

S. Morris Hadden
William C. Bovender
William C. Argabrite
Jimmie Carpenter Miller
Mark S. Dessauer
Gregory K. Haden
Michael L. Forrester
Stephen M. Darden
Edward J. Webb, Jr.
James N. L. Humphreys
Suzanne Sweet Cook
Michael S. Lattier
Scott T. Powers

Respond to:
Kingsport Office
William C. Bovender
423-378-8858
bovender@hsdlaw.com

HUNTER·SMITH·DAVIS
SINCE 1916 LLP

Kingsport Office
1212 North Eastman Road
P.O. Box 3740
Kingsport, TN 37664
Phone (423) 378-8800
Fax (423) 378-8801

Johnson City Office
100 Med Tech Parkway
Suite 110
Johnson City, TN 37604
Phone (423) 283-6300
Fax (423) 283-6301

Leslie Tentler Ridings
Christopher D. Owens
Chad W. Whitfield
Jason A. Creech
Meredith Bates Humbert
Joseph B. Harvey
Rachel Ralston Mancl
Caroline Ross Williams
Marcy E. Walker
Teresa Mahan Lesnak *
Michael A. Eastridge *
Jeannette Smith Tysinger*

**Of Counsel*

www.hsdlaw.com

KPOW.92585

February 17, 2016

VIA OVERNIGHT DELIVERY:

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

Re: Petition of Kingsport Power Company d/b/a AEP Appalachian Power General Rate Case
TRA Docket No.: 16-00001

Dear Chairman Hilliard:

We submit herewith for electronic filing the Partial Responses of Kingsport Power Company to the First Discovery Request of the Consumer Protection and Advocate Division. Said responses are being served on the proper parties by email and/or overnight delivery.

The responses consist of four (4) hard copies and four (4) accompanying disks which are hereby submitted to the TRA and one copy of the hard copy response and one disk to each of the attorneys listed in the certificate of service.

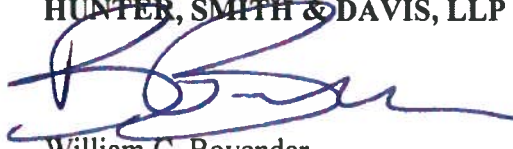
Please see that the hard copies are filed in the dockets. The information on the disk is voluminous.

Should there be any questions, please contact the writer.

Sharla Dillon, Dockets & Records Manager
Page 2
February 17, 2016

Very sincerely yours,

HUNTER, SMITH & DAVIS, LLP



William C. Bovender

Enclosures

c: Monica L. Smith-Ashford, Esq.
David Foster
Charles Welch, Jr., Esq.
Henry Walker, Esq.
Michael J. Quinan, Esq.
Wayne Irvin, Esq.
James R. Bacha, Esq.
William Castle
Larry Foust
Joseph Harvey, Esq.

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:

PETITION OF KINGSPORT POWER COMPANY
d/b/a AEP APPALACHIAN POWER GENERAL
RATE CASE

DOCKET NO.: 16-00001

**PARTIAL RESPONSES OF KINGSPORT POWER COMPANY TO FIRST
DISCOVERY REQUEST OF THE CONSUMER PROTECTION
AND ADVOCATE DIVISION**

Comes Petitioner, Kingsport Power Company d/b/a AEP Appalachian Power (“Company” or “KgPCo”) and hereby responds to the First Discovery Request of the Consumer Protection and Advocated Division (“CAD”) as to certain of the multiple-part discovery requests which have been served on KgPCo. It is anticipated that KgPCo will be able to respond to the remainder of said Request on or before March 1, 2016.

The following portions of the Request are being responded to: 4, 15-20, 22, 23, 24, 26, 27, 30, 33, 52, 53, 95, 101, 108, 132-140, 142-144, 146-157, 190-199, and 207; subject to general objections set forth herein below or any objections to individual requests as contained in said responses.

GENERAL OBJECTIONS

1. Even though KgPCo has chosen to respond to all 207 discovery requests of CAD, some responses being individual objections, KgPCo hereby objects to any further discovery

requests by the CAD, submitted to KgPCo, as same exceed the limitation set forth in TRA Rule 1220-1-2-.11(5)(a).

2. KgPCo hereby objects to the attempt by the CAD to lessen the time to respond to its First Discovery Request, demanding responses on or before, February 19, 2016. The First Discovery Request was sent out February 2, 2016, and, under the discovery rules of the Tennessee Rules of Civil Procedure, KgPCo is entitled to thirty (30) days to respond. It is discovery abuse to serve over 400 requests (includes subparts) and demand a response within seventeen (17) days.

3. KgPCo objects to the "Definitions" portion of the First Discovery Request as same are unduly burdensome, oppressive and designed merely to harass. The scope of said Definitions makes it virtually impossible to respond and the scope of same will be narrowed by KgPCo in its responses.

