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December 1, 2015

Via Electronic Mail and Hand-Delivery:

Chairman Herbert H. Hilliard
Tennessee Regulatory Authority
c/o Sharla Dillon, Dockets and Records Manager
502 Deaderick Street, 4th Floor
Nashville, Tennessee 37243

**RE: Docket No. 15-00093, Petition of Kingsport Power Company d/b/a AEP
Appalachian Power General Rate Case**

Dear Ms. Dillon:

Please find enclosed for Docket Number 15-00093, *The Energy Freedom Coalition of America's* first request of interrogatories and request of production of documents. This document was electronically filed on December 1, 2015 with the Tennessee Regulatory Authority.

Please contact me if you have any questions regarding this filing.

Sincerely,

Charles B. Welch Jr.

Enclosures

**IN THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE**



IN RE:)
)
PETITION OF KINGSFORT)
POWER COMPANY d/b/a AEP)
APPALACHIAN POWER)
GENERAL RATE CASE)
APPROVAL OF CAPITAL)
IMPROVEMENT SURCHARGES)
AND FINANCIAL ARRANGEMENTS)

DOCKET NO. 15-00093

**FIRST REQUEST OF ENERGY FREEDOM COALITION OF AMERICA, LLC
TO KINGSFORT POWER COMPANY FOR INTERROGATORIES AND
PRODUCTION OF DOCUMENTS**

To: William C. Bovender, Esq.
Hunter, Smith, & Davis, LLP
1212 North Eastman Road
Kingsport, Tennessee 37664
Counsel for Petitioner Kingsport Power Company

COMES NOW Energy Freedom Coalition of America, LLC ("EFCA"), by and through undersigned counsel, hereby serves this Discovery Request upon Kingsport Power Company ("Kingsport"), pursuant to Rule 26, 33, 34, and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. We request that full complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced to counsel for EFCA at the following address: Attn: Charles B. Welch, Esq., Farris Bobango, PLC, 414 Union Street, Suite 1105, Nashville, Tennessee 37219 on or before December 18, 2015 as required by the Scheduling Order entered in this Docket.

PRELIMINARY MATTERS AND DEFINITIONS

Please answer each question separately and in the order that it is asked. The numbers of the answers should correspond to the number of the Data Request being answered. Following each answer, please identify the person or persons responsible for the answer and indicate what person or witness provided responsive information or documents, and where applicable, what witness will sponsor each answer in testimony.

In response to the data requests seeking the production of documents, please produce all responsive documents for inspection and copying unaltered and/or unredacted as they are kept in the usual course of business and organize and label them to correspond to the categories in this request. If the requested documents are kept in an electronic format, you shall produce the requested documents in such format. If any part of a document is responsive to any request, the whole document is to be produced. If there has been any alteration, modification, or addition to a document (whether in paper form or electronic), including any margin notes, handwritten notes, underlining, date stamps, received stamps, attachments, distribution lists, drafts, revisions or redlines, each such alteration, modification or addition is to be considered a separate document.

As used in these requests, the singular shall also be treated as plural and vice-versa. If you are unable to respond fully and completely to a document request, you shall explain the reasons why you are unable to do so. The terms defined above and the individual requests for information should be construed broadly to the fullest extent of their meaning in a good faith effort to comply with all applicable laws and regulations.

This request is directed to all documents and information in your custody or control. A document is deemed to be in your custody or control if you have possession of the document, have the right to secure such document or communication from another person having possession thereof, or the document or communication is reasonably available to you, including those documents or communications in the custody or control of your company's present employees, attorneys, agents, or other persons acting on its behalf and its affiliates. In response to requests for production of documents contained in these data requests, you shall produce the document, including all appendices, exhibits, schedules, and attachments, that is most relevant to the request.

If you are unable to produce a document or information based on a claim that the document is not in your custody or control, state the whereabouts of such document or

information when it was last in your possession, custody or control, and provide a detailed description of the reason the document is no longer in your possession, custody or control, and the manner in which it was removed from your possession, custody or control.

