement with
15 one of its firms customers.

16 And the concerns that the Commission -- that
17 I understood the Commission to articulate in its
18 order had more to do with ENSTAR's gas supply
19 plans and storage plans for peak day
20 deliverability.

21 It's my understanding that that's not agreed
22 to by all parties. And so ENSTAR and CINGSA are
23 amenable to consolidating the two dockets and just
24 proceeding in a consolidated manner.

25 ALJ DAVIS: Thank you.

1 Attorney general?

2 MR. WALLER: Thank you, Your Honor.

3 Ms. Smith is correct, she proposed to us that
4 maybe we table the CINGSA matter. But in our
5 investigation, we're going to need to probably
6 propound -- not probably -- definitely propound
7 some discovery to CINGSA on a couple areas when
8 we're trying to look through and work through what
9 we think RAPA's recommendation will end up being.

10 And so we will need some information. And
11 that's kind of hard if that case has been tabled
12 or stayed. So there may be some solutions or some
13 other things that need to be done to make sure
14 that this all meshes together, which would include
15 CINGSA. So we don't know what those are, but we
16 need to do our investigation.

17 As far as consolidation, that seems to make
18 the most sense. So that at the minimum, if we're
19 going to have a hearing, we may have to have -- if
20 we have to have a hearing, if we go that far, in
21 the short timeframe we're having here, I don't see
22 how we are going to get two in. If we do them
23 both together, that makes more sense.

24 And the same thing on discovery and things
25 like that since they are dealing with the same

1 problem from two different ends, it may make sense
2 to have them all together. So I believe RAPA and
3 the AG's preference will be to have them
4 consolidated. Thank you.

5 ALJ DAVIS: Thank you.

6 Homer Electric?

7 MS. ANDERSON: Your Honor, this is
8 Pam Anderson. We would be agreeable to either
9 approach. We could understand the position that
10 ENSTAR and CINGSA were taking, which is that it's
11 likely that whatever would come out of the ENSTAR
12 proceeding is going to drive what CINGSA does with
13 regard to this contract.

14 But we certainly wouldn't oppose if the
15 decision is made to consolidate for efficiency
16 reasons. I would tend to agree with Mr. Waller
17 that trying to have two separate hearings would be
18 probably not efficient.

19 I'd like also just to note for the record,
20 since you asked about Homer's participation, that
21 both the attorney general and ENSTAR did not
22 oppose our motion to intervene. But it is correct
23 that it has not yet been granted.

24 ALJ DAVIS: Thank you. We will
25 take all that under advisement for now.

1 To get back to the procedural schedule, what
2 date did you have -- did you have a potential
3 hearing date? Because we have what our druthers
4 would be.

5 MS. SMITH: We had -- I'm very
6 curious to hear about your druthers. We had
7 actually, I think, all agreed on July 11th through
8 the 13th. There is --

9 COMMISSIONER WILSON: Would that
10 include an extension of the statutory timeline?

11 MS. SMITH: It would. It's worth
12 noting that ENSTAR faces decisions as to whether
13 to exercise an option under its APL14 gas sales
14 agreement on March 15th of this year. And so one
15 of the challenges we have is, on the one hand
16 we're fairly indifferent as to how long it goes as
17 long as we know before next heating season.

18 On the other hand, in the '18 and '19 heating
19 season we have immediate decisions to make. And
20 so we may have conversations about that, and there
21 may be an approach we can take to deal with that.

22 ALJ DAVIS: Yes.

23 MR. WALLER: Your Honor, yes,
24 Ms. Smith is correct on that. There are some
25 things that need to be decided quickly. And we

1 are discussing internally among RAPA trying to
2 come up with a creative solution that will allow
3 us to properly take the time we need in this
4 docket but deal with the immediate deadline they
5 have of March 15th -- is that correct?

6 MS. SMITH: That's correct, yes.

7 MR. WALLER: -- to make a decision
8 on whether to exercise an option for a certain
9 supply or not that's implied in this case. But we
10 think there's probably a solution that will allow
11 us to do both. We're just trying to work through
12 it at RAPA to get back to ENSTAR.

13 ALJ DAVIS: Thank you.

14 Commissioner Pauli?

15 COMMISSIONER PAULI: And would it
16 be the parties' intent that that solution would
17 come before this body for approval?

18 MS. SMITH: Yes, Your Honor.

19 MR. WALLER: Yes.

20 COMMISSIONER PAULI: So how much
21 time are you going to give this body to take a
22 look at what solution it is and consider it prior
23 to March 15th?

24 I mean, what are we talking about here?

25 We're already -- I mean, four weeks. So how much

1 time are you planning on taking?