Subject to said GENERAL OBJECTIONS and any specific objections made to individual requests as contained in these or upcoming responses, KgPCo responds to the portions of the First Discovery Request as follows:

STATE OF Virginia)
CITY OF Richmond)

WILLIAM K. CASTLE, being first duly sworn upon oath, deposes and says that he is the Director, Regulatory Services VA/TN for Kingsport Power Company d/b/a AEP Appalachian Power, the Petitioner in the above-entitled action, and that he is authorized to make this Affidavit on its behalf; that he has read the foregoing Responses to Discovery Request Nos: 4, 15-20, 22, 23, 24, 26, 27, 30, 33, 52, 53, 95, 101, 108, 132-140, 142-144, 146-157, 190-199, and 207, by him subscribed and knows the contents thereof; that there is no single person employed by or otherwise connected with Kingsport Power Company d/b/a AEP Appalachian Power, who has personal knowledge of all the facts and information requested herein; that said Responses to Discovery Request Nos: 4, 15-20, 22, 23, 24, 26, 27, 30, 33, 52, 53, 95, 101, 108, 132-140, 142-144, 146-157, 190-199, and 207, were prepared with the assistance and advice of counsel and the assistance of various employees and representatives of the corporation upon which he has relied; that the Responses to Discovery Request Nos: 4, 15-20, 22, 23, 24, 26, 27, 30, 33, 52, 53, 95, 101, 108, 132-140, 142-144, 146-157, 190-199, and 207, set forth herein, subject to inadvertent or undiscovered errors, are based on, and therefore necessarily limited by, the records and information still in existence, presently recollected and thus far discovered in the course of the preparation of these Responses; that the foregoing Responses to Discovery Request Nos: 4, 15-20, 22, 23, 24, 26, 27, 30, 33, 52, 53, 95, 101, 108, 132-140, 142-144, 146-157, 190-199, and 207, are thus based upon corporate knowledge and are true and correct to the best of his knowledge and belief; that consequently, Kingsport Power Company d/b/a AEP Appalachian Power reserves the right to make any changes in the Responses if it appears at any time that omissions or errors have been made therein or that more accurate information is available; and that subject to the limitations set forth herein, the said Responses are true to the best of his knowledge, information and belief.

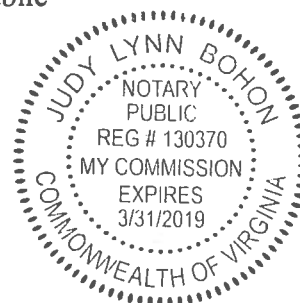
W K Castle
WILLIAM K. CASTLE

Sworn to and subscribed before me, this the 17th of February, 2016.

Judy Lynn Bohon
Notary Public

My Commission Expires:

March 31, 2019



As to Objections:

**KINGSPORT POWER COMPANY d/b/a AEP
APPALACHIAN POWER**

By: 

William C. Bovender, Esq. (BPR #000751)

Joseph B. Harvey, Esq. (BPR # 028891)

HUNTER, SMITH & DAVIS, LLP

1212 N. Eastman Road

P. O. Box 3740

Kingsport, TN 37664

(423) 378-8858; Fax: (423) 378-8801

Email: bovender@hdsdlaw.com

Email: jharvey@hdsdlaw.com

Of Counsel:

James R. Bacha, Esq.

Hector Garcia, Esq.

American Electric Power Service Corporation

1 Riverside Plaza

Columbus, OH 43215

(614) 716-1615; Fax: (614) 716-2950

Email: jrbacha@aep.com

Email: hgarcial@aep.com

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and exact copy of the foregoing **PARTIAL RESPONSES OF KINGSPORT POWER COMPANY TO FIRST DISCOVERY REQUEST OF THE CONSUMER PROTECTION AND ADVOCATE DIVISION** has been served upon the following by emailing a true and accurate copy on this the 17th day of February, 2016:

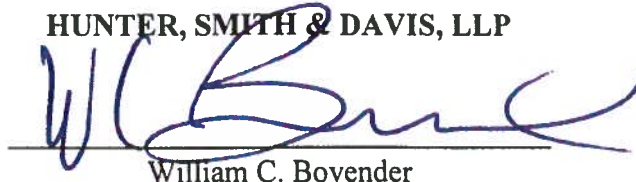
Wayne M. Irvin (BPR #30946)
Assistant Attorney General
Consumer Advocate and Protection Division
Office of the Tennessee Attorney General
P.O. Box 20207
Nashville, TN 37202-0207
E-mail: wayne.irvin@ag.tn.gov

Henry Walker, Esq. (BPR #000272)
Bradley Arant Boult Cummings, LLP
1600 Division St., Ste 700
Nashville, TN 37203
Email: hwalker@babbc.com
Counsel for TenneSEIA and TASC

Michael J. Quinan, Esq. (BPR #11104)
Christian & Barton, LLP
909 East Main St., Ste 1200
Richmond, VA 23219
Email: mquinan@cblaw.com
Counsel for East Tennessee Energy Consumers

Charles B. Welch, Jr., Esq. (BPR #5593)
Farris Bobango, PLC
Bank of America Plaza
414 Union St., Ste 1105
Nashville, TN 37219
Email: cwelch@farris-law.com
Counsel for Energy Freedom Coalition of America, LLC

HUNTER, SMITH & DAVIS, LLP



William C. Bovender

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-004:

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 complete and accurate copy (including all attachments, exhibits, and schedules) of the most recent rate case order from each state public utility commission for each affiliate of KgPCo.

CATEGORY: General.