These data requests are continuing in nature, and should there be a change in circumstances which would modify or change an answer supplied by your company, then in such case, you should change or modify such answer and submit such changed answer as a supplement to the original answer. Further, should a subsequent version(s) of a document have been created or exist as of the date of these data requests, such version(s) must be produced. Where prior versions or drafts of documents exist, please produce all such documents in your possession, custody or control.

The term "communication" includes, without limitation of its generality, correspondence, email, statements, agreements, contracts, reports, white papers, users guides, job aids, discussions, conversations, speeches, meetings, remarks, questions, answers, panel discussions and symposia, whether written or oral. The term includes, without limitation of its generality, both communications and statements which are face-to-face and those which are transmitted by documents or by media such as intercoms, telephones, television, radio, electronic mail or the Internet.

The term "document," as used herein, shall have the same meaning and scope as contained in Rule 34 of the Federal Rules of Civil Procedure, and shall include, without limitation, all written, reported, recorded, magnetic, graphic, photographic matter, however produced or reproduced, which is now, or was at any time, in the possession, custody, or control of your company and its affiliates including, but not limited to, all reports, memoranda, notes (including reports, memoranda, notes of telephone, email or oral conversations and conferences), financial reports, data records, letters, envelopes, telegrams, messages, electronic mail (e-mail), studies, analyses, books, articles, magazines, newspapers, booklets, circulars, bulletins, notices, instructions, accounts, pamphlets, pictures, films, maps, work papers, arithmetical computations, minutes of all communications of any type (including inter- and intra-office communications), purchase orders, invoices, statements of account, questionnaires, surveys, graphs, recordings, video or audio tapes, punch cards, magnetic tapes, discs, data cells, drums, printouts, records of any sort of meeting, invoices, diaries, and other data compilations from which information can

be obtained, including drafts of the foregoing items and copies or reproductions of the foregoing upon which notations and writings have been made which do not appear on the originals.

The term "identify" or "identifying" means:

- a. When used in reference to natural persons: (1) full name; (2) last known address and telephone number; (3) whether the person is currently employed by, associated or affiliated with Kingsport; (4) that person's current or former position; and (5) dates of employment, association or affiliation.
- b. When used in reference to a document: (1) its author; (2) actual and intended recipient(s); (3) date of creation; and (4) brief description of its contents.
- c. When used in reference to a communication: (1) whether the communication was oral or written; (2) the identity of the communicator; (3) the person receiving the communication; and (4) the location of the communicator and the person receiving the information, if the communication was oral.

The terms "you," "your," "yours," or "your company" means Kingsport and its parent, affiliates, subsidiaries, officers, agents, attorneys, employees, representatives, agents, and consultants.

FIRST INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS

1. Please provide any workpapers supporting or relating to Kingsport's cost allocation studies (described in the testimony and exhibits of Company Witness Buck) and rate design proposals (described in the testimony and exhibits of Company Witness Caudill).

RESPONSE:

2. With respect to the testimony at page 10, lines 22-23, please provide any communications or written documents (including, but not limited to, letters, emails, reports, analyses or studies) relating to the Company's decision "to close its current Rider N.M.S. to new customers at the end of 2016."

RESPONSE:

3. With respect to the testimony at page 11, lines 9-10, please provide any communications or written documents (including, but not limited to, letters, emails, reports, analyses or studies) which support or relate to the claimed “cross-subsidization that occurs with the current net metering construct.”

- a. With respect to the claimed “cross-subsidization that occurs with the current net metering construct,” did Kingsport consider any other rate proposals (including, but not limited to, rate schedules, rate structures, fees or surcharges) to address this issue? If so, please provide any communications or written documents (including, but not limited to, letters, emails, reports, analyses or studies) which support or relate to such other rate proposals.
- b. How does the proposed Rider N.M.S.-2 “reduce or eliminate the claimed cross-subsidization”? Please provide any workpapers or other calculations which support or relate to this reduction or elimination of claimed cross-subsidization.

RESPONSE:

4. With respect to the testimony at page 11, lines 10-13, please provide any workpapers or other calculations which support or relate to the “large portion of fixed charges” that are effectively avoided by customers served on a tariff not having a demand charge.

