

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

<b>IN RE:</b>	)	Filed Electronically TRA Docket Office
	)	12/1/15
<b>PETITION OF KINGSPORT POWER</b>	)	
<b>COMPANY d/b/a AEP APPALACHIAN</b>	)	<b>DOCKET NO. 15-00093</b>
<b>POWER GENERAL RATE CASE</b>	)	
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**FIRST DISCOVERY REQUEST  
OF THE CONSUMER PROTECTION AND ADVOCATE DIVISION  
TO KINGSPORT POWER COMPANY d/b/a AEP APPALACHIAN POWER**

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To: Kingsport Power Company d/b/a AEP Appalachian Power  
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This First Discovery Request is hereby served upon Kingsport Power Company d/b/a AEP Appalachian Power ("Company" or "KgPCo"), pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. The Consumer Protection and Advocate Division of the Attorney General's Office ("Consumer Advocate") requests that full and complete responses be provided pursuant to the Tennessee Rules of Civil

Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Protection and Advocate Division, 315 Deaderick Street, 20<sup>th</sup> Floor, Nashville, Tennessee 37243, c/o Wayne M. Irvin, on or before 4:00 p.m. (CDT), December 18, 2015.

### **PRELIMINARY MATTERS AND DEFINITIONS**

These discovery requests are to be considered continuing in nature, and are to be supplemented from time to time as information is received by KgPCo which would make a prior response inaccurate, incomplete, or incorrect.

If any objections to this discovery are raised on the basis of privilege or immunity, please include in your response a complete explanation concerning the privilege or immunity asserted. If you contend that you are entitled to refuse to fully answer any of this discovery, please state the exact legal basis for each such refusal.

The terms “you” or “your” or “Company” or “KgPCo” as used herein mean Kingsport Power Company d/b/a AEP Appalachian Power and all employees, agents, and representatives thereof.

The term “affiliate” means any entity that controls, is controlled by, or is under common control with the Company. For the avoidance of doubt, American Electric Power Company, Inc. (“AEP, Inc.” or “AEP”), Appalachian Power Company (“APC”), American Electric Power Service Corporation (“AEPSC” or “Service Company”), and any other direct or indirect subsidiary, joint venture, corporation, firm, company, sole proprietorship, partnership, business, unincorporated association, or other entity of any sort whatsoever in which AEP or APC has at least a 50% interest in, or otherwise controls by agreement or other means or method, shall be deemed an affiliate.

The term “person” as used herein refers to any natural person, corporation, firm, company, sole proprietorship, partnership, business, unincorporated association, or other entity of any sort whatsoever.

The term “communication” means any transmission of information by oral, graphic, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, or otherwise.

The term “document” as used herein shall have the broadest possible meaning under applicable law. “Document” as used herein means any medium upon which intelligence or information can be recorded or retrieved, such as any written, printed, typed, drawn, filmed, taped, or recorded medium in any manner, however produced or reproduced, including but not limited to any writing, drawing, graph, chart, form, letter, note, report, electronic mail, memorandum (including memoranda, electronic mail, report, or note of a meeting or communication), workpaper, spreadsheet, photograph, videotape, audio tape, computer disk or record, or any other data compilation in any form without limitation, which is in your possession, custody or control. All spreadsheets are to be provided in Excel format with working formulas. If any such document was, but no longer is, in your possession, custody or control, please state what disposition was made of the document and when it was made.

Provide all responses in the format which they are maintained, such as Microsoft Word or Microsoft Excel format with all formulas intact.

### **FIRST DISCOVERY REQUESTS**

1. Refer to the Castle Testimony, page 5, and the Allen Testimony, page 18, in which the Company proposes the recovery of “emerging costs” -- i.e., costs associated with cyber and physical security environmental compliance with government regulations, and PJM RTO membership -- through a Variable Cost Rider (“VCR”) as identified in the Company *Petition* in this Docket. To enable the Consumer Advocate to evaluate this in the context of TRA Docket No. 15-00093 and in anticipation of the VCR, identify the current cyber and/or physical security requirements that apply to KgPCo and state whether KgPCo is in compliance with such requirements.

#### **RESPONSE:**

2. With reference to the Castle and Allen testimonies referred to in Discovery Request No. 1 and for the reasons stated in that request, identify with specificity any new cyber and/or physical security requirements that will apply to KgPCo through the end of 2017 and state whether KgPCo will need to enhance its cyber and/or physical security to be in compliance with these new requirements. If KgPCo will need to enhance its cyber and/or physical security to be in compliance with these new requirements, please estimate the cost of achieving compliance.

#### **RESPONSE:**

3. With reference to the Castle and Allen testimonies referred to in Discovery Request No. 1 and for the reasons stated in that request, identify the accounts that currently capture cyber and/or physical security costs, as well as any other accounts that will be affected by cyber and/or physical security costs in the anticipated VCR filing. In addition to and without limiting the foregoing, respond to the following specific requests:

- a. Provide the amount of expenditures KgPCo has incurred, and the corresponding accounts, related to cyber and/or physical security from January 2013 through September 2015.
- b. How much money has KgPCo budgeted for cyber and/or physical security in the attrition year and each of three following fiscal years?
- c. If the current rate case filing includes budgeting for cyber and/or physical security costs, please explain in detail why an additional rider is necessary and appropriate to recover these costs?
- d. Upon which subsection(s) of Tenn. Code Ann. § 65-5-103(d) do you expect to rely regarding the recovery of cyber and/or physical security costs through the VCR? Please explain.

**RESPONSE:**

4. With reference to the Castle and Allen testimonies referred to in Discovery Request No. 1 and for the reasons stated in that request, is KgPCo currently in compliance with state and federal environmental requirements? If not, please explain.

**RESPONSE:**

5. With reference to the Castle and Allen testimonies referred to in Discovery Request No. 1 and for the reasons stated in that request, identify with specificity any new governmental environmental requirements that will apply to KgPCo through the end of 2017 and state whether KgPCo will need to change its operations to be in compliance with these new requirements. If KgPCo will need to change its operations to be in compliance with these new requirements, please estimate the cost of achieving compliance.

**RESPONSE:**

6. With reference to the Castle and Allen testimonies referred to in Discovery Request No. 1 and for the reasons stated in that request, identify the accounts that currently capture governmental environmental compliance costs, as well as any other accounts that will be

affected by governmental environmental compliance in the anticipated VCR filing. In addition to and without limiting the foregoing, respond to the following specific requests:

- a. Provide the amount of expenditures KgPCo has incurred or an affiliate of KgPCo has incurred on KgPCo's behalf, and the corresponding accounts, related to governmental environmental compliance from January 2013 through September 2015.
- b. State the amount that KgPCo has budgeted for governmental environmental compliance in the attrition year.
- c. If the current rate case filing includes budgeting for governmental environmental compliance costs, please explain in detail why an additional rider is necessary and appropriate to recover these costs?

**RESPONSE:**

7. With reference to the Castle and Allen testimonies referred to in Discovery Request No. 1 and for the reasons stated in that request, state the subsection(s) of Tenn. Code Ann. § 65-5-103(d) upon which you expect to rely regarding the recovery of governmental environmental compliance costs through the VCR. Please explain with specificity.

**RESPONSE:**

8. With reference to the Castle and Allen testimonies referred to in Discovery Request No. 1 and for the reasons stated in that request, is KgPCo currently in compliance with PJM RTO membership requirements? If not, please explain.

**RESPONSE:**

9. With reference to the Castle and Allen testimonies referred to in Discovery Request No. 1 and for the reasons stated in that request, identify with specificity any new PJM RTO membership requirements that will apply to KgPCo in through the end of 2017 and state whether KgPCo will need to change its operations to be in compliance with these new

requirements. If KgPCo will need to change its operations to be in compliance with these new requirements, please estimate the cost of achieving compliance.

**RESPONSE:**

10. With reference to the Castle and Allen testimonies referred to in Discovery Request No. 1 and for the reasons stated in that request, identify the accounts that currently capture PJM RTO membership compliance costs, as well as any other accounts that will be affected by PJM RTO membership compliance in the anticipated VCR filing. In addition to and without limiting the foregoing, respond to the following specific requests:

- a. Provide the amount of expenditures KgPCo has incurred, and the corresponding accounts, related to PJM RTO membership compliance from January 2013 through September 2015.
- b. How much money has KgPCo budgeted for PJM RTO membership compliance in the attrition year?
- c. If the current rate case filing includes budgeting for PJM RTO membership compliance costs, please explain in detail why an additional rider is necessary and appropriate to recover these costs?

**RESPONSE:**

11. With reference to the Castle and Allen testimonies referred to in Discovery Request No. 1 and for the reasons stated in that request, state which subsection(s) of Tenn. Code Ann. § 65-5-103(d) upon which you expect to rely regarding the recovery of PJM RTO membership compliance costs through the VCR? Please explain.

**RESPONSE:**

12. With reference to the Castle and Allen testimonies referred to in Discovery Request No. 1 and for the reasons stated in that request, state whether or not AEP, its affiliates, and/or its other subsidiaries also will be subject to these emerging costs (cyber/physical security, governmental environmental compliance, PJM RTO membership requirements). Please explain

with specificity and provide details (including amounts for each of the next three fiscal years), and identify the portion of these total costs that you proposed to recover from KgPCo ratepayers.

**RESPONSE:**

13. Refer to Castle Testimony, page 6, and Wright Testimony, pages 5 and 7, in which the Company proposes that a certain base amount of major storm costs (\$490,447) be recovered in base rates and reconciled in annual VCR filings. To enable the Consumer Advocate to evaluate this in the context of TRA Docket No. 15-00093 and in anticipation of the VCR, identify weather events from January 2010 through September 2015 that constituted “major storms” affecting KgPCo, and state the corresponding costs of each major storm.

**RESPONSE:**

14. With reference to the Castle and Wright testimonies referred to in Discovery Request No. 13 and for the reasons stated in that request, please provide pro forma calculations that show:

- a. The amount of revenue that KgPCo would have recovered by including the proposed base amount of major storm costs in base rates from January 2010 through September 2015, including returns earned on this revenue;
- b. The amount of over/under recovery per year compared with actual major storm costs from January 2010 through September 2015.

**RESPONSE:**

15. With reference to the Castle and Wright testimonies referred to in Discovery Request No. 13 and for the reasons stated in that request, note that Wright testifies on page 7 that the Company’s storm-rider-recovery proposal “is expected to mitigate [KgPCo’s] need to file individual storm cost recovery cases.” Please explain with specificity how the proposed program will reduce the regulatory burden of recovering storm costs when KgPCo is simultaneously proposing to reconcile storm costs annually through VCR filings?