Response CPAD 1-004:

- a) The Company's current tariffs are provided in CPAD 1-004a Attachment 1 and Attachment 2 on the attached CD. Please note that the redlined tariffs included as KgPCo Exhibit No. 3 (TAC) were the current tariffs as of the test year.
- b) Please refer to CPAD 1-004b, Attachment 1 and Attachment 2 on the attached CD.
- c) See CPAD 1-4c Attachments 1 through 14 on the attached CD for the requested rate case orders from each state commission for each of KgPCo's affiliates.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-015:

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.

CATEGORY: Revenue.

Response CPAD 1-015:

Please see CPAD 1-015 Attachment 1 for the requested information.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-016:

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 December 2015 in Microsoft Excel format.

CATEGORY: Revenue.

Response CPAD 1-016:

The kwh shown in the "Unadj kWh by rate" tab is Billed and Accrued kWh. Please refer to CPAD-020, Attachment 2, which reflects this same monthly data by rate code from January 2009 through December 2015 in pdf format. The Company does not maintain the data in Microsoft Excel format.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSFORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-017:

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

CATEGORY: Revenue.

Response CPAD 1-017:

Please refer to CPAD 1-020, Attachment 1 for monthly billed kWh by tariff element. Monthly fuel clause for the period of January 2009 through December 2015 is reflected in CPAD 1-017, Attachment 1. Purchased Power Adjustment Riders for the period are reflected in CPAD 1-017, Attachment 2. Tennessee Inspection Fee Riders for the period are reflected in CPAD 1-017, Attachment 3. Storm Damage Riders for the period are reflected in CPAD 1-017, Attachment 4.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-018:

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 December 2015 in Microsoft Excel format.

CATEGORY: Revenue.

Response CPAD 1-018:

Billing demand data outside the test year has not been calculated and is not available.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-019:

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 December 2015 in Microsoft Excel format.

CATEGORY: Revenue.

Response CPAD 1-019:

Number of customer bills data outside the test year has not been calculated and is not available.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSFORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-020:

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

CATEGORY: Revenue.

Response CPAD 1-020:

Please see CPAD 1-020, Attachment 1 for the Company's monthly Billed Tariff Summaries from January 2009-December 2015.

See CPAD 1-020, Attachment 2 for the Company's monthly Billed and Accrued Tariff Summaries from January 2009-December 2015.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-022:

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 Microsoft Excel format with all formulas intact.

CATEGORY: Revenue.

Response CPAD 1-022:

Please see CPAD 1-022 Attachment 1.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSFORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-023:

Provide a copy of all Street Lighting contracts currently in effect and/or that have terminated in the most recent twenty four month period. In addition, provide a copy of any TPSC/TRA Orders approving these contracts.

CATEGORY: Revenue.

Response CPAD 1-023:

The Company objects to this question on the basis that it requests materials related to Street Lighting, which is not included in Case No. 16-00001 and is non-jurisdictional.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSFORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-024:

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

CATEGORY: Revenue.

Response CPAD 1-024:

As is stated in the testimony of Witness Buck on page 5, lines 6 and 7, and on page 22, lines 9 through 14, Street Lighting is a separate contract, not a tariff offering, and therefore is excluded from this base case proceeding.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-026:

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 December 2015.

CATEGORY: Revenue.

Response CPAD 1-026:

The Company objects to this request. NOAA information is publicly available.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-027:

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 December 2015.

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

CATEGORY: Revenue.

Response CPAD 1-027:

a, b, c) Please see the response to CPAD 1-020.

d) Please see the response to TRA Staff 1-024, excel file "Staff Informal 1-24 - TAC - Attachment 1 - KgPCo Tariff Ratio File.xlsx" for monthly billing determinants for the Test Year. Billing determinants outside the test year have not been calculated and are not available.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-030:

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.

CATEGORY: Rate Base.

Response CPAD 1-030:

This adjusting entry was related to a reclassification recorded in December 2014 that capitalized certain AEP Service Corporation (AEPSC) billings to Kingsport for software costs instead of expensing such costs. Refer to the testimony of Company witness Allen for an explanation of this reclassification in the discussion of going-level Adjustments OM-9 and DE-29.

As of result of this adjusting entry, Kingsport's balance sheet at December 31, 2014 reflected software costs billed by AEPSC over the last 5 years as if they were capitalized at the time of billing and subsequently amortized to expense. Refer to the Company's response to Staff Informal 1-24 AWA Attachment 2 for workpapers related to this reclassification. See also CPAD 1-30, Attachment 1, for the associated journal entry.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-033:

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.

CATEGORY: Rate Base.

Response CPAD 1-033:

Please see the response to CPAD 1-030.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-052:

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.

CATEGORY: Cost of Capital.

Response CPAD 1-052:

See CPAD 1-52 Attachment 1 for a detailed explanation.