- a. What are the total “fixed charges” associated with serving a customer on Rider N.M.S.? Please provide any workpapers or supporting calculations with respect to such fixed charges.
- b. What is a “large portion” of these fixed charges? Please provide any workpapers or supporting calculations with respect to the determination of such “large portion.”

RESPONSE:

5. With respect to the testimony at page 11, line 13, please provide any workpapers or other calculations which support or relate to the “avoided fixed costs that must be recovered from other customers.”

- a. With respect to the claimed “avoided fixed costs that must be recovered from other customers,” did Kingsport consider any other rate proposals (including, but not limited to, rate schedules, rate structures, fees or surcharges) to address this issue? If so, please provide any communications or written documents (including, but not limited to, letters, emails, reports, analyses or studies) which support or relate to such other rate proposals.

RESPONSE:

6. With respect to the development of its Rider N.M.S.-2, did Kingsport consider or review (1) similar rate filings or proposals from other utilities, (2) precedent from other jurisdictions, or (3) reports, studies or analyses, that address or relate to the claimed cross-subsidization that occurs under net metering tariffs lacking a demand meter or that value excess generation at the “fully delivered cost”? If so, please provide a copy of any such rate filings or proposals, orders from other jurisdictions constituting such precedent, or such reports, studies, or analyses.

RESPONSE:

7. With respect to the testimony at page 11, lines 14-15, please provide any workpapers or other calculations which support or relate to the “fixed infrastructure” utilized by participating customers.

RESPONSE:

8. With respect to the testimony at page 11, lines 15-16, please provide the basis for the statement that excess generation will effectively be valued “at the Company’s cost to purchase that generation from other sources.” Please provide any workpapers or other calculations which support or relate to “the Company’s cost to purchase that generation from other sources.”

- a. How is “the Company’s cost to purchase that generation from other sources” calculated?
- b. Does such calculation include all costs associated with procuring and delivering such generation from other sources? Please explain, and including any workpapers or other calculations which support or relate to such costs.

RESPONSE:

9. With respect to the testimony at page 11, lines 10-13, in calculating the claimed “cross-subsidization” that occurs when excess generation is valued at the fully delivered cost or retail rate, did the Company take into account costs that are avoided, or benefits that are produced, by having such excess generation produced on the customer’s side of the meter rather than delivered by the Company (*e.g.*, avoided T&D infrastructure costs; avoided line losses; benefits of increased system resilience and

increased power quality; environmental benefits associated with reduced greenhouse gas (GHG) emissions from distributed energy resources versus the Company's generating portfolio; and demand-induced benefits through the reduction in wholesale power prices due to reduction in peak loads)? If so, please provide any workpapers or other calculations which support or relate to the inclusion of such costs that are avoided, or benefits that are produced, by having such excess generation produced on the customer's side of the meter rather than delivered by the Company. If not, please explain why such avoided costs, or benefits produced, were not considered by the Company in determining the claimed "cross-subsidization" that occurs when excess generation is valued at the fully delivered cost or retail rate.

RESPONSE:

10. With respect to the testimony at page 25, Table 4, the "Going Level ROR" for the Residential Class improves from -9.96% to a "Proposed ROR" of -0.33% under the Company's proposal.

- a. Please describe the impact of the introduction of a demand charge for Rider N.M.S.-2 and Tariff R.S.-D. on this improvement in ROR. Please provide any supporting calculations or workpapers.
- b. What would the "Proposed ROR" for the residential class be without the introduction of a demand charge for Rider N.M.S.-2 and Tariff R.S.-D.? Please provide any supporting calculations or workpapers.
- c. Please describe the impact of the reduction in the energy rate for excess generation "to the Company's cost to purchase that generation from other sources" (Castle, page 11, lines 15-16) in Rider N.M.S.-2 and Tariff R.S.-D. on this improvement in ROR. Please provide any supporting calculations or workpapers.
- d. What would the "Proposed ROR" for the residential class be without the reduction in the energy rate for excess generation "to the Company's cost to purchase that generation from other sources" (Castle, page 11, lines 15-16) for Rider N.M.S.-2 and Tariff R.S.-D. Please provide any supporting calculations or workpapers.