**RESPONSE:**

16. With reference to the Castle and Wright testimonies referred to in Discovery Request No. 13 and for the reasons stated in that request, state whether or not capital costs associated with major storm recovery are currently reflected in rate base or otherwise charged to ratepayers? If yes, please identify the corresponding accounts and respective amounts.

**RESPONSE:**

17. With reference to the Castle and Wright testimonies referred to in Discovery Request No. 13 and for the reasons stated in that request, state the subsection(s) of Tenn. Code Ann. § 65-5-103(d) upon which you expect to rely regarding the recovery of capital costs and incremental operational costs associated with major storms through the VCR. Please explain with specificity.

**RESPONSE:**

18. Refer to Wright Testimony, pages 9-13, Castle Testimony, pages 6, and Webb Testimony, page 5, in which the Company proposes the Tennessee Reliability Strategy (“TRS”) and requests that ongoing O&M expenses for the TRS be included in base rates while capital costs associated with the TRS be recovered through the VCR. Based on the testimony in this Docket, on what date will KgPCo first be on a four-year tree-trimming cycle? Explain.

**RESPONSE:**

19. Company Witness Castle testifies at pages 6 and 7 of his testimony that the expenses for tree-trimming will exceed the expected going level during the first four years and KgPCo will seek this recovery through a VCR filing. To enable the Consumer Advocate to evaluate Company Witness Castle’s testimony in TRA Docket 15-00093 and in the context of the anticipated VCR, please provide all studies, analyses, and/or reports on which Company

Witness Castle relies for his testimony and, in addition, state the subsection(s) of Tenn. Code Ann. § 65-5-103(d) upon which the Company expects to rely in its request for the recovery of tree trimming costs in the anticipated VCR.

**RESPONSE:**

20. In the context of TRA Docket 15-00093 and the anticipated VCR, explain how KgPCo will determine the order in which it will perform tree-trimmings for its various rights-of-way (“ROWS”)? If there will be a change in the number of transmission and/or distribution miles subject to tree-trimming as a result of the TRS, please identify and explain the change.

**RESPONSE:**

21. In the context of TRA Docket 15-00093 and the anticipated VCR, for each year 2009 through 2014, please provide the number of miles budgeted for tree trimming in the Company’s service territory and the number of miles actually trimmed. Please provide this budgeted and actual information separately for transmission and distribution miles.

**RESPONSE:**

22. In the context of TRA Docket 15-00093 and the anticipated VCR, provide with specificity the amount of overtime costs and expenses KgPCo incurred during the test year as a result of disruptions caused by trees or equipment failure.

**RESPONSE:**

23. In the context of TRA Docket 15-00093 and the anticipated VCR, state the effect that adopting the TRS have on KgPCo’s labor expenses? In your response to this question, provide in native spreadsheet format the actual test year values and the pro forma values as if the TRS were in place of the following (please segregate your responses by contract and KgPCo affiliate):

- a. AEP corporate management salary attributed to KgPCo's vegetation management and correcting equipment failures;
- b. KgPCo management salary attributed to KgPCo's vegetation management and correcting equipment failures;
- c. Supervisors attributed to KgPCo's vegetation management and correcting equipment failures;
- d. Field personnel attributed to KgPCo's vegetation management and correcting equipment failures;
- e. Number of company workers attributed to KgPCo's vegetation management and correcting equipment failures; and
- f. Number of contract workers attributed to KgPCo's vegetation management and correcting equipment failures.

**RESPONSE:**

24. In the context of TRA Docket 15-00093 and the anticipated VCR, explain in detail and provide any study, analyses, and/or reports performed or received by KgPCo or any affiliate of KgPCo concerning or relating to whether the proposed TRS will:

- a. Reduce O&M, and if so, by what amount;
- b. Reduce expenses and service disruptions associated with major storms, and if so, by what amount; and
- c. Reduce recurring annual transmission and distribution plan investment and removal costs.

**RESPONSE:**

25. In the context of TRA Docket 15-00093 and the anticipated VCR, explain in detail and provide any study, analysis, and/or report performed or received by KgPCo or any affiliate of KgPCo concerning or relating to how you will determine whether TRS activities are capitalized.

**RESPONSE:**

26. In the context of TRA Docket 15-00093 and the anticipated VCR, explain in detail and provide any study, analysis, and/or report performed or received by KgPCo or any affiliate of KgPCo concerning or relating to the Company's determination that the TRS programs will enhance reliability, system hardening, and storm recovery efforts.

**RESPONSE:**

27. In the context of TRA Docket 15-00093 and the anticipated VCR, provide all studies, analyses, or reports estimating the effects of TRS on System Average Interruption Frequency Index ("SAIFI") and System Average Interruption Duration Index ("SAIDI") for the 10-year implementation period (2016-2025).

**RESPONSE:**

28. In the context of TRA Docket 15-00093 and the anticipated VCR, provide a list of all vegetation management contractors or contractors providing a similar service and, in addition, describe any ownership or organizational relationship of each such contractor to any KgPCo employee or other independent contractor. Describe all steps taken by KgPCo and its affiliates to assure no direct or indirect conflicts of interest arise with respect to vegetation management contracts.

**RESPONSE:**

29. In the context of TRA Docket 15-00093 and the anticipated VCR, for the period from January 2013 through September 2015, provide by account the amount expensed and the amount capitalized for all tree-trimming activities. In this specific request, do NOT include tree-trimming costs associated with KgPCo's separate requests for storm damage costs.

**RESPONSE:**

30. Please refer to Castle Testimony, page 9, and Buck Testimony, pages 6-7 and 22-28, where the Company proposes to gradually equalize class rates of return based on cost-of-service data by realigning base rates over the next six years. To enable the Consumer Advocate to evaluate this in the context of TRA Docket No. 15-00093 and in anticipation of the VCR, identify and provide a copy of all studies, analysis, reports, and any other sources upon which Company Witness Buck relied for this statement: "Meeting this objective [of designing rates to reflect the actual costs of serving the customer] requires that the rates of return for all classes be equalized." (Buck Testimony, p. 23).

**RESPONSE:**

31. With reference to the Castle and Buck testimonies referred to in Discovery Request No. 30 and for the reasons stated in that request, based on the average residential customer's kWh usage and the rate realignment rider adjustments proposed in Company Witness Buck's testimony at pages 27-28, provide pro forma calculations of the average residential customer's monthly bills from years 1 through 6.

**RESPONSE:**

32. With reference to the Castle and Buck testimonies referred to in Discovery Request No. 30 and for the reasons stated in that request, based on the average public school's kWh usage and the rate realignment rider adjustments proposed in Company Witness Buck's testimony at pages 27-28, provide pro forma calculations of the average public school's monthly bills from years 1 through 6.

**RESPONSE:**

33. Refer to Caudill Testimony, pages 6-7, in which the Company proposes increased monthly demand charges for residential, small general service, church service, and M.G.S.

tariffs. To enable the Consumer Advocate to evaluate this in the context of TRA Docket No. 15-00093 and in anticipation of the VCR, identify and provide copies of all studies, analyses, reports, and other sources upon which Company Witness Caudill relied for her statements that “fixed costs are generally recovered through demand charges” (p. 6) and “it is appropriate to collect fixed costs through a demand charge, whenever possible” (p. 7).

**RESPONSE:**

34. With reference to the Caudill testimony referred to in Discovery Request No. 33 and for the reasons stated in that request, note that Company Witness Caudill states that as a result of increased demand charges “the average customer will see less volatility in bills from low to high usage months.” (p. 6). In light of this statement, does KgPCo admit that increased demand charges will result in the following (if KgPCo denies the following, please explain and provide pro forma calculations based on the average residential customer’s bill to support your position):

- a. A lesser portion of the average customer’s bill will be based on her usage, therefore she will have less control over her monthly electric bill (as compared to the situation where the demand charge does not increase);
- b. Reduced consumption will have a less significant effect on the average customer’s bill, therefore she will be less incentivized to engage in electricity conservation (as compared to the situation where the demand charge does not increase)?

**RESPONSE:**

35. With reference to the Caudill testimony referred to in Discovery Request No. 34 and for the reasons stated in that request, please provide all studies, analyses, or reports that have been conducted or received by KgPCo or any KgPCo affiliate on KgPCo’s ratepayers regarding their preferences of paying a demand charge or continuing to have a larger portion of their bill vary based on usage. Also, please identify and, if available, provide a copy of any study,

analysis, or report of which KgPCo or KgPCo affiliate is aware regarding KgPCo ratepayers' preferences of paying a demand charge or continuing to have a larger portion of their bill vary based on usage.

**RESPONSE:**

36. With reference to the Caudill testimony referred to in Discovery Request No. 34 and for the reasons stated in that request, consider two hypothetical residential customers: Customer A lives in a 4,000 sq. ft. single-family home and averages 1,500 kWh per month; Customer B lives in a 1,000 sq. ft. apartment and averages 900 kWh per month. Please provide detailed calculations of the following for each Customer A and Customer B:

- a. An average bill for each month of the year based on actual rates from 2014;
- b. An average bill for each month of the year based on pro forma calculations with the proposed increased demand charge and proposed change in rates; and
- c. The average fixed costs attributable to each customer for the test year, separated by month.

**RESPONSE:**

37. Refer to Castle Testimony, pages 10-11, in which the Company proposes to implement a new Net Metering Service Rider ("NMS-2"). To enable the Consumer Advocate to evaluate this in the context of TRA Docket No. 15-00093 and in anticipation of the VCR, state the effect that KgPCo (and/or any of KgPCo's affiliates) expect that the implementation of NMS-2, will have on the number of NMS customers in KgPCo's service area? Also specifically state in detail the effect that KgPCo (and/or any of KgPCo's affiliates) expect that the implementation of a demand charge (as a part of NMS-2), will have on the number of NMS customers in KgPCo's service area? Identify and provide copy of any study, analyses, or report relied upon in your response.

**RESPONSE:**

38. With reference to the Castle testimony referred to in Discovery Request No. 37 and for the reasons stated in that request, for each of KgPCo's NMS customers, provide the following:

- a. A copy of the bills rendered to each Net Metering customer of KgPCo from January 2013 through September 2015;
- b. Pro forma calculations showing the hypothetical monthly bill amounts under NMS-2 for the same months.