In detailing the explicit calculations for Exhibits 9 and 10 in response to CPAD 1-52 and CPAD 1-53 Dr. Daves discovered a small transcription error in one of his calculations, which had follow on implications for 2 other calculations. These were for AEP's unlevered CAPM cost of capital and subsequent calculations that depended on this calculation. None of these calculations entered into the ultimate recommendation for a cost of capital for Kingsport since that recommendation depended only on the 8 non-AEP companies. In addition, the numerical differences are quite small. Nonetheless, in explaining the calculations, Dr. Daves corrected the error and Exhibits 9 and 10 are included below with the corrected numbers shaded. In addition, the explanations, CPAD 1-52 Attachment 1 and CPAD 1-53 Attachment 1, include notes explaining this difference.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Response CPAD 1-052: (continued)

EXHIBIT NO. 9 (PRD)

8 Company and AEP Levered and Unlevered Cost of Equity 4/30/2015

Name	DCF Levered	DCF Unlevered	CAPM Levered	CAPM Unlevered
American Electric Power	9.01%	6.20%	7.02%	5.30%*
Ameren	11.01%	7.53%	7.34%	5.73%
Black Hills Corp	10.29%	6.76%	9.55%	6.42%
Centerpoint Energy	6.17%	4.74%	8.73%	5.58%
Edison International	3.46%	3.73%	6.46%	5.63%
ITC Holdings	13.48%	7.10%	6.39%	5.05%
PG&E corp	8.14%	6.33%	6.46%	5.49%
Sempra Energy	10.67%	6.93%	8.26%	5.88%
UIL Holdings	11.38%	7.39%	7.19%	5.60%
Market risk premium	5.75%			
Risk-free rate	3.30%			
Cost of long-term debt	4.68%			
Cost of short-term debt	0.45%			

*This value was incorrectly listed as 5.43% in the original Exhibit 9. This was due to a typographical error on Dr. Daves part, and explained below. It resulted in 3 minor follow on effects in calculations based on AEP's unlevered cost of equity in Exhibit 10. None of these numbers entered into the ultimate cost of capital recommendation since that recommendation was made on the basis of the 8 non-AEP companies' unlevered costs of equity.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Response CPAD 1-052: (continued)

EXHIBIT NO. 10 (PRD)

Unlevered and Levered Costs of Equity for the 8 Companies, AEP, and Kingsport Power Company

Panel A: Summary Statistics for the Unlevered Costs of Equity for the 8 Comparison Companies and for AEP

		Excluding AEP		AEP
	<u>Mean</u>	<u>33%</u>	<u>Median</u>	<u>67%</u>
DCF r_u	6.31%	6.28%	6.85%	7.11%
CAPM r_u	5.67%	5.57%	5.61%	5.73%
Average of DCF and CAPM	5.99%	5.93%	6.23%	6.42%
				5.30%*
				5.75%*

Panel B: Kingsport's Levered Required Return on Equity Based on Each Summary Measure of Unlevered Required Return

		Excluding AEP		AEP
	<u>Mean</u>	<u>33%</u>	<u>Median</u>	<u>67%</u>
Kingsport r_L based on:				
DCF r_u	10.84%	10.77%	11.97%	12.53%
CAPM r_u	9.47%	9.26%	9.35%	9.60%
Average of DCF and CAPM				
	10.15%	10.02%	10.66%	11.06%
				9.63%*

Re-Levering Assumptions:

Kingsport w-equity	47.00%
Kingsport w-debt	53.00%
Kingsport weighted r_d	2.30%
Market risk premium	5.75%

*These 4 numbers are slightly different from their counterparts in the original Exhibit 10 due to follow on calculations from the typographical error Dr. Daves made in the original Exhibit 9. None of these errors affected the cost of capital recommendation.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-053:

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.

CATEGORY: Cost of Capital.

Response CPAD 1-053:

See CPAD 1-53 Attachment 1 for a detailed explanation.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-095:

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.

CATEGORY: Operating Expenses.

Response CPAD 1-095:

See CPAD 1-95 Attachment 1 for a copy of the Company's policy on personal use of Company vehicles. The table below provides the related cost for the test year.

2014	
Month	Cost
January	\$135.00
February	\$144.00
March	\$154.50
April	\$142.50
May	\$121.50
June	\$138.00
July	\$102.00
August	\$139.50
September	\$132.00
October	\$127.50
November	\$112.50
December	\$144.00

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-101:

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.
CATEGORY: Operating Expenses.

Response CPAD 1-101:

The only building leased by the Company is for the Kingsport Service Center. A copy of that lease is attached as CPAD 1-101 Attachment 1.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-108:

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

CATEGORY: Operating Expenses.

Response CPAD 1-108:

Please see the response to CPAD 1-020.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-132:

Refer to Wright Testimony, pages 7 and 8, in which the Company proposes that a certain base level of major storm costs (\$490,477) be recovered in base rates. To enable the Consumer Advocate to evaluate this in the context of this rate case, please provide a list and description of weather events from January 2010 through December 2015 that constituted "major storms" affecting KgPCo, and state the corresponding costs of each major storm that were recorded by KgPCo in each account.

CATEGORY: Storm Cost Recovery.

Response CPAD 1-132:

Refer to TRA Informal 1-24_PAW_Attachment 3_Major Storm O&M Adjustments for the information requested for the January 2010 through December 2014 periods. There have been no storms constituted as "major storms" affecting KgPco during 2015.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-133:

With reference to the Wright testimony referred to in Discovery Request No. 132 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 level of major storm costs in base rates from January 2010 through December 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 December 2015.

CATEGORY: Storm Cost Recovery.