RESPONSE:

11. With respect to the testimony at page 25, Table 4, the "Going Level ROR" for the Small General Service Class improves from 15.91% to a "Proposed ROR" of 19.51% under the Company's proposal. Please describe the impact of the introduction of a demand charge for Rider N.M.S.-2 and Tariff S.G.S.-D. on this improvement in ROR. Please provide any supporting calculations or workpapers.

- a. What would the “Proposed ROR” for the residential class be without the introduction of a demand charge for Rider N.M.S.-2 and Tariff S.G.S.-D.? Please provide any supporting calculations or workpapers.
- b. Please describe the impact of the reduction in the energy rate for excess generation “to the Company’s cost to purchase that generation from other sources” (Castle, page 11, lines 15-16) in Rider N.M.S.-2 and Tariff S.G.S.-D. on this improvement in ROR. Please provide any supporting calculations or workpapers.
- c. What would the “Proposed ROR” for the residential class be without the reduction in the energy rate for excess generation “to the Company’s cost to purchase that generation from other sources” (Castle, page 11, lines 15-16) for Rider N.M.S.-2 and Tariff S.G.S.-D. Please provide any supporting calculations or workpapers.

RESPONSE:

12. With respect to the testimony at page 25, Table 4, the “Going Level ROR” for the Medium General Service Class improves from 10.07% to a “Proposed ROR” of 14.59% under the Company’s proposal. Please describe the impact of the introduction of a demand charge for Tariff M.G.S. on this improvement in ROR. Please provide any supporting calculations or workpapers.

- a. What would the “Proposed ROR” for the residential class be without the introduction of a demand charge for Tariff M.G.S.? Please provide any supporting calculations or workpapers.

RESPONSE:

13. With respect to the Company’s Class Cost of Service Study (KgPCo Exhibit No. 3-C (DRB)) (CCOS), please explain how any calculations or findings support or relate to the statement in Mr. Castle’s testimony regarding the claimed “cross-subsidization that occurs with the current net metering construct.” (Page 11, lines 9-10) Please identify what elements, calculations or findings in the COSS support or relate to Mr. Castle’s statement.

RESPONSE:

14. With respect to the Company’s Class Cost of Service Study (KgPCo Exhibit No. 3-C (DRB)) (CCOS), please explain how any calculations or findings support or relate to the statement in Mr. Castle’s testimony regarding the need to incorporate demand meters so that “participating customers will

be charged for the fixed infrastructure they utilize.” (Page 11, lines 14-15) Please identify what elements, calculations or findings in the COSS support or relate to Mr. Castle’s statement.

RESPONSE:

15. With respect to the Company’s Class Cost of Service Study (KgPCo Exhibit No. 3-C (DRB)) (CCOS), please explain how any calculations or findings support or relate to the statement in Mr. Castle’s testimony regarding the need to value customers’ excess generation “at the Company’s cost to purchase that generation from other sources.” (Page 11, lines 15-16) Please identify what elements, calculations or findings in the COSS support or relate to Mr. Castle’s statement.

RESPONSE:

16. With respect to the Company’s Class Cost of Service Study (KgPCo Exhibit No. 3-C (DRB)) (CCOS), please explain how any calculations or findings support or relate to the basis for including demand charges in proposed Tariff R.S.-D. Please identify what elements, calculations or findings in the COSS support or relate to the inclusion of demand charges in proposed Tariff R.S.-D.

RESPONSE:

17. With respect to the Company’s Class Cost of Service Study (KgPCo Exhibit No. 3-C (DRB)) (CCOS), please explain how any calculations or findings support or relate to the basis for including demand charges in proposed Tariff S.G.S.-D. Please identify what elements, calculations or findings in the COSS support or relate to the inclusion of demand charges in proposed Tariff S.G.S.-D.