**RESPONSE:**

39. With reference to the Castle testimony referred to in Discovery Request No. 37 and for the reasons stated in that request, explain in detail and with specificity the method or mechanism or calculation as to how NMS-2 customers' "highest peak demand realized during the month" (Castle Testimony, p. 11) will be calculated?

**RESPONSE:**

40. With reference to the Castle testimony referred to in Discovery Request No. 37 and for the reasons stated in that request, for electricity that is sold back to the grid from NMS-2 customers' generation, explain in detail and with specificity the rationale for crediting such customers' bills at the rate of the Company's variable cost of production, rather than at the fully delivered cost. In your response to this request, address the role, impact, and effect of the proposed demand charge. Identify and provide copy of any study, analyses, or report relied upon in your response.

**RESPONSE:**

41. With reference to the Castle testimony referred to in Discovery Request No. 37 and for the reasons stated in that request, state, in table form, the number of KgPCo Net Metering



customers by month from January 2013 through September 2015 and provide an estimate of the number of KgPCo Net Metering customers for each month of the next three fiscal years. Identify and provide a copy of any study, analyses, or report relied upon in your response. Provide the same information for any KgPCo affiliate that has a tariff containing Net Metering terms or provisions and provide a copy of any such tariff(s) for the periods described in this request.

**RESPONSE:**

42. With reference to the Castle testimony referred to in Discovery Request No. 37 and for the reasons stated in that request, state in detail with specificity the total generation capacity (kW) owned by Net Metering customers of KgPCo by month from January 2013 through September 2015.

**RESPONSE:**

43. With reference to the Castle testimony referred to in Discovery Request No. 37 and for the reasons stated in that request, state the total inverter capacity (kW) owned by Net Metering customers of KgPCo by month from January 2013 through September 2015.

**RESPONSE:**

44. With reference to the Castle testimony referred to in Discovery Request No. 37 and for the reasons stated in that request, state KgPCo's peak load (kW) by month from January 2013 through September 2015.

**RESPONSE:**

45. With reference to the Castle testimony referred to in Discovery Request No. 37 and for the reasons stated in that request, state the total kWh generated by KgPCo's Net

Metering customers and purchased by KgPCo by month from January 2013 through September 2015.

**RESPONSE:**

46. With reference to the Castle testimony referred to in Discovery Request No. 37 and for the reasons stated in that request, state the average rate per kWh paid for electricity purchased by KgPCo from Net Metering customers by month from January 2013 through September 2015.

**RESPONSE:**

47. With reference to the Castle testimony referred to in Discovery Request No. 37 and for the reasons stated in that request, describe the process used by KgPCo to determine the compensation rate for electricity generated by Net Metering customers.

**RESPONSE:**

48. With reference to the Castle testimony referred to in Discovery Request No. 37 and for the reasons stated in that request, state whether KgPCo “cashes out” or fully compensates its Net Metering customers for power purchases at the end of every billing period or whether KgPCo’s purchases are only reflected as credits on the Net Metering customer’s bill?

**RESPONSE:**

49. With reference to the Castle testimony referred to in Discovery Request No. 37 and for the reasons stated in that request, state the average fuel cost (avoided cost) per kWh that KgPCo paid to Appalachian Power Company by month from January 2013 through September 2015.

**RESPONSE:**

50. With reference to the Castle testimony referred to in Discovery Request No. 37 and for the reasons stated in that request, state the residential fuel clause rate by month from January 2013 through September 2015.

**RESPONSE:**

51. With reference to the Castle testimony referred to in Discovery Request No. 37 and for the reasons stated in that request, provide a copy of any document directly or indirectly related to or concerning Net Metering that the Company has distributed in any form or manner or by any means to its customers in Tennessee.

**RESPONSE:**

52. With reference to the Castle testimony referred to in Discovery Request No. 37 and for the reasons stated in that request, provide the Company's forecast of Net Metering customers and energy purchases/sales by year for 2015 through 2020. In your response, state all forecasting assumptions used in calculating or determining the Company's forecast.

**RESPONSE:**

53. With reference to the Castle testimony referred to in Discovery Request No. 37 and for the reasons stated in that request, state whether or not KgPCo has demand meters installed for Net Metering customers? If so, provide the historical demand determinants for Net Metering customers from January 2013 through September 2015.

**RESPONSE:**

54. With reference to the Castle testimony referred to in Discovery Request No. 37 and for the reasons stated in that request, state whether KgPCo has dual channel meters installed for Net Metering customers that measure both electric imports and exports?

**RESPONSE:**

55. Refer to Castle Testimony, pages 11-20, where the Company proposes the Residential Direct Load Control Program and the Residential Low Income Program. To enable the Consumer Advocate to evaluate this in the context of TRA Docket No. 15-00093 and in anticipation of the VCR, identify, describe, and quantify the financial incentives that KgPCo customers will receive if they elect to participate in the Residential Direct Load Control Program.

**RESPONSE:**

56. With reference to the Castle testimony referred to in Discovery Request No. 55 and for the reasons stated in that request, describe each and every pre-defined instance in which KgPCo will have control over customer's usage under the Residential Direct Load Control Program.

**RESPONSE:**

57. With reference to the Castle testimony referred to in Discovery Request No. 55 and for the reasons stated in that request, in any instance in which KgPCo is controlling a customer's usage through the Residential Direct Load Control Program, will the customer have any ability to override the Company's control? Please explain in detail and with specificity. If a customer would not have any ability to override the Company's control, explain in detail and with specificity the Company's rationale for such inability.

**RESPONSE:**

58. With reference to the Castle testimony referred to in Discovery Request No. 55 and for the reasons stated in that request, state the criteria for determining who qualifies as a

high-usage, low-income residential customer, and state the number of KgPCo customers that meet these criteria.

**RESPONSE:**

59. With reference to the Castle testimony referred to in Discovery Request No. 55 and for the reasons stated in that request, would participants in the Residential Low Income Program also be subject to the monthly residential demand charge? If those participants would be subject to that demand charge, state in detail and with specificity the circumstances under which this would occur.

**RESPONSE:**

60. With reference to the Castle testimony referred to in Discovery Request No. 55 and for the reasons stated in that request, provide in table form:

- a. The average electric bill for KgPCo's high-usage, low-income residential customers from January 2013 through September 2015;
- b. Pro forma calculations for years 1, 2, and 3, of the Residential Low Income Program, accounting for KgPCo's proposed demand charge and metered rates.

**RESPONSE:**

61. With reference to the Castle testimony referred to in Discovery Request No. 55 and for the reasons stated in that request, identify the existing Weatherization Assistance Program providers who will administer the Residential Low Income Program. Please provide any contracts that KgPCo has signed, or plans to sign, with these providers.

**RESPONSE:**

62. With reference to the Castle testimony referred to in Discovery Request No. 55 and for the reasons stated in that request, explain in detail and with specificity the bases for the

estimated number of participants in the each DMS program for years 1, 2, and 3, and, in addition, provide copies of any studies, analyses, and reports underlying such bases.

**RESPONSE:**

63. With reference to the Castle testimony referred to in Discovery Request No. 55 and for the reasons stated in that request, explain in detail and with specificity the bases for the estimated DMS program costs for each program over years 1, 2, and 3, and, in addition, provide copies of any studies, analyses, and reports underlying such bases.

**RESPONSE:**

64. With reference to the Castle testimony referred to in Discovery Request No. 55 and for the reasons stated in that request, based on your estimations for participation, energy savings, and demand savings for each DMS program, please provide calculations for the estimated total savings realized by all participating residential customers for each of years 1, 2, and 3, and, in addition, provide copies of any studies, analyses, and reports underlying such bases.

**RESPONSE:**

65. With reference to the Castle testimony referred to in Discovery Request No. 55 and for the reasons stated in that request, have any KgPCo affiliates proposed or implemented a similar DMS program in another jurisdiction? If yes, please state the following for each proceeding:

- a. The jurisdiction;
- b. The case/docket number;
- c. The opening and closing dates of the case/docket;
- d. The final commission or authority decision.

**RESPONSE:**

66. With reference to the Castle testimony referred to in Discovery Request No. 55 and for the reasons stated in that request, if KgPCo earns a rate of return on DMS program costs through base rates but incurs lower actual costs that will be refunded to customers through the VCR filing, will KgPCo also refund its excess returns to customers?

**RESPONSE:**

67. With reference to the Castle testimony referred to in Discovery Request No. 55 and for the reasons stated in that request, state which subsection(s) of Tenn. Code Ann. § 65-5-103(d) upon which you expect to rely regarding the recovery or refund of DMS program costs through the VCR. Please explain in detail with specificity.

**RESPONSE:**

68. With reference to the Castle testimony referred to in Discovery Request No. 55 and for the reasons stated in that request, provide an estimate of the savings that KgPCo will realize through the implementation of these DMS programs for years 1, 2, and 3, and, in addition, provide copies of any studies, analyses, and reports underlying such bases. State whether and, if so, in what form these savings will be passed on to customers? Please explain and describe in detail with specificity the portion of total savings that will be passed on to customers, the distribution of savings across customer classes, and the timing of this process.

**RESPONSE:**

69. With reference to the Castle testimony referred to in Discovery Request No. 55 and for the reasons stated in that request, provide detailed calculations for each of the following cost-benefit ratios for each DMS program:

- a. Total Resource Cost test;

- b. Utility Cost test;
- c. Participant Cost test; and
- d. Ratepayer Impact Measure test.

**RESPONSE:**

70. Refer generally to the Simmons Testimony, in which the Company proposes various changes to its terms and condition of service, as well as fee changes. To enable the Consumer Advocate to evaluate this in the context of TRA Docket No. 15-00093 and in anticipation of the VCR, specifically note GHS Exhibit No. 1, page 6, which states: "The appropriate residential tariff shall cease to apply to that portion of a residence which becomes regularly used for business, professional, institutional or any gainful purpose." Explain in detail with specificity the means or methods that the Company will use to make its determinations about the applicability of the residential tariff. Specifically explain in detail and with specificity how the Company would make determinations regarding the following hypothetical residences:

- a. Customer A works from home five days a week in her five-room house. On any given week, she will work in three of the five rooms.
- b. Customer B works from home one day a week, and on that one day she works exclusively from her home office, which is one of the ten rooms in her house.
- c. Customer C works outside her home for most of the year. During regularly scheduled school holidays (summer vacation, fall break, winter break, and spring break), she works from home five days a week from various rooms in her ten-room house.
- d. Customer D works around-the-clock every day of the week, including work at her office, on the road, and at her residence. There is no pattern to her work schedule.