Response CPAD 1-133:

Refer to CPAD 1-133_Attachment 1 for an estimate of the requested information in parts a & b assuming the Company recovers the amount sought in this proceeding. The major storm adjustment requested in this proceeding is an O&M expense and would not earn a return.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-134:

With reference to the Wright testimony referred to in Discovery Request No. 132 and for the reasons stated in that request, note that Wright testifies on page 7 that the Company's adjustment for major storm damage "is expected to mitigate [KgPCo's] need to file individual storm cost recovery cases." Please explain fully how the adjustment will mitigate KgPCo's need to file individual storm cost recovery cases.

CATEGORY: Storm Cost Recovery.

Response CPAD 1-134:

The major storm expense requested in this proceeding represents an estimated going level of major storm cost based on the average of reasonable historical major storm costs found in TRA Informal 1-24_PAW_Attachment 3_Major Storm O&M Adjustments. Over time the Company should collect approximately the proper amount.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSFORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-135:

With reference to the Wright testimony referred to in Discovery Request No. 132 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, and whether Adjustment OM-12 includes average capital costs? If yes, please identify the corresponding accounts and respective amounts.

CATEGORY: Storm Cost Recovery.

Response CPAD 1-135:

Kingsport has not had a base rate case since 1993. Capital costs associated with storm costs since that case are not in base rates and will only be recovered from ratepayers when new rates are set in this case. Adjustment OM-12 includes only O&M.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSFORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-136:

Refer to Wright Testimony, pages 9-12, and Webb Testimony, page 4, 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. Based on the testimony in this Docket, on what date will KgPCo first be on a four-year tree-trimming cycle? Explain.

CATEGORY: TRS.

Response CPAD 1-136:

The dates for the 4-year cycle-based vegetation management implementation period and the following four-year maintenance cycles for the newly proposed vegetation management program are contingent on the approval of the ongoing O&M expenses for the TRS requested in this proceeding along with additional expenditures to completely fund the TRS to be requested in future cases.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-137:

Refer to Wright Testimony, pages 5 and 9-12, and Webb Testimony, page 4, in which the Company proposes the Tennessee Reliability Strategy ("TRS") and requests that O&M expenses be adjusted upward by \$2,087,140 (Adjustment OM-8) to implement the TRS. Wright states at page 9, "The Company will require additional capital expenditure above the 2016 forecasted amount in order to implement its TRS in support of enhanced distribution reliability." Why does the proposed base rate amount of O&M expense (\$2,990,512) not include all costs associated with the TRS implementation? Explain.

CATEGORY: TRS.

Response CPAD 1-137:

The Company is only proposing the on-going level of O&M costs in base rates since O&M expenditures represent a constant level of annual revenue requirement. Annual revenue requirements of capital costs grow larger over time since the cumulative effect of annual expenditures cause the rate base to grow. Those growing amounts plus any O&M amounts over or under the annual level of O&M are expected to be recovered through future filings.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-138:

Company Witness Wright testifies at page 6 of his testimony that the expenses for the TRS “during its first four years of implementation will be approximately \$4.3 million, while the average cost of the remaining six years will be approximately \$3.4 million.” To enable the Consumer Advocate to evaluate Company Witness Wright’s testimony, please provide all studies, analyses, and/or reports on which the Company relies for this testimony and for the amounts of requested TRS costs.

CATEGORY: TRS.

Response CPAD 1-138:

Refer to TRA Informal 1-24_PAW_Attachment 5_TRS Adjustments for the estimated costs associated with the first year of the TRS program including vegetation management. The expenses for the last three years of the vegetation management implementation cycle are expected to be similar to the first year's expense plus cost escalation due to changes in labor, equipment and material costs. The vegetation management O&M expenses associated with the four-year implementation cycle are expected to decrease closer to the going level of O&M expense proposed in this proceeding.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-139:

With reference to the Wright Testimony referred to in Discovery Request No. 138, and in order for the Consumer Advocate evaluate Adjustment OM-8, please explain fully whether the Company intends to seek an additional recovery from customers for O&M expenditures for the TRS during the first ten years of the TRS program, during which time those expenditures are estimated to exceed the proposed base rate amount of \$2,990,512.

CATEGORY: TRS.

Response CPAD 1-139:

The Company intends to seek an additional recovery from customers in a future filing for O&M expenses for the TRS during the first ten years of the TRS program that exceed the proposed base rate amount of \$2,990,512.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSFORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-140:

Please explain fully 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 fully the change.

CATEGORY: TRS.

Response CPAD 1-140:

TRS does not address transmission circuits.

Kingsport will prioritize tree-trimming activities based on the evaluation of its distribution reliability performance data.

The TRS only addresses distribution circuits. If a change in the number of distribution miles subject to tree-trimming occurs as a result of the TRS, the mileage for the additional circuits would be included in the TRS vegetation management plan. The additional O&M expense level would be included in a future filing in the event the expense exceeds the TRS O&M in base rates along with all capital investments associated with the added mileage.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-142:

Please provide with specificity the amount of overtime costs and expenses KgPCo incurred during the test year, and during 2015 as a result of disruptions caused by trees or equipment failure. Please list the respective test year and 2015 figures separately.

CATEGORY: TRS.