RESPONSE:

18. With respect to the Company’s Class Cost of Service Study (KgPCo Exhibit No. 3-C (DRB)) (CCOS), please explain how any calculations or findings support or relate to the basis for including demand charges in proposed Tariff M.G.S. Please identify what elements, calculations or findings in the COSS support or relate to the inclusion of demand charges in proposed Tariff M.G.S.

RESPONSE:

19. With respect to the Company’s Class Cost of Service Study (KgPCo Exhibit No. 3-C (DRB)) (CCOS), please explain how any calculations or findings support or relate to the basis for an energy charge in proposed Tariff R.S.-D. that is less than the energy charge in proposed Tariff R.S. Please identify what elements, calculations or findings in the COSS support or relate to the reduced energy charge in proposed Tariff R.S.-D.

RESPONSE:

20. With respect to the Company's Class Cost of Service Study (KgPCo Exhibit No. 3-C (DRB)) (CCOS), please explain how any calculations or findings support or relate to the basis for an energy charge in proposed Tariff S.G.S.-D. that is less than the energy charges in proposed Tariff S.G.S. Please identify what elements, calculations or findings in the COSS support or relate to the reduced energy charge in proposed Tariff S.G.S.-D.

RESPONSE:

21. With respect to the testimony at page 10, lines 1-2, please explain the basis for the statement that the Company is proposing "an improvement to the language related to customer excess generation" in Rider N.M.S.-2. Please describe how the language was changed, and how the language change constitutes an "improvement"?

- a. Why was an "improvement" necessary? Please provide any communications or written documents (including, but not limited to, letters, emails, reports, analyses or studies) relating to the decision to "improve" the language related to customer excess generation.

RESPONSE:

22. With respect to KgPCo Exhibit No. 1 (TAC) at page 1, the Company indicates that it has 69 average monthly customers served under S.G.S.-N.M. How many residential customers are currently served under Rider N.M.S.?

RESPONSE:

23. With respect to KgPCo Exhibit No. 1 (TAC) at page 1, the customers served under S.G.S.-N.M. would experience a 10.43% increase under the Company's proposal (column 5). What is the proposed increase for residential customers currently served under Rider N.M.S. under the Company's proposed Rider N.M.S.-2? Please provide supporting calculations.

RESPONSE:

24. The testimony at page 6, lines 9-17 states that "metering for these rate classes registers kWh consumption but does not have the ability to register demand due to historical costs for such meters. Without separate demand charges in these rate classes, the majority of fixed distribution costs are

recovered through volumetric energy charges.” The testimony at page 7, lines 8-9 states that “it is appropriate to collect fixed costs through a demand charge, wherever possible.”

- a. Please explain why the proposed service charge for Tariff R.S.-D. (\$11.00) is the same as the service charge for Tariff R.S. (\$11.00), notwithstanding the proposed introduction of a demand charge (\$9.44 per kW) in Tariff R.S.-D. Please provide any supporting calculations showing the recovery of fixed costs under a tariff schedule without a demand charge versus a tariff schedule with demand charges. What portion of fixed costs is recovered through the proposed service charge of \$11.00 under Tariff R.S.-D.? What portion of fixed costs is recovered through the proposed demand charge of \$9.44 per kW?
- b. Please explain why the proposed service charge for Tariff S.G.S.-D. (\$20.20) is greater than the proposed service charge for Tariff S.G.S. (\$12.60), notwithstanding the proposed introduction of a demand charge (\$15.10 per kW) in Tariff S.G.S.-D. Please provide any supporting calculations showing the recovery of fixed costs under a tariff schedule without a demand charge versus a tariff schedule with demand charges. What portion of fixed costs is recovered through the proposed service charge of \$20.20 under Tariff S.G.S.-D.? What portion of fixed costs is recovered through the proposed demand charge of \$15.10 per kW?
- c. Please explain why the proposed service charges for Tariff M.G.S. (changing from \$21.50 to \$40.00 for secondary and changing from \$93.85 to \$94.00 for primary) are increasing, notwithstanding the proposed introduction of a demand charge (\$2.08 per kW for secondary and \$2.02 per kW for primary) in Tariff M.G.S. Please provide any supporting calculations showing the recovery of fixed costs under a tariff schedule without a demand charge versus a tariff schedule with demand charges. For secondary service, what portion of fixed costs is recovered through the proposed service charge of \$40.00 under Tariff M.G.S.? What portion of fixed costs is recovered through the proposed demand charge of \$2.08 per kW? For primary service, what portion of fixed costs is recovered through the proposed service charge of \$94.00 under Tariff M.G.S.? What portion of fixed costs is recovered through the proposed demand charge of \$2.02 per kW?