**RESPONSE:**

71. With reference to the Simmons testimony referred to in Discovery Request No. 70 and for the reasons stated in that request, explain in detail with specificity how the Company will



monitor business, professional, institutional, or gainful activities occurring in customer's residences?

**RESPONSE:**

72. With reference to the Simmons testimony referred to in Discovery Request No. 70 and for the reasons stated in that request, clarify the returned check fee you propose: GHS Testimony, page 1, states \$12.50; GHS Exhibit 1, page 4, states \$15.00.

**RESPONSE:**

73. With reference to the Simmons testimony referred to in Discovery Request No. 70 and for the reasons stated in that request, provide the returned check fee for each affiliate of KgPCo and, in addition, what is the average returned check fee for the combined KgPCo affiliates who are authorized to collect such fees? Provide detailed calculations for each such KgPCo affiliate and for the combined KgPCo affiliates, with references to the source for such calculations.

**RESPONSE:**

74. With reference to the Simmons testimony referred to in Discovery Request No. 70 and for the reasons stated in that request, provide the fees for meter and accuracy tests for each affiliate of KgPCo and, in addition, what is the average fees for meter and accuracy tests for the combined KgPCo affiliates who are authorized to collect such fees? Provide detailed calculations for each such KgPCo affiliate and for the combined KgPCo affiliates, with references to the source for such calculations.

**RESPONSE:**

75. With reference to the Simmons testimony referred to in Discovery Request No. 70 and for the reasons stated in that request, provide the reconnection fee for each affiliate of

KgPCo and, in addition, what is the average reconnection fee for the combined KgPCo affiliates who are authorized to collect such fees? Provide detailed calculations for each such KgPCo affiliate and for the combined KgPCo affiliates, with references to the source for such calculations.

**RESPONSE:**

76. With reference to the Simmons testimony referred to in Discovery Request No. 70 and for the reasons stated in that request, from January 2013 through September 2015, provide with corresponding account numbers the Company's total revenue from reconnection fees and the Company's total incurred costs of reconnection.

**RESPONSE:**

77. With reference to the Simmons testimony referred to in Discovery Request No. 70 and for the reasons stated in that request, note that GHS Exhibit 1, page 10, states with respect to reconnection: "the Company may, at its option, require a deposit from the customer prior to reconnecting the service." Explain in detail and with specificity the means, methods, and calculations by which the Company will determine the amount of each such the deposit.

**RESPONSE:**

78. With reference to the Simmons testimony referred to in Discovery Request No. 70 and for the reasons stated in that request, explain in detail and with specificity the rationale for requiring a customer who disconnects and reconnects within eight months to pay her avoided monthly service charge for those eight months. Identify and provide a copy of any study, analyses, report, or other source that was relied upon in responding to this request.

**RESPONSE:**

79. With reference to the Simmons testimony referred to in Discovery Request No. 70 and for the reasons stated in that request, state whether KgPCo is required to pay a franchise fee to the City of Kingsport. In addition to and without limiting the foregoing, respond to the following specific requests:

- a. Identify the amount and corresponding terms of any such franchise fee, and provide a copy of the franchise agreement (along with any amendments) between the Company and the City of Kingsport;
- b. State whether the Company will seek to recover any such franchise fee from customers through base rates, the VCR, or otherwise;
- c. If you plan to recover any such franchise fee from customers, explain in detail with specificity whether the Company will assess customers who live in its service area but do not live in the City of Kingsport for this fee.
- d. If the Company is required to pay a franchise fee to the City of Kingsport and no franchise or similar agreement is in effect between the Company and the City of Kingsport, please provide copies of all documents, including without limitation correspondence (whether in e-mail or other form), term sheets, and draft agreements, that have been exchanged between the Company and the City of Kingsport (including without limitation through their respective representatives or advisors) or provided by one to the other, that directly or indirectly relate to negotiations or discussions concerning a franchise agreement.

**RESPONSE:**

80. To enable the Consumer Advocate to assess the interrelationship between and among the general rate case and the anticipated VCR, for each expense that the Company proposes to recover through the VCR, explain in detail and with specificity why it is necessary to impose a rider rather than recover such expenses through the general rate case mechanisms.

**RESPONSE:**

81. To enable the Consumer Advocate to assess the interrelationship between and among the general rate case and the anticipated VCR, for each expense that the Company proposes to include the VCR, please state whether the Company proposes to true up to actual

expenses or whether the Company plans to recover only excess expenditures from customers. If the Company plans to true up certain expenses through the VCR but not all expenses, explain in detail with specificity the Company's rationale for this disparate treatment, including any sources upon which you relied to develop this rationale.

**RESPONSE:**

82. Please provide all written accounting, tax, regulatory or other policies that are used or have been adopted by KgPCo or that are used or have been adopted by KgPCo affiliates that are also used by or applicable to KgPCo.

**RESPONSE:**

83. Please provide all written contracts or agreements between KgPCo and any affiliate of KgPCo.

**RESPONSE:**

84. Provide a copy of the Company's Exhibits in Excel Format with formulas intact along with documentation of the audit trail back to supporting work papers. Please provide any and all workpapers and Excel files that KgPCo used to produce the schedules in the Company's filing and please provide such workpapers electronically, in Excel, with formulas and calculations intact.

**RESPONSE:**

85. Tariffs and Rate Orders.

- a. Provide a copy of the Company's current Tennessee tariff in unredacted, electronic, and editable format, preferably in Microsoft Word.
- b. Provide a copy of the Company's proposed Tennessee tariff in unredacted, electronic, and editable format, preferably in Microsoft Word.

- c. Please refer to the Company's response to Item 19 of the TRA's Minimum Filing Requirement. Please provide a copy of the most recent rate case order from each state public utility commission for each affiliate of KgPCo.

**RESPONSE:**

86. Refer to the Company's response to TRA Staff Data Request #22 regarding the monthly trial balance. Please update this response to provide a monthly trial balance from January 2009 through December 2012, and from January 2015 through September 2015.

**RESPONSE:**

87. Refer to the Company's response to TRA Staff Data Request #22 regarding the monthly trial balance. Specifically note that the subaccount detail for plant in service is rolled up into a summary total (Account 1010001). Please update the monthly trial balance schedules to include the detailed 300-series accounts for plant in service (accounts 301 through 399.1) from January 2009 through September 2015. Also, include amounts in Completed Construction Not Classified (account 106) for these same months.

**RESPONSE:**

88. Refer to the Company's response to TRA Staff Data Request #22 regarding the monthly trial balance. Specifically note that the subaccount detail for capital leases is rolled up into a summary total (Account 1011001). Please update the monthly trial balance schedules to include the detailed subaccounts for capital leases from January 2009 through September 2015.

**RESPONSE:**

89. Refer to pages 118, 119 and 162 of the 2014 AEP stockholder's annual report provided in response to TRA Staff Data Request #17 (Attachment 12). Specifically refer to the following selected items from the report:

Net Property, Plant & Equipment	\$44,117,000,000
Operating Revenues	\$9,484,000,000
Gross Margin	\$5,531,000,000
Operating Income	\$1,613,000,000
Net Income	\$712,000,000
Total KWh Energy Sales	130,954,000,000 KWh

Please provide segment reconciliation for each of these items from all state jurisdictions including Tennessee for fiscal years 2009 through 2014.

**RESPONSE:**

90. Refer to the “Staff Informal 1-24 – DRB & TAC – Attachment 2 – KgPCo Per Book and Going Level Revenues” file included with the Company’s response to Item 24 of the TRA’s Minimum Filing Requirement. Specifically, refer to the “Summary” tab of this spreadsheet and Column H which is titled “Incremental Weather Adjustment to Revenue”. The \$2,426,081 total in this column provides the support for the Company’s proposed Weather Normalization Adjustment (OR-1) included on Company Exhibit 2c (DRB). In connection with this adjustment, please provide the following information:

- a. Provide a narrative of the Company’s weather normalization process for all tariffs detailing the documents supporting the adjustment as well as the specific adjustment methodology.
- b. For each tariff related tab included in this spreadsheet, provide the source and support for all “hard coded” numbers supporting the adjustment including but not limited to Billing Units, Tariff Rates, Annualized Rate, Weather Adjustment to Billing Units and Growth Adjustment to Billing Units.
- c. Update all tabs in this spreadsheet to include footnotes to the source files. To the extent that any of these referenced source files have not already been provided, please include them with your response.

**RESPONSE:**

91. Refer to the “Staff Informal 1-24 – DRB & TAC – Attachment 2 – KgPCo Per Book and Going Level Revenues” file included with the Company’s response to Item 24 of the TRA’s Minimum Filing Requirement. Specifically, refer to the “Summary” tab of this spreadsheet and Column J which is titled “Incremental Growth Adjustment to Revenue”. The \$692,989 total in this column provides the support for the Company’s proposed Customer Growth Adjustment (OR-2) included on Company Exhibit 2c (DRB). In connection with this adjustment, please provide the following information:

- a. Provide a narrative of the Company’s customer growth process for all tariffs detailing the documents supporting the adjustment as well as the specific adjustment methodology.
- b. For each tariff related tab included in this spreadsheet, provide the source and support for all “hard coded” numbers supporting the adjustment including but not limited to Billing Units, Tariff Rates, Annualized Rate, Weather Adjustment to Billing Units and Growth Adjustment to Billing Units.
- c. Update all tabs in this spreadsheet to include footnotes to the source files. To the extent that any of these referenced source files have not already been provided, please include them with your response.

**RESPONSE:**

92. Refer to the “Staff Informal 1-24 – DRB & TAC – Attachment 2 – KgPCo Per Book and Going Level Revenues” file included with the Company’s response to Item 24 of the TRA’s Minimum Filing Requirement. Specifically, refer to the “Summary” tab of this spreadsheet and Column D which is titled “Book to Billed Adjustment”. The \$227,055 total in this column provides the support for the Company’s proposed Book to Billed Adjustment (OR-3) included on Company Exhibit 2c (DRB). In connection with this adjustment, please provide the following information:

- a. Provide a narrative of the Company's book to billed adjustment process for all tariffs detailing the documents supporting the adjustment as well as the specific adjustment methodology.
- b. For each tariff related tab included in this spreadsheet, provide the source and support for all "hard coded" numbers supporting the adjustment including but not limited to Billed and Accrued Per Books Revenue, Billing Units, Tariff Rates, Annualized Rate, Weather Adjustment to Billing Units and Growth Adjustment to Billing Units.
- c. Update all tabs in this spreadsheet to include footnotes to the source files. To the extent that any of these referenced source files have not already been provided, please include them with your response.