Response CPAD 1-142:

See CPAD 1-142 Attachment 1 for the amount of overtime costs and expenses KgPCo incurred during the test year and during 2015 as a result of all outage causes. The Company does not have cost data that tracks separately disruptions caused by trees or equipment failure.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-143:

Please state the effect that adopting the TRS will 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.
- CATEGORY: TRS.

Response CPAD 1-143:

- a. The Company does not specifically track AEP corporate management salary attributed to KgPCo's vegetation management and correction of equipment failures.
- b. The Company does not specifically track KgPCo management salary attributed to KgPCo's vegetation management and correction of equipment failures. An equivalent of one KgPCo management employee oversees the operations of the Kingsport territory that includes vegetation management and the correction of equipment failure activities. The Company does not plan to add an equivalent KgPCo management employee due to the implementation of the TRS.
- c. Currently, there are three Company line crew supervisors and one vegetation management supervisor overseeing the KgPCo territory. The three line crew supervisors oversee activities related to the restoration of service for all outage causes and not for vegetation management and equipment failure corrections only.
The implementation of the TRS is not expected to change the number of line crew supervisors, but approximately two additional vegetation management supervisors are anticipated for a total of three.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Response CPAD 1-143: (continued)

d. In addition to the three Company line crew supervisors referenced in part c, there are approximately eleven linemen in the field who are involved in the restoration of service for all outage causes and not for vegetation management and equipment failure corrections only. In regards to vegetation management, there are approximately twenty-one contracted field workers, one Company utility forester, and one contracted work planner currently.

The implementation of the TRS is not expected to change the number of linemen in the field and Company utility forester. The contracted vegetation management workers are expected to triple to approximately sixty-three workers total and the contracted work planners would double to approximately two total. As the implementation of the TRS matures, it is also anticipated that at least one overhead contracted line crew consisting of four members will be on KgPCo property on a more permanent basis. This crew would be responsible for equipment repairs to prevent equipment failures.

e. Refer to the response in part d.

f. Refer to the response in part d.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-144:

Please explain fully and provide all studies, 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.

CATEGORY: TRS.

Response CPAD 1-144:

- a. The proposed TRS is not expected to reduce O&M expense relative to current base rates. The first four years of the TRS will see a ramp up in O&M spending due primarily to the implementation of the cycle-based vegetation management program. However, after the four-year implementation cycle of the vegetation management program, O&M expenses are expected to decrease towards the going level of O&M expense proposed in this proceeding.
- b. A reduction in expenses and service disruptions associated with major storms depends on storm severity as it relates to the TRS.
- c. As stated in CPAD 1-140, the TRS only addresses distribution reliability enhancements. The TRS is not expected to reduce recurring annual distribution plan investment and removal costs.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSFORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-146:

Please explain fully and provide all studies, analyses, and/or reports 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.

CATEGORY: TRS.

Response CPAD 1-146:

Refer to TRA Informal_1-24_PAW_TN SAIDI_SAFI for historical reliability data that demonstrates the primary causes of customer service interruptions in Kingsport's service territory are vegetation-related outages and equipment failures. The TRS programs are expected to mitigate these causes. See witness Wright's testimony at pages 10 through 12. See also CPAD 1-147 Attachment 1.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-147:

Please provide all studies, analyses, and/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 (2017-2026).

CATEGORY: TRS.

Response CPAD 1-147:

The Company is anticipating a 25% improvement to reliability once the TRS is fully implemented. By fully implemented, this includes the initial four year Vegetation Management Program (VMP) implementation phase plus four more years of repetitive work. The VMP would address all line miles twice to fully realize the improvements within the first 8 years. Refer to CPAD 1-147_Attachment 1 for supporting information.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-148:

Please provide System Average Interruption Frequency Index (SAIFI) and System Average Interruption Duration Index (SAIDI) information for the Company for each year in the 10-year period, 2007-2016.

CATEGORY: TRS.

Response CPAD 1-148:

Refer to the table below for the requested data from 2007-2015. SAIDI and SAIFI data for 2016 is not yet available.

Kingsport SAIDI and SAIFI, Excluding Major Storms		
	SAIDI	SAIFI
2007	103.90	0.98
2008	141.75	1.42
2009	165.50	1.39
2010	165.38	1.41
2011	200.57	1.52
2012	207.19	1.53
2013	221.29	1.62
2014	215.80	1.49
2015	199.81	1.38

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-149:

Please 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.

CATEGORY: TRS.

Response CPAD 1-149:

Please see the following list of current vegetation management contractors and associated ownership relationships, although each company is independently operated.

Contractor	Ownership
Kingsport Vegetation Management Contractors	
Aerial Solutions, Inc.	
Asplundh Tree Expert Company	
CN Utility Consulting (Contract Utility Foresters)	Parent Company: Wright Tree
Davey Resource Group (Contract Utility Foresters)	Parent Company: Davey Tree Company
Edko, LLC	
Industrial Helicopters, LLC	
Johnson Design & Landscape	
Lewis Tree Service	
Nelson Tree Service	Parent Company: Asplundh Tree Expert Company
NOVCO	Parent Company: Industrial Helicopters, LLC
Osmose Utilities Services	
Townsend Tree Service	Parent Company: NG Gilbert
Wright Tree Service	

Kingsport and its affiliates have in place and enforce a “conflicts of interest” policy designed to ensure that no conflicts of interest arise regarding such things as vegetation management contracts. See CPAD 1-149_Attachment 1 for a copy of the “conflicts of interest” policy.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-150:

For the period from January 2013 through December 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.