RESPONSE:

25. With respect to proposed Tariff R.S.-D. (KgPCo Exhibit No. 3 (TAC) at page 11), please provide workpapers or calculations which support or relate to the proposed service charge of \$11.00 per customer.

RESPONSE:

26. With respect to proposed Tariff R.S.-D. (KgPCo Exhibit No. 3 (TAC) at page 11), please provide workpapers or calculations which support or relate to the proposed energy charge of 3.826 cents per kWh.

- a. Please reconcile the energy charge of 9.248 cents per kWh under proposed Tariff R.S. with the proposed energy charge of 3.826 cents per kWh under proposed Tariff R.S.-D. Please identify each element or rate component that was subtracted from 9.248 cents per kWh in order to arrive at the 3.826 cents per kWh rate, and explain the basis for such subtraction.
- b. Please explain how the 3.826 cents per kWh rate effectively values the excess generation “at the Company’s cost to purchase that generation from other sources.” (Castle, page 11, lines 15-16)
- c. In calculating the 3.826 cents per kWh energy charge under proposed Tariff R.S.-D., did the Company take into account costs that are avoided, or benefits that are produced, by having energy produced on the customer’s side of the meter rather than delivered by the Company (e.g., avoided T&D infrastructure costs; avoided line losses; benefits of increased system resilience and increased power quality; environmental benefits associated with reduced greenhouse gas (GHG) emissions from distributed energy resources versus the Company’s generating portfolio; and demand-induced benefits through the reduction in wholesale power prices due to reduction in peak loads)? If so, please provide any workpapers or other calculations which support or relate to the inclusion of such costs that are avoided, or benefits that are produced, by having energy produced on the customer’s side of the meter rather than delivered by the Company. If not, please explain why such avoided costs, or benefits produced, were not considered by the Company in determining the proposed energy charge of 3.286 cents per kWh.

RESPONSE:

27. With respect to proposed Tariff R.S.-D. (KgPCo Exhibit No. 3 (TAC) at page 11), please provide workpapers or calculations which support or relate to the proposed demand charge of \$9.44 cents per kW.

- a. Please explain how the proposed demand charge of \$9.44 per kW results in “participating customers being charged for the fixed infrastructure they utilize.” (Castle, page 11, lines 14-15)
- b. In calculating the proposed demand charge of \$9.44 per kW under proposed Tariff R.S.-D., did the Company take into account costs that are avoided, or benefits that are produced, by having energy produced on the customer’s side of the meter rather than

delivered by the Company (*e.g.*, avoided T&D infrastructure costs; avoided line losses; benefits of increased system resilience and increased power quality; environmental benefits associated with reduced greenhouse gas (GHG) emissions from distributed energy resources versus the Company's generating portfolio; and demand-induced benefits through the reduction in wholesale power prices due to reduction in peak loads)? If so, please provide any workpapers or other calculations which support or relate to the inclusion of such costs that are avoided, or benefits that are produced, by having energy produced on the customer's side of the meter rather than delivered by the Company. If not, please explain why such avoided costs, or benefits produced, were not considered by the Company in determining the proposed demand charge of \$9.44 per kW.

RESPONSE:

28. With respect to proposed Tariff S.G.S.-D. (KgPCo Exhibit No. 3 (TAC) at page 19), please provide workpapers or calculations which support or relate to the proposed service charge of \$20.20 per customer.

RESPONSE:

29. With respect to proposed Tariff S.G.S.-D. (KgPCo Exhibit No. 3 (TAC) at page 19), please provide workpapers or calculations which support or relate to the proposed energy charge of 3.791 cents per kWh.

