

1 STATE OF ALASKA

2 THE REGULATORY COMMISSION OF ALASKA

3  
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**  
12 **THE ATTORNEY GENERAL'S FIRST SET OF DISCOVERY REQUESTS ON**  
13 **ENSTAR'S REPLY TESTIMONY (AG-ENSTAR-R1)**

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

18 **PRELIMINARY STATEMENT**

19  
20 Discovery in this docket is not complete. As discovery proceeds, facts,  
21 information, evidence, documents, and other matters may be discovered which are not  
22 set forth in these responses, but which may be responsive to these discovery requests.  
23 The following responses are complete based on ENSTAR's current knowledge,  
24 information, and belief. Furthermore, these responses were prepared based on  
25

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May 8, 2017  
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Date: 6/15/17 Exh # H-76  
Regulatory Commission of Alaska  
By: [Signature] 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 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

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

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

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 AG-ENSTAR-R-1. In  
8 responding to the requests, ENSTAR will abide by the Regulatory Commission of  
9 Alaska's ("RCA") discovery regulations and where applicable, Alaska Rules of Civil  
10 Procedure.  
11

12  
13                           **DISCOVERY RESPONSES**

14           **AG-ENSTAR-R1-1.**     Refer to the attached document titled "AltaGas;  
15 AltaGas to acquire WGL Holdings, *Enhancing a leading, North American diversified*  
16 *energy infrastructure company*, dated January 25, 2017 (computer file named  
17 2017-01-25 – Pr Blue Jay Rollout deck (1PM MT) – Final\_rfs.pdf).  
18

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

20           (b)     If the response to subpart (a) is anything other than an unqualified  
21 admission of the truth of the matter asserted, provide a true and accurate copy of the  
22 document.  
23

24           (c)     Admit that this document is a presentation to AltaGas shareholders.  
25

1           **AG-ENSTAR-R1-18.** Refer to the Prefiled Reply Testimony of  
2 Daniel M. Dieckgraeff at 6 that states in part: “ENSTAR made substantial investments  
3 in Alaska during the test-year, including approximately \$40 million in new plant added,  
4 *the majority of which was non-revenue producing.*” (Emphasis added).  
5

6           (a) Identify each item of new plant that Mr. Dieckgraeff contends is  
7 non-revenue producing.

8           (b) For each item of plant identified in response to subpart (a) state:

9                   (i) The cost; and

10                   (ii) Whether the item of new plant is expected to save costs or reduce  
11 expenses (e.g., Mr. Green’s direct testimony at 21 asserts that the CINGSA Lateral will  
12 save ENSTAR customers in cost to transport gas and will save costs by not requiring  
13 recompression of gas removed from CINGSA).  
14

15           **Response:** See the attached worksheet labeled ENS07899, a listing of the 2015  
16 capital expenditures by project (or asset category if applicable).

17           (a) All of the items listed in this document are non-revenue producing.

18           (b) With the exception of the CINGSA Lateral, ENSTAR has not identified  
19 any material, immediate cost savings for the capital expenditures listed in this  
20 document.  
21

22           **Person(s) Supplying Information:** Daniel Dieckgraeff.  
23  
24  
25

1 Alaska regulatory lag issues is not related to the rate issues to be determined in  
2 this case.

3 (d) See objections and response to subpart (c) above.

4 **Person(s) Supplying Information:** Counsel.

5  
6  
7 **AG-ENSTAR-R1-20.** Refer to the Prefiled Reply Testimony of  
8 Daniel M. Dieckgraeff at 8 referring to AS 42.05.381, 3 AAC 48.700-48.790, and  
9 simplified rate filing procedures.

10 (a) Admit that the simplified rate filing procedures for electric utilities only  
11 apply to cooperative utilities owned by its ratepayers.

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

15 (c) Is ENSTAR aware of any local exchange carrier, that is not a cooperative,  
16 that has made a simplified rate filing in the last ten years?

17 (d) If the response to subpart (c) is affirmative, identify each such filing.

18 **Response:**

19 (a) Admit.

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

21 (c) No.

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

1           **Person(s) Supplying Information:** Daniel Dieckgraeff.

2  
3           **AG-ENSTAR-R1-21.** Refer to the Prefiled Reply Testimony of  
4 Daniel M. Dieckgraeff at 13 that states in part: “As Dr. Fairchild discusses in his  
5 Prefiled Direct Testimony, because balances of Stored Gas, Materials and Supplies, and  
6 Prepaid Expenses are seasonal . . . .” Mr. Dieckgraeff then goes on to discuss the  
7 seasonal nature of stored gas.  
8

9           (a) Does ENSTAR contend that Materials and Supplies are also seasonal?