2 MR. WALLER: Well, since I'm the
3 one taking the time right now, I will try to
4 respond. We need to do some more discussing next
5 week. Monday is a holiday. So we'll try to work
6 out some possible proposal. And if we work out a
7 proposal, it would probably be something along the
8 idea of a temporary solution that has no impact on
9 the decision in this case.

10 So it would be more of a, Here's a temporary
11 solution that satisfies A, B, and C. If the
12 Commission thinks it's okay, go ahead. I'm hoping
13 we can get something that will give you at least a
14 few weeks to look at it. But you are correct, we
15 are pressed for time. So we're trying to do the
16 best we can.

17 COMMISSIONER PAULI: Thank you.

18 ALJ DAVIS: What were the dates of
19 the hearing in July? I missed that. July?

20 MS. SMITH: 11th through the 13th.

21 ALJ DAVIS: Yeah. And this is why
22 I bring this up. Because according to my
23 calendar, we have a public hearing in U-17-080,
24 and U-17-081 scheduled to begin on July 9th and
25 run through the 18th.

1 MS. SMITH: Okay. I'm glad we had
2 this conversation. We will take that into
3 account.

4 ALJ DAVIS: So do we want to pause
5 until 10:00 while you guys work on a procedural
6 schedule?

7 MS. SMITH: Yes, Your Honor. And
8 perhaps now would be a good time for me to
9 formally move that the two dockets be consolidated
10 so that we don't -- maybe we can avoid the
11 10:00 a.m. start to the CINGSA portion of the
12 hearing.

13 ALJ DAVIS: We will get back to
14 that. We will give you an answer on that motion.

15 COMMISSIONER PAULI: And while we
16 still need to hear from the other parties, when is
17 ENSTAR -- excuse me -- when is CINGSA to file its
18 rate case?

19 MS. SMITH: CINGSA's rate case is
20 due by April 30th.

21 COMMISSIONER PAULI: Okay. So I
22 would expect that any discussions take into
23 account whatever is going to need to be done for
24 that so that then we're not coming back with more
25 delays and somebody saying, well, but we've got to

1 prepare or we've got to do that. So everybody
2 knows what's on the horizon.

3 ALJ DAVIS: AG response to the
4 motion?

5 MR. WALLER: We support the motion
6 and do not oppose it. A quick clarification
7 question, Your Honor. You mentioned there's
8 already a hearing going from July 9th through
9 July 18th.

10 ALJ DAVIS: Yes.

11 MR. WALLER: That would mean we're
12 either going to have to move what we have before
13 or after. So my question is this: Does the
14 Commission have, if you can say, an opposition to
15 maybe we start the next hearing like a day off and
16 you start another hearing or -- I know I don't
17 like things like that.

18 I probably usually like to have a week off.
19 But we don't want to come back and say -- you
20 know, pick like July 20th and the Commission say,
21 No, we want to week off.

22 ALJ DAVIS: I understand. The
23 schedule as of now is July 9th through the 18th.
24 And that is -- so that would be a Wednesday it
25 would end. The next week, the 23rd through 27th,

1 appears to be clear, as does the 30th through
2 August 3rd. So those next weeks are open. The
3 prior week is Independence Day week. That's a
4 Wednesday off.

5 MS. SMITH: And just --

6 COMMISSIONER WILSON: New
7 information. The hearing scheduled for the 9th
8 through the 18th is now not going to happen. So
9 the calendar has not been updated apparently.

10 ALJ DAVIS: My apologies. Your
11 dates work. So with that, let's go off record
12 until 10:00 a.m. And then we will -- oh, sorry.
13 Homer response to the motion for consolidation?

14 MS. ANDERSON: Your Honor, we do
15 not oppose the motion.

16 ALJ DAVIS: Okay. Thank you. And
17 we will be off record until 10:00 a.m.

18 (Off record.)

19 ALJ DAVIS: We're back on record.
20 Have the parties reached a proposed schedule?

21 MS. SMITH: We have, Your Honor.
22 And Mr. Waller will relay that to the Commission.

23 MR. WALLER: In fact, Your Honor, I
24 can read them into the record if you would like,
25 or I can write down the two deadlines that aren't

1 on this part because we were just talking about
2 the back end of the schedule. I can hand it to
3 you so you have it all written down, or I can
4 e-mail it to you.

5 ALJ DAVIS: How about you hand it
6 to me and you also e-mail it.

7 MR. WALLER: Okay.

8 ALJ DAVIS: I like to double up
9 things. There's no need to read, but...

10 MR. WALLER: All right. So what
11 I'll need to do real quickly is we have a date
12 for -- the only date that hasn't expired would be
13 when ENSTAR/CINGSA files -- well, we don't know if
14 they're going to be consolidated. But ENSTAR and
15 the utilities file their direct testimony when the
16 discovery on that opens. So I'll add this to the
17 list real quick.