**RESPONSE:**

93. Refer to the "Staff Informal 1-24 – DRB & TAC – Attachment 2 – KgPCo Per Book and Going Level Revenues" file included with the Company's response to Item 24 of the TRA's Minimum Filing Requirement. Specifically, refer to the "Summary" tab of this spreadsheet and Column F which is titled "Annualization Adjustment". The \$1,955,389 total in this column provides the support for the Company's proposed Rate Annualization Adjustment (OR-5) included on Company Exhibit 2c (DRB). In connection with this adjustment, please provide the following information:

- a. Provide a narrative of the Company's rate annualization process for all tariffs detailing the documents supporting the adjustment as well as the specific adjustment methodology.
- b. For each tariff related tab included in this spreadsheet, provide the source and support for all "hard coded" numbers supporting the adjustment including but not limited to Billing Units, Tariff Rates, Annualized Rate, Weather Adjustment to Billing Units and Growth Adjustment to Billing Units.
- c. Update all tabs in this spreadsheet to include footnotes to the source files. To the extent that any of these referenced source files have not already been provided, please include them with your response.

**RESPONSE:**



94. Refer to the “Staff Informal 1-24 – DRB & TAC – Attachment 3 – KgPCo Load Research” file included with the Company’s response to Item 24 of the TRA’s Minimum Filing Requirement.

- a. Provide a narrative of the Company’s process for collecting this load research data.
- b. Provide all of this Load Research data in Microsoft Excel format with all formulas intact.
- c. Provide the source and support for all data included in the load research file.
- d. Update the load research file to include footnotes to the source files. To the extent that any of these referenced source files have not already been provided, please include them with your response.
- e. Update the load research file to include footnotes to the destination files where this data is used in the Company’s rate case.

**RESPONSE:**

95. Refer to the “Staff Informal 1-24 – DRB & TAC – Attachment 1 – KgPCo Weather Impacts & Billing Determinants” file included with the Company’s response to Item 24 of the TRA’s Minimum Filing Requirement.

- a. Provide a narrative of all tabs (hidden and unhidden) that are included in this Weather Impact & Billing Determinants file.
- b. Provide the source and support for all data included in this Weather Impacts & Billing Determinants file.
- c. Update the Weather Impact & Billing Determinants file to include footnotes to the source files. To the extent that any of these referenced source files have not already been provided, please include them with your response.
- d. Update the Weather Impact & Billing Determinants file to include footnotes to the destination files where this data is used in the Company’s rate case.

**RESPONSE:**

96. Refer to the “Staff Informal 1-24 – DRB & TAC – Attachment 1 – KgPCo Weather Impacts & Billing Determinants” file included with the Company’s response to Item 24

of the TRA's Minimum Filing Requirement. Specifically, refer to the "Unadj kWh by rate" tab of this spreadsheet. Please provide a legend of the specific rate codes used on this schedule.

**RESPONSE:**

97. Refer to the "Staff Informal 1-24 – DRB & TAC – Attachment 1 – KgPCo Weather Impacts & Billing Determinants" file included with the Company's response to Item 24 of the TRA's Minimum Filing Requirement. Specifically, refer to the "Unadj kWh by rate" tab of this spreadsheet. Please provide this same monthly data by rate code from January 2009 through September 2015 in Microsoft Excel format.

**RESPONSE:**

98. Please provide the monthly billed kWh by tariff element (step billing rates) from January 2009 through September 2015. Please include the base rate, purchase power rate and rates for any other charges or riders separated by component for each month.

**RESPONSE:**

99. Refer to the "Staff Informal 1-24 – DRB & TAC – Attachment 1 – KgPCo Weather Impacts & Billing Determinants" file included with the Company's response to Item 24 of the TRA's Minimum Filing Requirement. Specifically, refer to the "Unadj kWh by rate" tab of this spreadsheet. Please provide the billing demand data in this same rate code format from January 2009 through September 2015 in Microsoft Excel format.

**RESPONSE:**

100. Refer to the "Staff Informal 1-24 – DRB & TAC – Attachment 1 – KgPCo Weather Impacts & Billing Determinants" file included with the Company's response to Item 24 of the TRA's Minimum Filing Requirement. Specifically, refer to the "Unadj kWh by rate" tab

of this spreadsheet. Please provide the customer bills data in this same rate code format from January 2009 through September 2015 in Microsoft Excel format.

**RESPONSE:**

101. Provide a copy of the Company's monthly tariff summaries (Billed and Billed & Accrued) from January 2009 through September 2015.

**RESPONSE:**

102. Refer to Company Exhibit 2c (DRB) that was included with the Company's Petition. Specifically refer to Adjustment OR-6 that makes a \$42,522 adjustment to rent from pole attachments. Please provide the source and support for this adjustment in Excel format with all formulas intact.

**RESPONSE:**

103. Refer to Company Exhibit 2c (DRB) that was included with the Company's Petition. Specifically refer to Adjustment OR-7 that makes a \$44,641 adjustment for miscellaneous charges. Please provide the source and support for this adjustment in Excel format with all formulas intact.

**RESPONSE:**

104. Provide a copy of all Street Lighting contracts. In addition, provide a copy of any TPSC/TRA Orders approving these contracts.

**RESPONSE:**

105. Refer to Company Exhibit 1b (DRB) that was included with the Company's Petition. Explain why Street Lighting is excluded from the Going Level Revenue.

**RESPONSE:**

106. Refer to the Company's response to TRA Staff Data Request #27 regarding electric consumption by the Company's 25 largest customers. For each customer identified in this response, please provide the following information:

- a. The contact name and phone number of the individual at each company that is most familiar with their electric usage.
- b. All correspondence with these customers from January 1, 2009 through September 2015 regarding historical, projected or anticipated changes to their electric usage.
- c. The monthly delivered kWh at each meter point for each customer from January 2009 through September 2015.
- d. A copy of each customer's monthly bill from January 2014 through September 2015.

**RESPONSE:**

107. Please provide a copy of the monthly NOAA reports for the Kingsport weather station showing the daily high temperature, daily low temperature, daily heating degree days, and daily cooling degree days from January 1985 through September 2015.

**RESPONSE:**

108. Provide the following monthly information by customer class (RS, SGS, MGS, LGS, IP, CS, PS, EHG, OL, SL) by tariff and by rate block from January 2009 through September 2015.

- a. Number of customers;
- b. Billed KWH;
- c. Billing Demand; and
- d. All other billing determinants included in the Company's tariff.

**RESPONSE:**

109. Provide monthly plant in service by subaccount from January 2009 through September 2015 detailing the beginning balance, additions, retirements, transfers, adjustments and ending balance to each subaccount for each month. Please provide this analysis in Microsoft Excel format with all formulas intact.

**RESPONSE:**

110. Refer to the “Staff Informal 1-24 – DRB Attachment 5 – JCOS – EPIS 1010001 & 10600019” file included with the Company’s response to Item 24 of the TRA’s Minimum Filing Requirement. Specifically, refer to the “EPIS 1010001 & 1060001” tab of this spreadsheet. Please provide this same information from January 2009 through September 2015 in Microsoft Excel format with all formulas intact.

**RESPONSE:**

111. Refer to the “Staff Informal 1-24 – DRB Attachment 5 – JCOS – EPIS 1010001 & 10600019” file included with the Company’s response to Item 24 of the TRA’s Minimum Filing Requirement. Specifically, refer to the “Adj Entries” tab of this spreadsheet. Please provide a narrative explaining the adjusting entry included on this spreadsheet along with the source and support for the adjusting entries.

**RESPONSE:**

112. Refer to the “Staff Informal 1-24 – DRB Attachment 5 – JCOS – EPIS 1010001 & 10600019” file included with the Company’s response to Item 24 of the TRA’s Minimum Filing Requirement. Specifically, refer to the “Pivot” tab of this spreadsheet. Please provide the current and proposed depreciation rate for each account included on this spreadsheet.

**RESPONSE:**

113. Provide monthly accumulated depreciation by subaccount from January 2009 through September 2015 detailing the beginning monthly balance, accrual, retirements, cost of removal, salvage, adjustments, and ending monthly balance to each subaccount for each month. Please provide this analysis in Microsoft Excel format with all formulas intact.

**RESPONSE:**

114. Refer to the “Staff Informal 1-24 – DRB Attachment 9 – JCOS – KgPCo Depr & Amort Exp24” file included with the Company’s response to Item 24 of the TRA’s Minimum Filing Requirement. Specifically, refer to the “Pivot” tab of this spreadsheet. Please provide a narrative explaining the adjusting entry included on this spreadsheet along with the source and support for the adjusting entry.

**RESPONSE:**

115. Refer to KgPCo Exhibit No. 2-c (DRB) that was included with the Company’s Petition. Specifically, refer to “Adjustment EP-38 – Forecasted Plant in Service Capital Additions from Jan 2015 through Dec 2016 net of estimated retirements” that is included on pages 8 and 12 of this Exhibit and total to an adjustment of \$9,749,409 to total net electric plant in service. Please provide the source and support for this adjustment, along with a fully documented audit trail. Provide the related calculations in Microsoft Excel format with all formulas intact.

**RESPONSE:**

116. Refer to KgPCo Exhibit No. 2-c (DRB) that was included with the Company’s Petition. Specifically, refer to “Adjustment AD-39 – Increase A/D provision for the contra to the increase in depreciation expense based on 12/2014 depreciable plant” that is included on pages 8 and 12 of this Exhibit and total to an adjustment of \$20,516 to total net electric plant in service.

Please provide the source and support for this adjustment, along with a fully documented audit trail. Provide the related calculations in Microsoft Excel format with all formulas intact.

**RESPONSE:**

117. Refer to KgPCo Exhibit No. 2-c (DRB) that was included with the Company's Petition. Specifically, refer to "Adjustment AD-40 – Increase A/D provision from 1/1/15 through the 13-month average ending 12/31/16 for forecasted net plant in service additions using" that is included on pages 8 and 12 of this Exhibit and total to an adjustment of \$7,988,600 to total net electric plant in service. Please provide the source and support for this adjustment, along with a fully documented audit trail. Provide the related calculations in Microsoft Excel format with all formulas intact.