- a. Please reconcile the energy charges of 9.284 cents per kWh (for the first block) and 8.768 cents per kWh (for the tail block) under proposed Tariff S.G.S. with the proposed energy charge of 3.791 cents per kWh under proposed Tariff S.G.S.-D. Please identify each element or rate component that was subtracted from the proposed Tariff S.G.S. energy rates in order to arrive at the 3.791 cents per kWh rate under proposed Tariff S.G.S.-D., and explain the basis for such subtraction.
- b. Please explain how the 3.791 cents per kWh rate effectively values the excess generation "at the Company's cost to purchase that generation from other sources." (Castle, page 11, lines 15-16)
- c. In calculating the 3.791 cents per kWh energy charge under proposed Tariff S.G.S.-D., did the Company take into account costs that are avoided, or benefits that are produced, by having energy produced on the customer's side of the meter rather than delivered by the Company (*e.g.*, avoided T&D infrastructure costs; avoided line losses; benefits of increased system resilience and increased power quality; environmental benefits associated with reduced greenhouse gas (GHG) emissions from distributed energy resources versus the Company's generating portfolio; and

demand-induced benefits through the reduction in wholesale power prices due to reduction in peak loads)? If so, please provide any workpapers or other calculations which support or relate to the inclusion of such costs that are avoided, or benefits that are produced, by having energy produced on the customer's side of the meter rather than delivered by the Company. If not, please explain why such avoided costs, or benefits produced, were not considered by the Company in determining the proposed energy charge of 3.791 cents per kWh.

RESPONSE:

30. With respect to proposed Tariff S.G.S.-D. (KgPCo Exhibit No. 3 (TAC) at page 19), please provide workpapers or calculations which support or relate to the proposed demand charge of \$15.10 per kW.

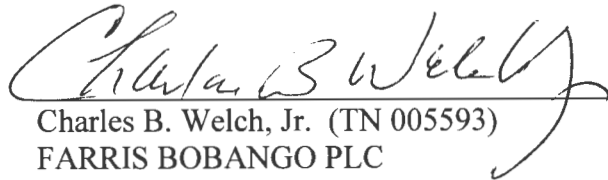
- a. Please explain how the proposed demand charge of \$15.10 per kW results in "participating customers be[ing] charged for the fixed infrastructure they utilize." (Castle, page 11, lines 14-15)
- b. In calculating the proposed demand charge of \$15.10 per kW under proposed Tariff S.G.S.-D., did the Company take into account costs that are avoided, or benefits that are produced, by having energy produced on the customer's side of the meter rather than delivered by the Company (e.g., avoided T&D infrastructure costs; avoided line losses; benefits of increased system resilience and increased power quality; environmental benefits associated with reduced greenhouse gas (GHG) emissions from distributed energy resources versus the Company's generating portfolio; and demand-induced benefits through the reduction in wholesale power prices due to reduction in peak loads)? If so, please provide any workpapers or other calculations which support or relate to the inclusion of such costs that are avoided, or benefits that are produced, by having energy produced on the customer's side of the meter rather than delivered by the Company. If not, please explain why such avoided costs, or benefits produced, were not considered by the Company in determining the proposed demand charge of \$15.10 per kW.

RESPONSE:

31. Identify each individual responding to these interrogatories and requests for production of documents. Affirm that the individual is authorized by Kingsport to respond on the Company's behalf.

RESPONSE:

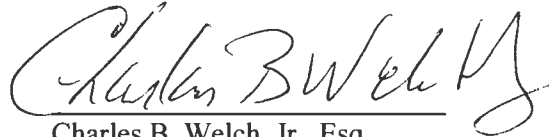
Respectfully submitted,

A handwritten signature in cursive script, reading "Charles B. Welch, Jr.", written in black ink. The signature is fluid and stylized, with a long horizontal line extending from the end of the name.

Charles B. Welch, Jr. (TN 005593)
FARRIS BOBANGO PLC
414 Union Street, Suite 1105
Nashville, TN 37219
(615) 726-1200

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail to all parties of record in this proceeding on December 1, 2015.


Charles B. Welch, Jr., Esq.