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STATE OF ALASKA

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 SECOND REQUEST FOR DISCOVERY ON
REPLY TESTIMONY ("AG-ENSTAR-R2")**

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 Second Set of Discovery Requests on ENSTAR's Reply Testimony ("AG-ENSTAR-R2"), 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 24, 2017
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Date: 6/15/17 Exh # H-73
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 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-R2. 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 **DISCOVERY RESPONSES**

13 **AG-ENSTAR-R2-1.** Refer to the Prefiled Reply Testimony of
14 Daniel M. Dieckgraeff at 6 that states in part: "If year-end rate base is not used,
15 approximately \$2.3 million associated with that investment will never be recovered,
16 representing unreasonable financial harm to ENSTAR." Refer to Mr. Dieckgraeff's
17 Reply Testimony at 7 that states in part: "Interim and refundable rates are simply not as
18 effective in reducing regulatory lag as other mechanisms such as using a year-end rate
19 base...." Also refer to the following table.
20

21

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			Net Utility	Increase	Increase	%	%
		Utility Plant	Plant Per	Utility	Net Plant	Increase	Increase
		Per Annual	Annual	Plant Since	Since Prior	in PIS	in Net
		Report Page	Report Page	Prior Rate	Rate Case	Since	Plant
	Year	110, Line 2	110, Line 10	Case TY	TY	last TY	Since
							last TY

25

1999 TY for U-00- 088	1999	305,736,581	165,359,836				
	2000	319,143,393	170,374,322	13,406,812	5,014,486	4.39%	3.03%
	2001	328,080,939	170,165,217	22,344,358	4,805,381	7.31%	2.91%
	2002	336,714,597	169,915,937	30,978,016	4,556,101	10.13%	2.76%
	2003	345,359,316	169,777,314	39,622,735	4,417,478	12.96%	2.67%
	2004	361,543,507	178,216,898	55,806,926	12,857,062	18.25%	7.78%
	2005	381,068,664	187,225,365	75,332,083	21,865,529	24.64%	13.22%
	2006	395,064,903	191,445,920	89,328,322	26,086,084	29.22%	15.78%
	2007	401,838,777	190,974,764	96,102,196	25,614,928	31.43%	15.49%
2008 TY for U-09- 69/70	2008	415,107,020	198,676,463				
	2009	425,906,366	197,051,166	10,799,346	(1,625,297)	2.60%	-0.82%
	2010	435,949,833	212,621,481	20,842,813	13,945,018	5.02%	7.02%
	2011	471,344,081	223,089,585	56,237,061	24,413,122	13.55%	12.29%
	2012	479,803,397	219,584,589	64,696,377	20,908,126	15.59%	10.52%

2013 TY for U-14- 111	2013	500,025,591	229,199,028				
	2014	523,753,292	244,638,256	23,727,701	15,439,228	4.75%	6.74%
2015 TY for U-16- 066	2015	555,449,998	268,404,445				
	2016	571,122,970	272,009,910	15,672,972	3,605,465	2.82%	1.34%

(a) Admit that the amounts of gross plant and net plant shown in columns (b) and (c) of the table accurately reflect the amounts reported by ENSTAR in its Annual Reports to the Commission for the year shown in column (a).

(b) For the time period of 1999 through 2007, admit that the amounts shown in column (d) accurately reflect the increase in utility plant reported in each Annual Report Year over the utility plant reported in 1999.

(c) For the time period of 2008 through 2012, admit that the amounts shown in column (d) accurately reflect the increase in utility plant reported in each Annual Report Year over the utility plant reported in 2008.

(d) For the time period of 2013 through 2014, admit that the amounts shown in column (d) accurately reflect the increase in utility plant reported in each Annual Report Year over the utility plant reported in 2013.

1 (e) For the time period of 2015 through 2016, admit that the amounts shown
2 in column (d) accurately reflect the increase in utility plant reported in each Annual
3 Report Year over the utility plant reported in 2015.

4 (f) If the response to subparts (b) through (e) is anything other than an
5 unqualified admission of the truth of the matter asserted, state what ENSTAR believes
6 the truth of the matter to be.
7

8 (g) For the time period of 1999 through 2007, admit that the amounts shown
9 in column (e) accurately reflect the increase in net plant reported in each Annual Report
10 Year over the utility plant reported in 1999.

11 (h) For the time period of 2008 through 2012, admit that the amounts shown
12 in column (e) accurately reflect the increase in net plant reported in each Annual Report
13 Year over the utility plant reported in 2008.
14

15 (i) For the time period of 2013 through 2014, admit that the amounts shown
16 in column (e) accurately reflect the increase in net plant reported in each Annual Report
17 Year over the utility plant reported in 2013.
18

19 (j) For the time period of 2015 through 2016, admit that the amounts shown
20 in column (e) accurately reflect the increase in net plant reported in each Annual Report
21 Year over the utility plant reported in 2015.