**RESPONSE:**

118. Refer to KgPCo Exhibit No. 2-c (DRB) that was included with the Company's Petition. Specifically, refer to "Adjustment AD-41 – Decrease Accumulated Depreciation for estimated plant in service retirements from 1/1/15 through the 13 month average" that is included on pages 8 and 12 of this Exhibit and total to an adjustment of \$3,715,949 to total net electric plant in service. Please provide the source and support for this adjustment, along with a fully documented audit trail. Provide the related calculations in Microsoft Excel format with all formulas intact.

**RESPONSE:**

119. Provide the monthly balance in Materials & Supplies by subaccount from January 2009 through September 2015 detailing the beginning monthly balance, additions, removals, adjustments and ending monthly balance to each subaccount for each month. Please provide this analysis in Microsoft Excel format with all formulas intact.

**RESPONSE:**

120. Provide the monthly balance in Prepayments-Payroll by subaccount from January 2009 through September 2015 detailing the beginning monthly balance, additions, removals, adjustments and ending monthly balance to each subaccount for each month. Please provide this analysis in Microsoft Excel format with all formulas intact. Also, provide a narrative describing the cause and nature of these prepayments.

**RESPONSE:**

121. Provide the monthly balance in Prepayments-Plant in Service by subaccount from January 2009 through September 2015 detailing the beginning monthly balance, additions, removals, adjustments and ending monthly balance to each subaccount for each month. Please provide this analysis in Microsoft Excel format with all formulas intact. Also, provide a narrative describing the cause and nature of these prepayments.

**RESPONSE:**

122. Provide the monthly balance in Prepayments-Distribution by subaccount from January 2009 through September 2015 detailing the beginning monthly balance, additions, removals, adjustments and ending monthly balance to each subaccount for each month. Please provide this analysis in Microsoft Excel format with all formulas intact. Also, provide a narrative describing the cause and nature of these prepayments.

**RESPONSE:**

123. Provide the monthly balance in Contributions in Aid of Construction by subaccount from January 2009 through September 2015 detailing the beginning monthly balance, additions, removals, adjustments and ending monthly balance to each subaccount for each month. Please provide this analysis in Microsoft Excel format with all formulas intact.



**RESPONSE:**

124. Provide the monthly balance in Customer Deposits by subaccount from January 2009 through September 2015 detailing the beginning monthly balance, additions, removals, adjustments and ending monthly balance to each subaccount for each month. Please provide this analysis in Microsoft Excel format with all formulas intact.

**RESPONSE:**

125. Provide the monthly balance in Accumulated Deferred FIT by subaccount from January 2009 through September 2015 detailing the beginning monthly balance, additions, removals, adjustments and ending monthly balance to each subaccount for each month. Please provide this analysis in Microsoft Excel format with all formulas intact.

**RESPONSE:**

126. Provide the monthly balance in Accumulated Deferred ITC by subaccount from January 2009 through September 2015 detailing the beginning monthly balance, additions, removals, adjustments and ending monthly balance to each subaccount for each month. Please provide this analysis in Microsoft Excel format with all formulas intact.

**RESPONSE:**

127. Provide the actual capital structure including dollar amounts and percentages of short term debt, long term debt, preferred stock, and common equity for each of for the twelve months ending December 31, 2012, 2013, and 2014, June 30, 2015 and September 30, 2015 for:

- a. KgPCo, subsidiary only.
- b. American Electric Power Company, Inc., parent only.
- c. American Electric Power Company, Inc., consolidated.

Also, provide the accompanying cost rates for short term debt, long term debt, and preferred stock.

**RESPONSE:**

128. Provide the forecasted capital structure including dollar amounts and percentages of short term debt, long term debt, preferred stock, and common equity for the years ending Dec. 31, 2015, and Dec. 31, 2016, for:

- a. Kingsport Power Company, subsidiary only.
- b. American Electric Power Company, Inc., parent only.
- c. American Electric Power Company, Inc., consolidated.

Also, provide the accompanying cost rates for short term debt, long term debt, and preferred stock.

**RESPONSE:**

129. For each of KgPCo's subsidiary-only capital structures for the twelve months ending December 31, 2012, 2013, 2014, June 30, 2015 and September 30, 2015 and forecasted for Dec. 31, 2015, and Dec. 31, 2016, identify the amounts of any short-term debt, long-term debt, preferred stock, and common stock, including paid in capital or other direct equity infusions, that were NOT issued or obtained through American Electric Power Company, Inc., or any American Electric Power Company subsidiary. For the amounts of short term debt, long term debt, or preferred stock so identified, also provide the associated cost rate.

**RESPONSE:**

130. For each dividend on common stock paid by KgPCo from January 1, 2010, through December 1, 2015, please provide:

- a. The date on which each dividend was paid;

- b. The dollar amount per share of each dividend payment;
- c. The share price on the date of the dividend payment.

**RESPONSE:**

131. For each dividend on common stock paid by American Electric Power Company from January 1, 2010, through December 1, 2015, please provide:

- a. The date on which each dividend was paid;
- b. The dollar amount per share of each dividend payment;
- c. The share price on the date of the dividend payment.

**RESPONSE:**

132. For all new issues of common stock since January 1, 2005, by KgPCo or American Electric Power Company, please provide the date of the issue, the price per share, the number of shares issued, the gross and net amounts realized from the issue, and whether the shares were sold to the public or distributed or sold to American Electric Power Company, Inc., or any of its subsidiaries.

**RESPONSE:**

133. Provide detailed calculations of the DCF Unlevered and CAPM Unlevered Cost of Equity figures for American Electric Power and the eight companies shown on Exhibit No. 9 (PRD) attached to the pre-filed direct testimony of Dr. Phillip R. Daves.

**RESPONSE:**

134. Provide detailed calculations of each entry in “Panel B: Kingsport’s Levered Required Return on Equity...” of Exhibit No. 10 (PRD) attached to the pre-filed direct testimony of Dr. Phillip R. Daves.

**RESPONSE:**

135. Please identify each person who you expect to call as an expert witness at the hearing on the merits in this docket, and for each such expert witness:

- a. Identify the field in which the witness is to be offered as an expert;
- b. Provide complete background information, including the witness's current employer, as well as his or her educational, professional and employment history, and qualifications within the field in which the witness is expected to testify;
- c. Identify all publications written or presentations presented in whole or in part by the witness, including either a copy of all such publications and presentations or a reference to where such publications and presentations may be publicly obtained;
- d. Provide the grounds for the opinions to which the witness is expected to testify, and provide a summary of the grounds for each such opinion;
- e. Identify any matter in which the expert has testified (through deposition or otherwise) by specifying the name, docket number and forum of each case, the dates of the prior testimony and the subject of the prior testimony, and identify the transcripts of any such testimony;
- f. Identify the terms of the retention or engagement of each expert including but not limited to the terms of any retention or engagement letters or agreements relating to his/her engagement, testimony, and opinions as well as the compensation to be paid for the testimony and opinions;
- g. Identify any exhibits to be used as a summary of or support for the testimony or opinions provided by the expert; and
- h. Please produce copies of all documents, summaries, charts, trade articles, journals, treatises, publications, workpapers, file notes, chart notes, tests, test results, interview notes, and consultation notes provided to, reviewed by, utilized by, relied upon, created by, or produced by any proposed expert witness in evaluating, reaching conclusions or formulating an opinion in this matter.

**RESPONSE:**

136. Please identify the name and location of all persons having knowledge of discoverable matters in this case.

**RESPONSE:**

137. Please produce copies of all documents referred to or relied upon in responding to these discovery requests.

**RESPONSE:**

138. Please produce copies of all hearing exhibits that you plan to introduce, use, or reference at the hearing on the merits in this docket.

**RESPONSE:**

139. Please produce copies of all documents -- including, without limitation, work papers, spreadsheets, summaries, charts, notes, exhibits, articles, journals, treatises, periodicals, publications, reports, records, statements, Internet web pages, or financial information -- relied upon by any of your witnesses in evaluating, reaching conclusions, or formulating an opinion in this matter. All spreadsheets are to be provided in Excel format with working formulas.

**RESPONSE:**

140. Identify all information, documents and things filed in the present docket record, including all responses to discovery of the parties and data request from the TRA Staff, which KgPCo produced in this docket and does not agree to stipulate to the authenticity of such information, documents and things in this proceeding. For each separate piece of information, documents and things which KgPCo produced in this docket and KgPCo contends is not admissible as evidence describe in specific detail any objection(s) KgPCo claims as to admissibility into the evidentiary record in this docket.

**RESPONSE:**

141. Please provide all working Excel (or other data files) containing the information provided in response to these request items and those provided previously in the TRA Staff Data Request items.

**RESPONSE:**

142. Data requests of others.

- a. Provide a copy of all data requests served on the Company from all parties concerning the testimony of KgPCo witnesses and other issues being addressed in this rate case.
- b. Provide a copy of the Company's responses to all data requests from part a.
- c. To the extent that any of the responses being provided in part b involve calculations made using a program such as Microsoft Excel, or Access, please include a complete copy of the electronic files, with formulas, calculations, macros and cell references intact.
- d. Please continuously update your response to this data request as the Company receives and responds to data requests of other parties.

**RESPONSE:**

143. Accounting Manuals. Please provide a complete copy of all of the Company's internal accounting manuals, directives, policies and procedures.

**RESPONSE:**

144. Accounting Manuals. Please provide the cost allocation manual or other similar document that describes the methods used to allocate Service Company costs to KgPCo and/or other operating companies.

**RESPONSE:**

145. Please provide a list of all internal audit reports for 2012 through 2014 and 2015 to date for KgPCo and for affiliates and/or operations which charge costs to KgPCo.

**RESPONSE:**

146. Please provide a copy of all jurisdictional operating budget variance reports for 2012, 2013, 2014 and 2015 to date.

**RESPONSE:**

147. Please provide a copy of all incentive compensation/bonus plans and provide the amount of related bonus payments included in KgPCo's cost of service, by account, for each plan.

**RESPONSE:**

148. Accumulated Deferred Income Taxes ("ADIT"). Please provide a detailed itemization of each item of ADIT as of 12/31/2012, 12/31/2013, 12/31/2014 and 2015 to date. For each item, identify the book/tax-timing difference that causes the ADIT, explain when that temporary timing difference first arose, identify the amount of the timing difference as of each date, and describe in detail whether and how that particular timing difference relates to an item of utility rate base, utility revenue and/or utility expense, and how the related item has been reflected in the Company's filing for ratemaking purposes. In addition, state whether KgPCo and/or AEP has any amount of ADIT that is not expected to reverse and, if so, please provide details as to how KgPCo and/or AEP are accounting for each permanent book-tax difference.

