

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 Tariff Revision Designated as )	
TA285-4 Filed by ENSTAR NATURAL GAS )	Docket No. U-16-066
COMPANY, A DIVISION OF SEMCO ENERGY, )	
INC. )	
)	

**ENSTAR NATURAL GAS COMPANY'S RESPONSE TO MATANUSKA ELECTRIC  
ASSOCIATION, INC.'S FIRST SET OF DISCOVERY REQUESTS**

Pursuant to 3 AAC 48.155 and 3 AAC 48.141-145, ENSTAR Natural Gas Company ("ENSTAR"), by and through its counsel, responds to the First Request for Discovery by Matanuska Electric Association, Inc. ("MEA"), 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 ENSTAR's good faith interpretation of the discovery requests and are subject to correction for inadvertent errors or omissions, if any.

**Date:** 6-7-17 **Exh #** 413  
**Regulatory Commission of Alaska**  
**By:** [Signature]  
Northern Lights Realtime & Reporting, Inc.  
(907) 337-2221 U-16-066

7. ENSTAR objects to the instructions contained in MEA's First Discovery Request to ENSTAR Natural Gas Company. In responding to the requests, ENSTAR will abide by the Commission's discovery regulations and where applicable, Alaska Rules of Civil Procedure.

#### **DISCOVERY RESPONSES**

**MEA-1-1:** For the years 2013 to 2015 and 2016 to date, please provide the dates and amount of each: (1) cash dividend payments made by ENSTAR Natural Gas Company and/or SEMCO Energy, Inc. to any parent entity; and (2) each cash equity infusions into ENSTAR Natural Gas Company.

**Response:** Please see ENS03359 in response to the above question regarding cash dividends. There were no cash infusions made into ENSTAR in any of the periods in question.

**Person(s) who prepared the response:** Mark Moses.

**MEA-1-2:** For the past five years, please provide the dates and amounts raised from long-term debt issuance by ENSTAR Natural Gas Company and/or SEMCO Energy.

**Response:** On August 30, 2012, SEMCO Energy Inc. ("SEMCO") entered into a promissory note with Semco Holding (the "Promissory Note") for an initial principal sum of \$45.0 million with a fixed interest rate of 2.55% per annum. Interest is payable semi-annually beginning on December 14, 2012, and thereafter on the fifteenth day of each June and December with the remaining unpaid principal balance and accrued interest due on August 30, 2017. There were no other long-term debt issues entered into by SEMCO in the past five year and ENSTAR, as a division of SEMCO, cannot enter into any debt agreements on a standalone basis.

**Person(s) who prepared the response:** Mark A. Moses.

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**MEA-1-6:** Provide a complete description of the short-term financing available to ENSTAR Natural Gas Company and/or SEMCO Energy including the amount of financing, the cost rates, and the duration of the current financing agreements.

**Response:** SEMCO Energy Inc. (SEMCO or Company) has an unsecured credit agreement with RBC (the “2012 RBC Credit Agreement”) as agent and several other lenders. The 2012 RBC Credit Agreement consisted of a \$150 million unsecured revolving credit facility (the “2012 RBC Revolver”) with a maturity date of December 20, 2020. Under the terms of the 2012 RBC Credit Agreement, SEMCO may choose to obtain loans which are LIBOR rate loans (“LIBOR Loans”) or Alternate Base Rate loans (“ABR Loans”). LIBOR Loans bear interest at the LIBOR rate (for one week or a one, two, three or six month period, as elected by SEMCO, or if requested by SEMCO and consented to by all the lenders, a nine or twelve month period) plus a margin which ranges from 1.00% to 1.75% depending on the Company’s corporate credit rating from Moody’s Investor Services, Inc. and Standard and Poor’s Credit Rating Group. The Company’s current margin, based on its corporate credit rating, is 1.25%.

ABR Loans bear interest at the base rate, which is defined in the 2012 RBC Credit Agreement as (i) the highest of the prime lending rate announced from time to time by the administrative agent or the Federal Funds Effective Rate, as defined in the 2012 RBC Credit Agreement, plus 0.50%, or the Eurodollar Rate on such day for a deposit in dollars with a maturity of one month plus 1.0%, plus (ii) a margin which ranges from 0.00% to 0.75%, also depending on the Company’s corporate credit rating. SEMCO’s current margin for ABR loans is 0.25%. Interest is payable on LIBOR loans on the last day of each interest period elected. Interest is payable on ABR loans on the last day of each March, June, September and December. As of September 16, 2016 SEMCO was utilizing \$44.5 million of the 2012 RBC Revolver.

1 SEMCO utilizes the 2012 RBC Revolver for the liquidity needs of all of its divisions, including  
2 ENSTAR, and subsidiaries.

3 Person(s) who prepared the response: Mark A. Moses.

4  
5 MEA-1-7: Please provide by month the amount of short-term debt outstanding for the  
6 calendar years 2014 and 2015.

7 Response: Please see files ENS00065 and ENS00066 provided in response to AG-1-1  
8 which are the general ledgers for 2014 and 2015. The appropriate accounts are FERC Account  
9 145/JDE Accounts 38200 and 38210 (Notes Receivable & N/R Intercompany) which, when  
10 netted together, have a credit balance for the periods requested. Yearend amounts are also  
11 provided in the responses to AG-2-2 and AG-2-3.

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13 Person(s) who prepared the response: Dan Dieckgraeff.

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15 MEA-1-8: Provide a list of the current owners and ownership percentages for the  
16 Cook Inlet Natural Gas Storage Alaska, LLC (CINGSA) discussed at page 3 of Mr.  
17 Dieckgraeff's testimony.

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19 Response: ENSTAR objects to MEA-1-8 as requesting irrelevant information. This is  
20 ENSTAR's rate case, not CINGSA's. CINGSA's operations are not at issue in this case. In  
21 addition, there is no justification for inquiring about other owners of Alaska Storage Holding  
22 Company in ENSTAR's rate case.

23 Person(s) who prepared the response: N/A.  
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