CATEGORY: TRS.

Response CPAD 1-150:

Refer to CPAD 1-150_Attachment 1 for the requested information.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSFORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-151:

Please refer to Castle Testimony, page 4, and Buck Testimony, pages 5-7 and 23-28, 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 Rate Realignment Rider, 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).

CATEGORY: Rate Realignment Rider.

Response CPAD 1-151:

The objective of ratemaking is to design rates such that they reflect as nearly as possible the actual costs of serving each customer. When the rates of return among each class are equal, subsidies between the classes are eliminated. Therefore, when rates of return are equalized among the classes, no subsidies exist and each class has rates that reflect the actual cost to serve that class.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001**

**Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-152:

With reference to the Castle and Buck testimonies referred to in Discovery Request No. 151 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.

CATEGORY: Rate Realignment Rider.

Response CPAD 1-152:

See CPAD 1-152, Attachment 1 for the average proposed residential customer's monthly bill from years 1 through 6.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSFORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-153:

With reference to the Castle and Buck testimonies referred to in Discovery Request No. 151 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.

CATEGORY: Rate Realignment Rider.

Response CPAD 1-153:

See CPAD 1-153, Attachment 1 for the average proposed public school's customer's monthly bill from years 1 through 6.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001**

**Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-154:

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, 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).

CATEGORY: Rate Design.

Response CPAD 1-154:

The Company is not seeking to impose a demand charge on customers who take service under residential, small general service, or church service tariffs. The Company is proposing to increase the monthly basic service charge for these customers so that it is closer to the actual cost of service.

Collecting fixed costs through fixed charges such as the monthly basic service charge or a kW demand charge more closely aligns cost recovery with cost causation principles.

The Company is proposing to introduce demand charges for customers who take service under Tariff M.G.S.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-155:

With reference to the Caudill testimony referred to in Discovery Request No. 154 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)?

CATEGORY: Rate Design.

Response CPAD 1-155:

The Company is not proposing a demand charge for standard residential customers. The Company however is proposing an increase to the monthly basic service charge.

a&b)

The Company's proposed changes to its residential rate design will provide customers with more accurate pricing signals that better reflect the cost to serve customers. While an inappropriately high volumetric charge might be viewed by some as encouraging conservation, it is in fact providing an inaccurate price signal in the aggregate. When a customer conserves energy, she saves only the marginal cost of providing that energy. To the extent that the volumetric portion of her retail rate includes more than the marginal cost of providing her electric service, her conservation will result in a shift of her fixed cost burden to other residential customers, resulting in higher rates for all customers.

Under the Company's proposal, residential customers will see the volumetric portion of their bill increase from the current 8.3 cents/kWh to 9.3 cents/kWh.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-156:

With reference to the Caudill testimony referred to in Discovery Request No. 154 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 all studies, analyses, and/or reports 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.

CATEGORY: Rate Design.

Response CPAD 1-156:

The Company has no such studies.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001**

**Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-157:

With reference to the Caudill testimony referred to in Discovery Request No. 154 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 monthly bill based on actual rates from 2014;
- (b) An average monthly bill based on actual rates from 2015;
- (c) An average monthly bill based on pro forma calculations with the proposed increased demand charge and proposed change in rates; and
- (d) The average fixed costs attributable to each customer for the test year, separated by month.

CATEGORY: Rate Design.

Response CPAD 1-157:

- (a) Please refer to CPAD 1-157a, Attachment 1.
- (b) Please refer to CPAD 1-157b, Attachment 1.
- (c) For standard residential service, the Company is not proposing a demand charge.
- (d) The calculation below is based upon the Residential Rate Design Work Papers provided in Staff Informal 1-024, Attachment 3 Witness TAC, page 3 and page 5:

Customer related Fixed Costs (pg. 3)	\$2,409,615
Demand related Fixed Costs (pg. 3)	\$39,964,137
Total	\$42,373,752
Divide by # Customer Bills (pg. 5)	494,855
Average Monthly Fixed Costs	\$85.63

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-190:

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, 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 fully how the Company would make determinations regarding the following hypothetical residences and how the Company would manage "separating the wiring so that the residential portion of the premises is served through a separate meter under such schedules and the other uses as enumerated above are served through a separate meter or meters under the appropriate general service tariff":

- (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.

CATEGORY: Terms & Conditions of Service.

Response CPAD 1-190:

"The appropriate residential tariff shall cease ..." language has been in Kingsport's Terms and Conditions of Service (T&C's) since 1981. It is highlighted in the proposed tariff because of it being moved to a new area of the T&C's. In this proceeding, however, the company is proposing that the phrase "...that portion of..." be eliminated, so that the new proposed sentence reads, "The appropriate residential tariff shall cease to apply to a residence which becomes regularly used for business, professional, institutional or any gainful purpose."

In general, the company would look for a sign at the residence advertising an on-site business. Customers would be asked to separately meter the business usage. If they cannot or will not, then the entire account would be billed under the appropriate commercial tariff.

Most often, the company is made aware of these home businesses through complaints from neighbors or competitors.

