

1 STATE OF ALASKA

2 THE REGULATORY COMMISSION OF ALASKA

3 Before Commissioners:

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

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6 In the Matter of the Request Filed by the)
MUNICIPALITY OF ANCHORAGE d/b/a)
7 MUNICIPAL LIGHT & POWER DEPARTMENT for)
Approval to Establish Depreciation Rates)

U-16-094

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9 In the Matter of the Tariff Revisions, Designated as)
10 TA357-121, filed by the MUNICIPALITY OF)
ANCHORAGE d/b/a MUNICIPAL LIGHT &)
11 POWER DEPARTMENT)

U-17-008

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13 **MUNICIPAL LIGHT AND POWER'S INITIAL RESPONSE TO**
PROVIDENCE HEALTH & SERVICES' FIFTEENTH REQUEST FOR DISCOVERY
14 **ON REPLY TESTIMONY (PHS-MLP-15)**

15 The Municipality of Anchorage d/b/a Municipal Light and Power ("ML&P"),
16 hereby provides its initial response to Providence Health & Services' ("PHS") fifteenth request
17 for discovery on reply testimony. All responses to discovery are prepared by ML&P in
18 consultation with counsel. Witnesses at hearing will be available for cross-examination on their
19 testimony.

20 **PRELIMINARY STATEMENT**

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

25 October 24, 2017

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Date: 11-28-17 **Exh #** H-21
Regulatory Commission of Alaska
U-16-094 **By:** ADS U-17-008
Northern Lights Realtime & Reporting, Inc.
(907) 337-2221

LAW OFFICES OF
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REDACTED

Request for Admission (No. PHS-MLP-15-11): At page 98, lines 12 through 16, of his reply testimony, Mr. Reed explains that two of the four gas price forecasts he uses in his forward-looking estimate of the benefits of Plant 2A are taken from the 2012 gas price forecast prepared by Mr. Davies. In this regard:

(a) Admit that, for the forecast years from 2012 through 2025, Mr. Reed imported the relevant prices from Mr. Davies' 2012 gas price forecast without alteration.

(b) Admit that Mr. Reed has not analyzed the reasonableness of the 2012 gas price forecasts in light of information available today.

(c) Admit that Mr. Reed has not analyzed the reasonableness of the assumptions used in the 2012 gas price forecasts in light of information available today.

(d) Admit that Mr. Reed's forecast in Ex. JJR-37, cases 1 and 2, did not alter the 2012 gas price forecasts in light of information available today.

(e) Admit that Mr. Reed's forecast in Ex. JJR-37, cases 1 and 2, did not alter the assumptions used in the 2012 gas price forecasts in light of information available today.

MUNICIPAL LIGHT AND POWER'S INITIAL RESPONSE TO PHS' FIFTEENTH
REQUEST FOR DISCOVERY ON REPLY TESTIMONY (PHS-MLP-15)

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Initial Response

1 (f) In PHS-MLP-9-16, Providence asked for the sources and bases of 23
2 separate assumptions represented in the 2012 gas price forecast and ML&P replied that it “does
3 not know the sources or bases that its consultant Brian Davies relied on and therefore ML&P
4 cannot provide the requested information.” Admit that Mr. Reed does not know the sources and
5 bases of the assumptions used by Mr. Davies to produce the first two gas price forecasts used by
6 Mr. Reed in Case 1 and Case 2 of his estimate of the benefits of Plant 2A.

7
8 (g) Admit that the 2012 gas price forecasts in MLP21707 used as Case 1 and
9 Case 2 of Mr. Reed’s estimate of Plant 2A benefits both calculated that LNG imports would be
10 required to meet Cook Inlet gas demand beginning in 2016.

11 (h) Admit that the 2012 gas price forecast in MLP21707 used as Case 1 of
12 Mr. Reed’s estimate of Plant 2A benefits (250 ASAP, Low LNG) calculated a 2017 average
13 Cook Inlet gas price of \$11.70/Mcf.

14 (i) Admit that the 2012 gas price forecast in MLP21707 used as Case 2 of
15 Mr. Reed’s estimate of Plant 2A benefits (No ASAP, Low LNG) calculated a 2017 average Cook
16 Inlet gas price of \$11.67/Mcf.

17 If your response to any subpart of this request for admission is anything other than
18 an unqualified admission, state what you believe the truth of the matter to be and the basis for
19 your belief, and identify any documents supporting your belief.
20

21 **Response:** (a) Denied. As Mr. Reed explains in his testimony at
22 pages 98-99, Mr. Reed’s analysis begins in 2018 and does not rely on the prices developed by
23 Mr. Davies until 2020.

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25 MUNICIPAL LIGHT AND POWER’S INITIAL RESPONSE TO PHS’ FIFTEENTH
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1 (b) ML&P objects to this data request because the term “information available
2 today” is unclear and overbroad. Without waiving the foregoing objections, at pages 27-42 of
3 his testimony, Mr. Reed discusses the reasonableness of the gas price forecasts. All of the
4 information that he references in his testimony is available today.

5 (c) ML&P objects to this data request because the term “information available
6 today” is unclear and overbroad. Without waiving the foregoing objections, as Mr. Reed
7 discusses beginning at page 27 of his testimony, the assumptions embedded in the gas price
8 forecasts reflect expectations of rapidly declining production from the Cook Inlet. To analyze
9 the reasonableness of those assumptions, Mr. Reed reviewed contemporary supply studies,
10 investments made in new infrastructure made by private companies and the Alaskan government,
11 legislative actions taken to address the looming supply shortfall, market price indications from
12 around the time of the 2012 Generation Study, gas price forecasts developed around the time of
13 the 2012 Generation Study, actions taken by the Commission around the time of the 2012
14 Generation Study, and advisory statements made by ML&P to its customers around the time of
15 the 2012 Generation Study. All of the information that Mr. Reed reviewed and describes in his
16 testimony is available today.

17 (d) ML&P objects to this data request because the term “information available
18 today” is unclear and overbroad. Without waiving the foregoing objections, see the response to
19 PHS-MLP-15-11-a.
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21 (e) ML&P objects to this data request because the term “information available
22 today” is unclear and overbroad. Without waiving the foregoing objections, see Mr. Reed’s
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25 MUNICIPAL LIGHT AND POWER'S INITIAL RESPONSE TO PHS' FIFTEENTH
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1 testimony at pages 98-99 for a description of the manner in which utilized each forecast in his
2 analysis.

3 (f) Admitted.

4 (g) Admitted.

5 (h) Admitted.

6 (i) Admitted.

7 **Person(s) Supplying Information:** John Reed.

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9 REDACTED
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