**RESPONSE:**

149. Please provide the following monthly labor data for 2012, 2013, 2014 and 2015 to date, showing annual totals.

- a. Number of actual employees broken down between type (e.g. salaried, hourly, union, non-union, temporary, etc.).
- b. Number of authorized employees broken down between type (e.g. salaried, hourly, union, non-union, temporary, etc.).
- c. Regular payroll broken down between expensed, capitalized and other.
- d. Overtime payroll broken down between expensed, capitalized and other.
- e. Temporary payroll broken down between expensed, capitalized and other; and
- f. Other payroll (specify).

**RESPONSE:**

150. Employee Levels.

- a. Please provide the number of KgPCo employees for 2012, 2013, 2014, and 2015 to date.
- b. Please provide the number of Service Company employees for 2012, 2013, 2014, and 2015 to date.
- c. Please provide the number of employees for each other KgPCo affiliate that charges or allocates cost to KgPCo for 2012, 2013, 2014, and 2015 to date.

**RESPONSE:**

151. Please provide the wage rate increases granted by the Company by date and employee category for 2012, 2013, 2014 and 2015.

**RESPONSE:**

152. Please explain fully whether the employee positions used in the Company's labor calculations are authorized/budgeted or actually filled positions. In addition to and without limiting the foregoing, respond to the following specific requests:

- a. Identify, quantify, and explain fully the labor costs requests requested by the Company for positions which were not filled at the end of the test year.
- b. Identify, quantify, and explain fully the labor costs requests requested by the Company for positions which are not currently filled.

**RESPONSE:**

153. Please provide a detailed list of responsibilities and duties that eligible incentive compensation employees must have or perform in addition to those necessary to meet the standards for base salary compensation in order to receive incentive compensation.

**RESPONSE:**



154. Please explain what adjustments, if any, were made to base salary compensation amounts of eligible incentive compensation employees at the time any such incentive compensation plan(s) were initiated.

**RESPONSE:**

155. Please explain how the Company determines that the achievement of any incentive compensation goals are reached as a result of the incentive compensation plan, as opposed to other reasons. Provide all supporting data.

**RESPONSE:**

156. Please provide a description of the Company's merit and cost of living wage rate increase policies.

**RESPONSE:**

157. Please identify and provide a complete copy of all compensation studies that the Company has used to develop or evaluate compensation in the test year, attrition period or rate year.

**RESPONSE:**

158. Please identify and provide a complete copy of all compensation studies that the Company has relied upon or intends to rely upon for purposes of the current rate case.

**RESPONSE:**

159. Does the Company anticipate reducing the number of employees, including any voluntary severance, early retirement or other force reduction programs, during 2015 or the next three years (2016-2018)? If yes, state the timing and number of affected employees. Also state the projected costs and savings of any such plan.

**RESPONSE:**

160. Please explain and provide the derivation of the expense/capitalization ratio used by the Company.

**RESPONSE:**

161. Please provide the following for each employee position during the test year that experienced a change of incumbent:

- a. Position title;
- b. Employee replaced;
- c. Annual salary of replaced employee;
- d. Replacement employee;
- e. Annual salary of replacement employee; and
- f. Date of replacement.

**RESPONSE:**

162. Please provide a listing of the total compensation of each officer of AEP, Service Company, Appalachian Power Company, KgPCo, and each affiliate that charges or allocates compensation cost to KgPCo. For each item of officer compensation, show the total amount, the amount charged or allocated to KgPCo, and indicate the separate amount charge to O&M expense and capitalized, and breakdown the total compensation by type including, but not limited to, salary, deferred compensation, stock options, vehicle allowances, personal use of corporate aircraft, etc.

**RESPONSE:**

163. Provide a detailed description of each employee benefit program or plan, and identify the cost for each employee benefit program in the test year, and, if different, in the Company's requested cost of service, by account.

**RESPONSE:**

164. Please provide the basis for the Company's cost of each separate employee benefit (e.g., flat rate per employee, percentage of payroll, claims experience, etc.), and provide the most current known cost rate for each separate benefit.

**RESPONSE:**

165. Please provide the monthly amount of each separate benefit cost broken down between expensed, capitalized and other for 2012, 2013, 2014 and 2015 to date. Also, provide the annual totals, by account, for employee benefit costs for each of these periods.

**RESPONSE:**

166. Please provide the amount of current accumulated pension plan funding requirements and explain how such amounts are treated for ratemaking purposes, and why.

**RESPONSE:**

167. Please provide a copy of the Company's three most recent pension plan and post-retirement benefits actuarial studies for each defined benefit pension plan and OPEB plan. For each such plan and study, show in detail how the costs are allocated or charged to KgPCo.

**RESPONSE:**

168. Please list all net periodic pension cost and pension funding payments for each year 1990 through 2015.

- a. For each pension funding contribution, in each year, indicate how much was required by ERISA and how much was discretionary.
- b. For each discretionary pension funding payment identified in response to part a, identify and provide all quantitative and other analysis that was used to evaluate and determine the amount of funding payment.
- c. For each discretionary pension funding payment identified in response to part a, identify and provide all presentations to the AEP board and board committees and also identify and provide all related board and board committee minutes.

**RESPONSE:**

169. How much pension cost has the Company requested (1) in rate base and (2) in operating expenses? Show the amounts by account.

**RESPONSE:**

170. How much Other Post-Employment Benefit ("OPEB") cost has the Company requested (1) in rate base and (2) in operating expenses? Show the amounts by account.

**RESPONSE:**

171. Please provide a detailed analysis (including without limitation a description, dates and amounts) of any gains or losses on utility property sold during 2012, 2013, 2014 and 2015 to date. Also, please explain how such amounts have been treated for ratemaking purposes.

**RESPONSE:**

172. Please provide a detailed list of all penalties and fines paid to any governmental or nongovernmental entity that are included in cost of service by separate type and/or payee.

**RESPONSE:**

173. Please provide the amount of contributions and donations included in cost of service by separate payee, along with a description and the purpose for each payee.

**RESPONSE:**

174. Please provide the amount of country club dues incurred in the test year and indicate how they have been treated for cost of service purposes.

**RESPONSE:**

175. Please provide the amount of dues included in cost of service by separate payee, along with a description and the purpose for membership for each payee.

**RESPONSE:**

176. Please provide the amount of payments made to industry organizations other than membership dues included in cost of service along with a description of each payee organization or project.

**RESPONSE:**

177. Please provide the amount of lobbying expenses included in cost of service by separate payee, along with a description of each payee.

**RESPONSE:**

178. Please provide the amount of employee relocation expenses included in cost of service by employee and indicate to which of the various relocation plans such amounts relate (i.e., new employees, supplemental new employees, temporary assignment, area differential, employee relocation, etc.). Also, provide the annual costs charged to O&M for the previous three years.

**RESPONSE:**

179. Please provide a copy of the Company's relocation plan.

**RESPONSE:**

180. Please identify the amounts included in cost of service during the test year for the following items, by account:

- a. Membership dues in service, social and professional organizations (identify);
- b. Lobbying expenses;
- c. Charitable contributions;
- d. Investor relations expenses;
- e. Public relations expense, including an explanation of the nature and purpose of the activities, and

- f. Advertising expenses broken down by categories including product, marketing, corporate, institutional, informational, etc.

**RESPONSE:**

181. Identify the amount of Edison Electric Institute dues expense and other EEI expenses and expenses for EEI sub-groups, by account, for the test year, and provide a complete copy of the related invoices and show in detail how the EEI charges are allocated to KgPCo.

**RESPONSE:**

182. Please provide a copy of the most recent NARUC audit report of the EEI, and provide a detailed listing of all payments made by the Company to EEI during the test year. Also, provide any separate payments for EEI media communications.

**RESPONSE:**

183. Has the Company included any costs associated with cancelled construction projects or obsolete inventory in requested rates? If so, please separately identify the costs by account, and provide the supporting documentation, and explain the reason for the cancellation or obsolescence.

**RESPONSE:**

184. Please provide a copy of the Company's policy on personal use of Company automobiles and provide the related costs of any such personal use included in requested cost of service.

**RESPONSE:**

185. Please provide a copy of the AEP policy on personal use of corporate aircraft and provide the related costs of any such personal use included in requested cost of service. If any cost of personal use is included in KgPCo cost of service, provide details with specificity of such costs. In addition, state in detail with specificity whether any amount of the cost of corporate

aircraft is directly or indirectly allocated to KgPCo's customers, and, for any such allocated amount, state such amount and provide details with specificity of the amount of such allocation and the basis for such allocation, including without limitation the rationale for such allocation and specific means, methods, and calculations resulting in such allocation.

**RESPONSE:**

186. Please provide the following for the test year amount of miscellaneous sales expenses:

- a. Payee;
- b. Amount per payee;
- c. Purpose of activities performed by payee.

**RESPONSE:**

187. Please provide the amount of fees, benefits, and other amounts paid to each separate member of the KgPCo, Service Company, and AEP Board of Directors included in cost of service. For the AEP and Service Company board expenses, show in detail how such costs are allocated and charged to KgPCo.

**RESPONSE:**

188. Please provide the amount of rate case expense incurred for the current rate case and the last two rate cases broken down by payee and type of activity.

**RESPONSE:**

189. Please provide the following annual jurisdictional data related to uncollectible accounts for 2012, 2013, 2014 and 2015 to date:

- a. Bad debt expense;
- b. Bad debt write-offs;

- c. Collections of written-off accounts;
- d. Allowance for doubtful accounts; and
- e. Billed revenues

**RESPONSE:**

190. Please identify each building that is being leased by KgPCo and provide a list of the related leases and provide a copy of the lease rate portion, including escalation clauses of each lease.

**RESPONSE:**

191. Please provide, in list form, the details of all judgments and/or settlements resulting from suits brought which involved the Company as a defendant, which resulted in the Company, during the test year, paying or agreeing to pay or being ordered to pay an amount in excess of \$10,000, including but not limited to the case name, the date filed, the date of settlement or the date of judgment and the amount the Company was ordered or agreed to pay. Provide this information even if appeals are pending and note every instance of an appeal.