- (a) See above.
- (b) See above.
- (c) See above.
- (d) See above.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001**

**Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-191:

With reference to the Simmons testimony referred to in Discovery Request No. 190 and for the reasons stated in that request, explain fully how the Company will monitor business, professional, institutional, or gainful activities occurring in customers' residences?

CATEGORY: Terms & Conditions of Service.

Response CPAD 1-191:

Please see the Company's response to CPAD 1-190.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-192:

With reference to the Simmons testimony referred to in Discovery Request No. 190 and for the reasons stated in that request, explain fully how the Company will determine what constitutes the transaction of business activities in “[d]etached buildings actual appurtenant to the customer’s residence.”

CATEGORY: Terms & Conditions of Service.

Response CPAD 1-192:

Please see the Company's response to CPAD 1-190.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001**

**Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-193:

With reference to the Simmons testimony referred to in Discovery Request No. 190 and for the reasons stated in that request, provide the average 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.

CATEGORY: Terms & Conditions of Service.

Response CPAD 1-193:

Please see CPAD 1-193 Attachment 1 for a chart of the Commission approved returned check fees for the other AEP companies.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-194:

With reference to the Simmons testimony referred to in Discovery Request No. 190 and for the reasons stated in that request, provide the average 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.

CATEGORY: Terms & Conditions of Service.

Response CPAD 1-194:

Please see CPAD 1-0194 Attachment 1 for a chart of the Commission approved meter fees for the other AEP companies.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001**

**Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-195:

With reference to the Simmons testimony referred to in Discovery Request No. 190 and for the reasons stated in that request, provide the average 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.

CATEGORY: Terms & Conditions of Service.

Response CPAD 1-195:

Please see CPAD 1-0195 Attachment 1 for a chart of the Commission approved reconnection fees for the other AEP companies.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-196:

With reference to the Simmons testimony referred to in Discovery Request No. 190 and for the reasons stated in that request, from January 2013 through December 2015, provide with corresponding account numbers the Company's total revenue from reconnection fees and the Company's total incurred costs of reconnection.

CATEGORY: Terms & Conditions of Service.

Response CPAD 1-196:

These fees are recorded to account 4510001 – Misc. Service Revenues.

The Company billed the following reconnection fees:

2013 - \$16,032

2014 - \$20,560

2015 - \$30,128

An estimate of the Company's reconnection costs is under the "Assumptions" at the top of Exhibit No. 3 (GHS).

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001**

**Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-197:

With reference to the Simmons testimony referred to in Discovery Request No. 190 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.
CATEGORY: Terms & Conditions of Service.

Response CPAD 1-197:

The current tariff language allowing a deposit at the time of reconnection has been in Kingsport's T&C's since 4/1/93. It is highlighted in the proposed tariff because of it being moved to a new area of the T&C's.

A deposit is required before connecting service when the customer's credit rating is determined to be unsatisfactory. A satisfactory/unsatisfactory credit rating is determined by the time frame in which payment of the previous electric bills rendered by the Company were received. In addition, the Company may use various independent credit reporting service ratings to determine if a credit rating is satisfactory/unsatisfactory.

Residential, commercial and industrial deposits are based on two times the average monthly usage.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSFORT POWER COMPANY
DOCKET NO. 16-00001**

**Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-198:

With reference to the Simmons testimony referred to in Discovery Request No. 190 and for the reasons stated in that request, explain fully 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 all studies, analyses, reports, and/or other sources that were relied upon in responding to this request.

CATEGORY: Policy-Terms & Conditions of Service.

Response CPAD 1-198:

This policy is designed to discourage the practice of seasonal disconnects/reconnects. The fixed costs of metering, billing and maintaining the service drop (or underground) and meter still need to be recovered.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-199:

With reference to the Simmons testimony referred to in Discovery Request No. 190 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 forgoing, respond to the following specific requests:

- (a) Identify the amount and corresponding terms of any such franchise fee;
- (b) If a franchise fee agreement is in effect or has otherwise been agreed to (either in principle or be being executed), provide a copy of such franchise fee agreement;
- (c) State whether the Company will seek to recover any such franchise fee from customers through base rates or otherwise;
- (d) If you plan to recover any such franchise fee from customers, explain fully whether the Company will assess customers who live in its service area but do not live in the City of Kingsport for this fee.

CATEGORY: Terms & Conditions of Service.

Response CPAD 1-199:

- (a) The Company does not pay any franchise fee to the City of Kingsport under the current franchise ordinance.
- (b) Please see CPAD 1-199 Attachment 1 for the franchise ordinance currently in effect, which does not include a franchise fee. See CPAD 1-199 Attachment 2 for the recently approved franchise and franchise fee ordinances which have not yet been filed with the TRA.
- (c) At the appropriate time the Company will seek to collect the franchise fee on behalf of the City of Kingsport from its customers. Accordingly, the fee will appear as a separate line item on customers' bills.
- (d) The Company will only collect the fee from its customers residing within the city limits of the City of Kingsport.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by the
Consumer Protection And Advocate Division (First Set)
To Kingsport Power Company**

Data Request CPAD 1-207:

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.

CATEGORY: Legal.

Response CPAD 1-207:

The Company will provide copies of all data requests of, and responses to, all parties at the time the Company responds to such requests.