

1 STATE OF ALASKA

2 REGULATORY COMMISSION OF ALASKA

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4 Before Commissioners:

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

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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)
10 ENERGY, INC.)

11 **ENSTAR NATURAL GAS COMPANY'S RESPONSE TO THE OFFICE OF**
12 **THE ATTORNEY GENERAL'S SECOND REQUEST FOR DISCOVERY ON**
13 **REPLY TESTIMONY ("AG-ENSTAR-R2")**

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 Second
16 Set of Discovery Requests on ENSTAR's Reply Testimony ("AG-ENSTAR-R2"), 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 24, 2017
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Date: 6-6-17 Exh # H-9
Regulatory Commission of Alaska
U-16-066 By: APS
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

6. ENSTAR objects to each and every data request insofar as it seeks documents or information protected by the attorney-client privilege or the work product privilege. Nothing contained in these responses is intended as, or shall in any way be deemed, a waiver of any such privilege or protection, or any other applicable privilege or doctrine.

7. ENSTAR objects to the instructions contained in AG-ENSTAR-R2. In responding to the requests, ENSTAR will abide by the Regulatory Commission of Alaska's ("RCA") discovery regulations and where applicable, Alaska Rules of Civil Procedure.

DISCOVERY RESPONSES

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

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

1 (a) Admit. Please see Attachment AG-ENSTAR-R1-48.

2 (b) See part (a).

3 (c) Mr. Hevert contends that he appropriately estimated the subject utility's
4 investor-required ROE.

5 (d) Admit. Please see Attachment AG-ENSTAR-R1-48.

6 (e) See part (d).

7 (f) Mr. Hevert contends that he appropriately estimated the subject utility's
8 investor-required ROE.

9 (g) Admit. Please see Attachment AG-ENSTAR-R1-48.

10 (h) See part (g).

11 (i) Mr. Hevert contends that he appropriately estimated the subject utility's
12 investor-required ROE.

13 **Person(s) Supplying Information:** Robert Hevert

14 **AG-ENSTAR-R2-9.** Refer to ENSTAR's response to
15 AG-ENSTAR-R1-45.

16 (a) Are there employment contracts for any of the 11 participants in the SERP
17 and Rabbi Trust?

18 (b) If the response to subpart (a) is affirmative, please identify and provide the
19 employment contracts.

1 (c) How much of the SERP expense recorded by ENSTAR in the test year
2 relates to each of the 11 participants?

3 (d) How much of the Rabbi Trust expense recorded by ENSTAR in the test
4 year relates to each of the 11 participants?

5 (e) The response indicates that David Bredin had a termination date of
6 1/8/2016 and a work location of ENSTAR. Identify the payroll and benefit cost of
7 David Bredin, by account, that is reflected by ENSTAR in the test year.
8

9 (f) What was Mr. Bredin's job title and position during the test year?

10 (g) Has the position held by Mr. Bredin during the test year been
11 replaced/refilled?
12

13 (i) If not, explain fully why not.

14 (ii) If so, identify when the replacement was hired and the annual
15 salary for the replacement.

16 (iii) Also, separately identify the annual benefit costs associated with
17 the replacement.

18 (iv) Was the replacement a transfer of an existing ENSTAR employee
19 or an outside hire?
20

21 (v) If an existing ENSTAR employee, identify the position transferred
22 from and the related annual salary and benefits.

23 **Response:**
24
25

1 (a) After a diligent search, SEMCO was able to locate the agreements attached
2 in subpart (b) below.

3 (b) See the attached documents labeled ENS08144-ENS08216.

4 (c) Please see response to AG-5-9.

5 (d) The Rabbi Trust expense allocated to ENSTAR from SEMCO equals \$1,437,
6 as reflected on page 1 of Exhibit RCS-4 to Mr. Smith's testimony. This amount
7 is, to ENSTAR's knowledge, reflective of the total cost for the Trust to
8 administer the retirement accounts in question. ENSTAR does not have a
9 breakdown of this amount.
10

11 (e) In addition to its General Objections, ENSTAR objects to this request as it is
12 vague and ambiguous as ENSTAR does not understand what is meant by the
13 term "benefit cost." Subject to and without waiving these objections, ENSTAR
14 responds as follows: None. His salary was removed in the payroll adjustment 3
15 shown in ENS00082 produced in response to AG-1-7.
16

17 (f) Mr. Bredin was the Director of Operations.

18 (g) Yes.

19 (g)(i) Not applicable.

20 (g)(ii) The vacancy was replaced on 1/18/2016. The annual salary of the new
21 Director of Operations is \$168,350.
22
23
24
25

1 (g)(iii) In addition to its General Objections, ENSTAR objects to this request as
2 it is vague and ambiguous. ENSTAR does not know what is meant by the term
3 "annual benefit costs associated with the replacement."

4 (g)(iv) The position was filled by an existing employee.

5 (g)(v) In addition to its General Objections, ENSTAR objects to this request as it
6 is vague and ambiguous. ENSTAR does not know what is meant by the term
7 "benefits" as that term is subject to multiple interpretations. Subject to and
8 without waiving this objection, the person who was promoted to Director of
9 Operations previously held the position of Senior Manager of Operations. His
10 salary as Senior Manager of Operations was \$158,313.53.

11 **Person(s) Supplying Information:** John Sims and Moira Smith
12

13
14
15 **AG-ENSTAR-R2-10.** Refer to ENSTAR's response to AG-ENSTAR-R1-26
16 and to the Prefiled Reply Testimony of Daniel Dieckgraeff at 74 that refers to
17 normalizing consumption of customers and mentions a "normalized use per customer"
18 adjustment that ENSTAR proposed in its last rate case, U-14-111.
19

20 (a) Admit that ENSTAR did not propose any "normalized use per customer"
21 in its 275(a) revenue requirement filing in the current rate case.

22 (b) If the response to part (a) is anything other than an unqualified admission
23 of the truth of the matter asserted, state what ENSTAR believes the truth of the matter
24 to be.