10           (b) If the response subpart (a) is affirmative, explain how and provide actual  
11 examples from the test-year.  
12

13           (c) Does ENSTAR contend that Prepaid Expenses are also seasonal?

14           (d) If the response subpart (c) is affirmative, explain how and provide actual  
15 examples from the test-year.

16           **Response:**

17           (a) Yes.

18           (b) See document ENS00001 provided in response to AG-1-2, at tab “N-RB”,  
19 cells M15 through M29, which shows the balances through-out the test year as  
20 well as the 13 month average.  
21

22           (c) Yes.

23           (d) See document ENS00001 provided in response to AG-1-2, at tab “N-RB”,  
24 cells N15 through N29, which shows the balances through-out the test year as  
25

1 well as the 13 month average and document ENS00070 provided in response to  
2 AG-1-7.

3 **Person(s) Supplying Information:** Daniel Dieckgraeff.  
4

5  
6 **AG-ENSTAR-R1-22.** Refer to the Prefiled Reply Testimony of  
7 Daniel M. Dieckgraeff at 14 that states in part: "First of all, the year-end rate base  
8 synchronization adjustments to revenues and expenses proposed by ENSTAR were  
9 calculated in the same way as year-end rate base synchronization adjustments to  
10 revenues and expenses that were accepted by the Commission in U-84-059(15)."  
11

12 (a) Admit at the time of the hearing on the merits in Docket U-84-059 that  
13 use of year-end rate based for plant in service was not a disputed issue.

14 (b) If the response to subpart (a) is anything other than an unqualified  
15 admission of the truth of the matter asserted, state what ENSTAR believes the truth of  
16 the matte to be.

17 (c) Admit that Order U-84-059(15) does not identify synchronization of  
18 customer count impact on revenue as a disputed issue.  
19

20 (d) If the response to subpart (e) is anything other than an unqualified  
21 admission of the truth of the matter asserted, state what Mr. Dieckgraeff believes the  
22 truth of the matter to be.

23 (e) Admit that Order U-84-059(15) does not identify synchronization of  
24 weather's impact on revenue as a disputed issue.  
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 **Person(s) Supplying Information:** Daniel Dieckgraeff.

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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 attached document labeled ENS07902-07903, with redactions applied to portions  
2 of the documents that are irrelevant to this response.

3 **Person(s) Supplying Information:** Daniel Dieckgraeff; John Sims.  
4

5  
6 **AG-ENSTAR-R1-26.** Refer to the Prefiled Reply Testimony of  
7 Daniel M. Dieckgraeff at 74 that refers to normalizing consumption of customers for  
8 weather, and that also states in part: "Second, in ENSTAR's last rate case, U-14-111, it  
9 proposed a 'normalized use per customer' adjustment that generated significant  
10 disagreement between ENSTAR and RAPA, with a significant amount of discovery,  
11 testimony, and resources for both parties consumed by the subject."

12  
13 (a) Admit that the disputed issue in U-14-111 was declining use per customer,  
14 not weather normalization.

15 (b) If the response to subpart (a) is anything other than an unqualified  
16 admission of the truth of the matter asserted, state what ENSTAR believes the truth of  
17 the matter to be.  
18

19 **Response:**

20 (a) Admit that declining use per customer was a disputed issue in that case,  
21 not weather normalization per se; however, RAPA witness Lance Kaufman spent  
22 several pages of his testimony criticizing ENSTAR's weather normalization  
23 model.  
24

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

1           **Person(s) Supplying Information:** Daniel Dieckgraeff.

2  
3           **AG-ENSTAR-R1-27.** Refer to the prefiled reply testimony of  
4 John D. Sims at 4 that states in part: “Put another way, incentive compensation—like  
5 health insurance—is one component of an overall pay package.”  
6

7           (a) Admit that all ENSTAR full-time employees are eligible for health  
8 insurance.

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

13           (c) If the response to subpart (a) was affirmative, explain how insurance for  
14 which all full-time employees are eligible is “incentive compensation” and explain what  
15 the health insurance incentivizes.

16           (d) Does ENSTAR consider other components part of its overall incentive  
17 compensation (for example, stock compensation, executive car allowance, relocation  
18 expense, payment of gym memberships)?  
19

20           (e) If the response to subpart (d) is affirmative, identify all components that  
21 ENSTAR asserts make up its employees and executive overall pay package.

22           **Response:**

23           (a) Denied. Full-time employees are eligible for health benefits after the  
24 completion of an initial 60-day probationary period.  
25