22 (k) If the response to subparts (g) through (j) is anything other than an
23 unqualified admission of the truth of the matter asserted, state what ENSTAR believes
24 the truth of the matter to be.
25

1 (l) For the time period of 1999 through 2007, admit that the amounts shown
2 in column (f) accurately reflect the percentage increase in utility plant reported in each
3 Annual Report Year over the utility plant reported in 1999.

4 (m) For the time period of 2008 through 2012, admit that the amounts shown
5 in column (f) accurately reflect the percentage increase in utility plant reported in each
6 Annual Report Year over the utility plant reported in 2008.

7 (n) For the time period of 2013 through 2014, admit that the amounts shown
8 in column (f) accurately reflect the percentage increase in utility plant reported in each
9 Annual Report Year over the utility plant reported in 2013.

10 (o) For the time period of 2015 through 2016, admit that the amounts shown
11 in column (f) accurately reflect the percentage increase in utility plant reported in each
12 Annual Report Year over the utility plant reported in 2015.

13 (p) If the response to subparts (l) through (o) is anything other than an
14 unqualified admission of the truth of the matter asserted, state what ENSTAR believes
15 the truth of the matter to be.

16 (q) For the time period of 1999 through 2007, admit that the amounts shown
17 in column (g) accurately reflect the percentage increase in net plant reported in each
18 Annual Report Year over the utility plant reported in 1999.

19 (r) For the time period of 2008 through 2012, admit that the amounts shown
20 in column (g) accurately reflect the percentage increase in net plant reported in each
21 Annual Report Year over the utility plant reported in 2008.

1 (s) For the time period of 2013 through 2014, admit that the amounts shown
2 in column (g) accurately reflect the percentage increase in net plant reported in each
3 Annual Report Year over the utility plant reported in 2013.

4 (t) For the time period of 2015 through 2016, admit that the amounts shown
5 in column (g) accurately reflect the percentage increase in net plant reported in each
6 Annual Report Year over the utility plant reported in 2015.

7 (u) If the response to subparts (q) through (t) is anything other than an
8 unqualified admission of the truth of the matter asserted, state what ENSTAR believes
9 the truth of the matter to be.
10

11 (v) Admit that in the years 2004, 2005, 2006, 2007, 2011 and 2012 ENSTAR
12 utility plant had increased more than \$40 million over the utility plant total reflected
13 during 1999.
14

15 (w) If the response to subpart (v) 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 (x) Admit that in the years 2011 and 2012 ENSTAR utility plant had
20 increased more than \$40 million over the utility plant total reflected during 2008.

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

1 (z) Admit that ENSTAR did not file rate cases in 2004, 2005, 2006, 2007,
2 2011 or 2012.

3 (aa) If the response to subpart (z) is anything other than an unqualified
4 admission of the truth of the matter asserted, state what ENSTAR believes the truth of
5 the matter to be.
6

7 **Response:**

8 (a) Admit.

9 (b) Admit.

10 (c) Admit.

11 (d) Admit.

12 (e) Admit.

13 (f) N/A

14 (g) Admit.

15 (h) Admit.

16 (i) Admit.

17 (j) Admit.

18 (k) Admit.

19 (l) Admit.

20 (m) Admit.

21 (n) Admit.

22 (o) Admit.

1 (p) N/A

2 (q) Admit.

3 (r) Admit.

4 (s) Admit.

5 (t) Admit.

6 (u) N/A

7 (v) Admit.

8 (w) N/A

9 (x) Admit.

10 (y) N/A

11 (z) Admit

12 (aa) N/A

13 **Person(s) Supplying Information:** Daniel Dieckgraeff and Dr. Bruce Fairchild

14
15 **AG-ENSTAR-R2-2.** Refer to the prefiled reply testimony of
16 Daniel M. Dieckgraeff at page 40, lines 9-18. Also refer to ENSTAR's proposed Homer
17 Extension adjustment, Attachment B, Schedule L.
18

19 (a) State the amount of depreciation expense of the \$3,630,072 Homer
20 Extension CIAC that is included in the revenue requirement.

21 (i) Identify the supporting worksheet and cell number where the
22 depreciation expense is added to the revenue requirement.
23

(ii) Identify the general ledger account where any test year depreciation expense on the Homer Extension CIAC was recorded.

(b) How much amortization expense of the proposed \$1,143,412 Regulatory Asset is included in the revenue requirement?