**RESPONSE:**

192. Please provide a summary schedule which presents the total costs included in cost of service related to charges from the affiliated Service Company by FERC account.

**RESPONSE:**

193. Please provide the monthly invoice/bill for activities performed by the Service Company and costs charged to KgPCo by the Service Company in 2013, 2014 and 2015 to date.

**RESPONSE:**

194. Please identify the amounts included in cost of service during the test year, by account, from the Service Company for the following items:



- a. Membership dues in service, social and professional organization (identify);
- b. Lobbying expenses;
- c. Charitable contributions;
- d. Investor relations expenses;
- e. Public relations expense, including an explanation of the nature and purpose of the activities;
- f. Advertising expenses broken down by categories including project, marketing, corporate, institutional, informational, etc.; and
- g. Corporate aircraft.

**RESPONSE:**

195. Please provide the annual amounts of total and jurisdictional property tax expense for 2012 through 2014, and 2015 to date.

**RESPONSE:**

196. Please provide the most recent actual property tax assessments and rates.

**RESPONSE:**

197. Please provide the number of customers, by rate class, by month, for the test year and for all available months subsequent to the test year.

**RESPONSE:**

198. Filing Information. As the Company discovers errors in any filing in this TRA Docket 15-00093, identify such errors and provide documentation to support any changes. Please update this response as additional information becomes available.

**RESPONSE:**

199. Financial, FERC Form 1 or equivalent. Please provide copies of the Company's two most recent FERC Form 1's or equivalent annual reports.

**RESPONSE:**

200. Injuries and Damages. State the amount of injuries and damages expense for 2012, 2013, 2014, and 2015 to date, by account.

**RESPONSE:**

201. Insurance Expense. Itemize each component of insurance expense included in the test year, and provide comparative information for calendar year 2012, 2013, 2014 and 2015 to date. Indicate the accounts and amounts in which each item of insurance is recorded.

**RESPONSE:**

202. Legal Expense. Please itemize the amount of non-rate case legal expense for the test year. For each distinct item over \$20,000, show payee, amount, account, and indicate what services were performed and what the subject matter of the services was.

**RESPONSE:**

203. Non-recurring Expenses. For each expense account for the test year, list each non-recurring charge or credit which exceeded \$25,000.

- a. For each such charge or credit, state the amount, the basis and provide copies of all journal entries and supporting documentation.
- b. Reconcile the dollar amounts included above to any adjustments proposed by the Company.

**RESPONSE:**

204. Advertising Expense. Please identify and quantify the Company's test year advertising costs by category (e.g. promotional, informational, institutional, safety, etc.) and account, and provide representative samples of advertising copy for each category provided. Please include in your response advertising costs billed through the Service Company.

**RESPONSE:**

205. Show the amounts of advertising expenses in each account for each year 2009 through 2014 and for the 12 months ending September 30, 2015

**RESPONSE:**

206. Incentive Compensation. How much is KgPCo requesting for incentive compensation expense in its filing in this proceeding? Please identify, quantify and explain all amounts that the Company is requesting, including (1) incentive compensation direct charged to KgPCo, and (2) incentive compensation allocated to KgPCo by the Service Company or any other affiliate.

**RESPONSE:**

207. Please identify the amount of incentive compensation that was expensed during the test period, including separately, the amounts billed through the Service Company.

**RESPONSE:**

208. Please provide complete and accurate copies of any and all incentive compensation programs in effect during 2014 and/or 2015, including those covering employees billed through the Service Company.

**RESPONSE:**

209. Stock Based Compensation.

- a. Please list, by amount and account, all stock based compensation expense directly or indirectly charged to KgPCo during the test year, including but not limited to executive stock options, performance share awards, accruals made pursuant to ASC 718 and any other stock based compensation awards that resulted in cost being charged to KgPCo during the test year.
- b. Provide a description of each distinct stock based compensation program that resulted in charges to KgPCo during the test year.
- c. Please explain fully and in detail the amount of stock-based compensation that the Company has included in cost of service for the test year ended December 31, 2014.

- d. Pursuant to part "c", please break out the stock-based compensation included in test year cost of service by (1) stock-based compensation direct charged to KgPCo, and (2) stock-based compensation that was allocated to KgPCo from the Service Company.

**RESPONSE:**

210. Supplemental Executive Retirement Plan ("SERP").

- a. Please provide the amount of SERP expense, by account, included in the Company's cost of service for the test year ended December 31, 2014.
- b. Please provide the comparable SERP expense for each year 2012, 2013, 2014 and 2015 to date.
- c. Provide the most recent actuarial reports for SERP.
- d. Provide all actuarial studies, reports and estimates used for SERP for the test year ended December 31, 2014.

**RESPONSE:**

211. Provide a schedule showing the allocation factors used by the Service Company to allocate common and joint costs among the affiliates, including without limitation KgPCo, for the years 2013, 2014, and 2015.

**RESPONSE:**

212. Provide a complete copy of the most recent internal or external audit report prepared by or for the Company or any of its electric utility affiliates concerning charges by the affiliate Service Company to the electric utility subsidiaries of AEP, including without limitation KgPCo.

**RESPONSE:**

213. Concerning 2014 and 2015 Service Company charges that were expensed by the Company, please provide a schedule showing a breakout of those expenses that were directly charged to KgPCo and those expenses that were allocated to KgPCo. For the Service Company

expenses that were allocated to KgPCo, please provide a matrix that identifies which allocation factor/methodology was used to allocate each category of shared service. Please also indicate in your response which expenses were removed in the Company's filing for ratemaking purposes.

**RESPONSE:**

214. Please provide complete copies of the Service Company's detailed annual financial reports (including without limitation its balance sheet and income statement, etc., and all footnotes and attachments and schedules thereto) for 2013 and 2014.

**RESPONSE:**

215. Is KgPCo using outside service providers for any services that the Service Company is capable of providing? If so, please explain why and identify the specific services, their cost by account, and how they were accounted for in 2013, 2014 and for each month in 2015.

**RESPONSE:**

216. Did KgPCo have any uncertain tax positions at either 12/31/2013 or 12/31/2014? If so, explain in detail how the FIN 48 amounts for 2013 and 2014 were determined. Provide a complete analysis of all uncertain tax positions in 2013 and 2014, and include complete supporting workpapers that evaluate each tax position and its uncertainty and the percentage that was deemed to be uncertain. Include supporting details and workpapers.

**RESPONSE:**

217. Bonus Tax Depreciation.

- a. Does the Company agree that the availability of 2015 bonus tax depreciation would constitute a known and measurable change for any test years involving 2015 or later periods if a "tax extenders" bill that is currently pending in the U.S. Congress is passed? If not, explain fully why not.

- b. Please provide a detailed listing by plant account of all plant and equipment added in 2015. Provide the listing in Excel.
- c. Please identify, in the listing provided in response to part “b,” all plant and equipment having an MACRS recovery period of 20 years or less, and provide the MACRS recovery period for such property.
- d. Did the Company claim 2014 bonus tax depreciation? If not, explain fully why not.
- e. Does the Company intend to claim 2015 bonus tax depreciation if it is made available via a “Tax Extenders” bill? If not, explain fully why not.
- f. Does the Company agree that the impact of utilizing the 2015 bonus tax depreciation, if made available, will be a substantial increase in the balance of Accumulated Deferred Income Taxes that offset rate base, and thus a significant decrease to utility rate base? If not, explain fully why not.
- g. Please provide calculations showing the impact of 2012, 2013 and 2014 bonus tax depreciation and include complete supporting calculations and Excel files with all formulas and calculations intact.

**RESPONSE:**

218. Did KgPCo or AEP opt out of (i.e., not take) bonus tax depreciation in any year (2011 through 2014)? If so, explain fully, and for each year for which AEP or KgPCo did not claim full available amounts of bonus tax depreciation in each year, provide the related analysis.

In addition to and without limiting the foregoing, respond to the following specific requests:

- a. Please confirm that any tax net operating loss (“NOL”) can be carried forward for 20 years to reduce future income taxes. If this cannot be confirmed, explain fully why this is not the case.
- b. Please provide all analysis performed by or for AEP, for APC, and for KgPCo comparing the projected results of (1) claiming bonus tax depreciation and (2) non claiming bonus tax depreciation for each year. Include all assumptions and supporting workpapers.
- c. Please provide all AEP and KgPCo projections of taxable income that were used to evaluate whether using bonus tax depreciation that could be claimed in each year will result in overall tax savings during each tax year of the 20 year tax NOL carry forward period.

- d. How much current income tax expense is KgPCo claiming in the current case for the test year, before and after its requested revenue increase?
- e. What amount of tax NOL did KhPCo have as of each date: 12/31/2011, 12/31/2012, 12/31/2013, 12/31/2014 and 9/30/2015?
- f. Show in detail how the KgPCo tax NOLs as of 12/31/2014 and 6/30/2015 were determined.
- g. What amount of tax NOL does AEP have as of each date: 12/31/2011, 12/31/2012, 12/31/2013, 12/31/2014 and 6/30/2015?
- h. Show in detail how the AEP tax NOLs as of each date were determined: 12/31/2011, 12/31/2012, 12/31/2013, 12/31/2014 and 9/30/2015.
- i. Show in detail how much federal taxable income KgPCo has for the first year of new rates in the current TN rate case as if the Company's requested revenue increase were to be granted in full. Include supporting calculations.
- j. Provide all Excel files, electronically, with formulas and calculations intact, relative to your answers to this data request.

**RESPONSE:**

219. Please provide AEP's Board of Directors' meeting minutes since January 1, 2014. Include all studies, documents, presentations, and other materials referenced in the minutes. Also include all minutes (and studies, documents, presentations, and other materials referenced in the minutes) of Board committee meetings.

**RESPONSE:**

220. Please provide KgPCo's Board of Directors' meeting minutes since January 1, 2014. Include all studies, documents, presentations, and other materials referenced in the minutes. Also include all minutes (and studies, documents, presentations, and other materials referenced in the minutes) of Board committee meetings.

**RESPONSE:**

*[signature page follows]*

RESPECTFULLY SUBMITTED,



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WAYNE M. IRVIN (BPR #30946)  
Assistant Attorney General  
Office of the Attorney General  
Consumer Protection and Advocate Division  
P.O. Box 20207  
Nashville, Tennessee 37202-0207

Dated: December 1, 2015.



CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

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This the 1<sup>st</sup> day of December, 2015.

  
\_\_\_\_\_  
WAYNE M. IRVIN