18 ALJ DAVIS: Okay.

19 MR. WALLER: So, Your Honor, I will
20 e-mail that to you also when I get back to the
21 office.

22 ALJ DAVIS: Thank you. And this is
23 also going to require an extended statutory
24 deadline, correct?

25 MS. SMITH: Correct, Your Honor.

1 And I -- we did not discuss that date. If we add
2 90 days to July 13th, we get to, I think,
3 October 13th. I'm not sure if that's a weekday.

4 ALJ DAVIS: October 13th is a
5 Saturday.

6 MS. SMITH: How about October 12th?

7 ALJ DAVIS: October 12th would
8 be --

9 COMMISSIONER PAULI: The 12th is a
10 holiday.

11 MR. WALLER: It's got to be
12 somewhere close to some kind of holiday.

13 COMMISSIONER PAULI: 17th is Alaska
14 Day.

15 MR. WALLER: The 18th is Alaska
16 Day, and that is a Thursday.

17 ALJ DAVIS: All right. I've been
18 informed that we have quite a few deadlines in
19 October. Would it be possible to extend this to
20 November 1st?

21 MS. SMITH: Let me check with our
22 senior manager of gas supply. Because, you know,
23 uncertainty as to deliverability going into the
24 winter heating season is a big deal. And not
25 having it until October is already pushing it. So

1 let me double-check with her as to November.

2 ALJ DAVIS: Okay. We'll take a
3 five-minute break and go off record.

4 (Off record.)

5 MS. SMITH: Thank you for that
6 indulgence. That's fine. Thank you. ENSTAR
7 consents to the extension of the statutory
8 deadline until November 1st and so does CINGSA.

9 ALJ DAVIS: That was my next
10 question.

11 AG?

12 MR. WALLER: We also agree to the
13 extension to the statutory deadline to that date.

14 ALJ DAVIS: And Homer Electric?

15 MS. ANDERSON: We would also agree,
16 Your Honor.

17 MR. WALLER: November 1st is a
18 Thursday.

19 ALJ DAVIS: Okay. So here is the
20 plan. We're going to take these dates under
21 advisement. We're not issuing any decisions on
22 the motion to consolidate or the intervention.
23 And we're going to take this advised schedule
24 under -- this schedule under advisement.

25 But I do want to state that as of now this is

1 not consolidated, so this procedural schedule as
2 is is for two separate dockets but sharing the
3 same dates as of now. And we will address this
4 further whenever we issue a written order with the
5 procedural schedule.

6 Are there any further issues before we end
7 this prehearing conference?

8 MR. WALLER: Your Honor, we do have
9 an agreed order on confidential discovery
10 materials. RAPA has agreed to comply with it even
11 if it isn't in yet since HEA has not been
12 officially ruled upon, their intervention. I
13 don't know how critical it is, but we can send it
14 to you under -- Moira, could you send it to them
15 under just the ENSTAR caption?

16 MS. SMITH: I think at this point,
17 given what I understand the lay of the land to be,
18 what I would propose to do is file an unopposed
19 petition for entry of a confidentiality order in
20 both dockets. And we can probably do that on
21 Tuesday.

22 ALJ DAVIS: I think that sounds
23 like a good --

24 MS. SMITH: And given that
25 discovery is outstanding, there are items that

1 ENSTAR has held back that would have the highly
2 confidential designation because they involve
3 ongoing gas supply negotiations. So if I can
4 respectfully request that the Commission turn to
5 it sooner rather than later, that will get RAPA
6 the information they need to then be able to maybe
7 have conversations about moving this thing along.

8 ALJ DAVIS: All right. We'll make
9 note of that, and we'll look for that filing.

10 Is there anything else?

11 MS. SMITH: No, Your Honor.

12 ALJ DAVIS: That concludes this
13 prehearing conference -- Commissioners?

14 COMMISSIONER PAULI: Do we need to
15 go on the record for the next matter?

16 ALJ DAVIS: Yes. We will have
17 to -- after this concludes, we will have to go on
18 record, restate what has happened and proceed in
19 that matter as well. So we are off record in
20 U-18-004.

21 (Adjourned 10:24 a.m.)

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1 TRANSCRIBER'S CERTIFICATE

2 I, Adrianell Poteet Sorrels, hereby
3 certify that the foregoing pages numbered 20
4 through 6 are a true, accurate, and complete
5 transcript of the Prehearing Conference in Docket
6 No. U-18-004, held at the Regulatory Commission of
7 Alaska on February 16, 2018, transcribed by me
8 from a copy of the electronic sound recording to
9 the best of my knowledge and ability.

10

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12 _____
Date Adrianell Poteet Sorrels, Transcriber

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