(i) Identify the supporting worksheet and cell number where the amortization expense is added to the revenue requirement.

(ii) Identify the general ledger account where any test year amortization expense on the proposed regulatory asset was recorded.

Response:

(a) \$75,506 (\$3,630,072 X 2.08%).

(a)(i) There was no adjustment to test year depreciation expense for depreciation on the \$3,630,072 Homer extension CIAC (the Homer adjustment to depreciation and amortization expense is for the amortization of the regulatory asset). Adjustment/Schedule L shows an \$185,145 adjustment to accumulated depreciation for the CIAC amortization.

(a)(ii) General ledger account 77100, Deprec-Utility.

(b) \$147,537. See Schedule L to the 275(a), Cell H31.

(b)(i) See ENS00001, Tab "P.1", (275a) Cell F70.

(b)(ii) See the response to (b)(i) above.

Person(s) Supplying Information: Daniel Dieckgraeff

1 **AG-ENSTAR-R2-3.** Refer to the prefiled testimony of
2 Daniel M. Dieckgraeff at page 20, lines 1-5 where Mr. Dieckgraeff discusses CINGSA
3 fees included in ENSTAR's stored gas account. Refer also to TA14-733 where the most
4 recent CINGSA revenue requirement was filed.

5 (a) Please provide the calculation of the dollar amount of the return
6 component of CINGSA fees included in ENSTAR's stored gas account.

7 (b) Please provide the calculation of the dollar amount of CINGSA return that
8 flows through to SEMCO.

9 (c) Admit that in TA14-733 Year 3 refers to the period from April 1, 2014
10 through March 31, 2015.

11 (d) Admit that in TA14-733 Year 4 refers to the period from April 1, 2015
12 through March 31, 2016.

13 (e) Admit that TA14-733 Exhibit A, Schedule 6, line 3 shows that CINGSA's
14 revenue requirement is designed to collect \$8,781,520 of return on equity for Year 3 and
15 \$8,225,181 return on equity for Year 4.

16 (f) Admit that TA14-733 Exhibit A, Schedule 9 shows that for Years 3 and 4
17 CINGSA total annual firms revenues were projected to be \$27,289,242 and that
18 \$19,272,958 (70.6 percent) of those revenues were projected to come from ENSTAR.

19 (g) Admit that the following table accurately shows the return on equity from
20 ENSTAR included in CINGSA's rates based on the above information gathered from
21 TA14-733.

	Year 3	Year 4
Return on Equity	8,781,520	8,225,181
ENSTAR percentage of Revenues	70.6%	70.6%
Return on Equity Provided From ENSTAR	6,199,753	5,806,978

Response:

- (a) As shown in the attached file ENS08143, based upon RAPA's calculation of \$25,316,480 of CINGSA reservation and capacity fees imbedded in the 13 month average balance of stored gas of \$57,747,033, ENSTAR calculates that the equity return component of CINGSA fees included in ENSTAR's stored gas account is \$7,769,628.
- (b) As shown in ENS08143 provided in response to (a) above, based upon RAPA's calculation of \$25,316,480 of CINGSA reservation and capacity fees imbedded in the 13 month average balance of stored gas of \$57,747,033, ENSTAR calculates that the SEMCO Energy share of the equity return component of CINGSA fees included in ENSTAR's stored gas account is \$5,050,258.
- (c) Admit.
- (d) Admit.
- (e) In addition to its General Objections, ENSTAR objects to the request as it seeks information that is not reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving these objections, deny.

1 (f) Deny.

2 (g) Deny. This calculation fails to take into account injection and withdrawal
3 fees. See file ENS08143 provided in response to (a) above.

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

5
6
7 **AG-ENSTAR-R2-4.** Refer to the prefiled reply testimony of John Sims
8 at 17-18.

9 (a) Is ENSTAR agreeing in its reply testimony that \$4,730 of spousal travel
10 costs should be removed from the revenue requirement?

11 (b) If the response to subpart (a) is negative, state the amount.

12 **Response:**

13
14 (a) ENSTAR consents to the removal of the \$4,730 of spousal travel from the
15 revenue requirement.

16 (b) Not applicable.

17 **Person(s) Supplying Information:** John Sims

18
19
20 **AG-ENSTAR-R2-5.** Refer to the prefiled reply testimony of
21 Daniel M. Dieckgraeff at 56-69, where Mr. Dieckgraeff addresses the \$322,005 of
22 miscellaneous expenses disallowed by Ms. Fairchild-Hamilton.

23 State the total dollar amount of miscellaneous expenses ENSTAR agreed to
24 remove in its Reply testimony from its proposed revenue requirement.