

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

IN RE:)
)
PETITION OF KINGSPORT POWER)
COMPANY d/b/a AEP APPALACHIAN) **DOCKET NO. 16-00001**
POWER GENERAL RATE CASE AND)
MOTION FOR PROTECTIVE ORDER)

**SECOND DISCOVERY REQUEST
OF THE CONSUMER PROTECTION AND ADVOCATE DIVISION
TO KINGSPORT POWER COMPANY d/b/a AEP APPALACHIAN POWER**

To: William K. Castle
Appalachian Power Company
Director, Regulatory Services VA/TN
Three James Center
1051 E. Cary Street, Suite 1100
Richmond, VA 23219-4029
wkcastle@aep.com

James R. Bacha, Esq.
Hector Garcia, Esq.
American Electric Power Service Corporation
One Riverside Plaza
P.O. Box 16637
Columbus, OH 43216
jrbacha@aep.com
hgarcia1@aep.com

William C. Bovender, Esq.
Joseph B. Harvey, Esq.
Hunter, Smith & Davis, LLP
1212 N. Eastman Road
P.O. Box 3740
Kingsport, TN 37664
bovender@hdsdlaw.com
jharvey@hdsdlaw.com

This *Second 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" or "CPAD" or, as formerly known as, "CAPD") 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, 20th Floor, Nashville, Tennessee 37243, c/o Wayne M. Irvin, on or before 4:00 p.m. (CDT), April 21, 2016, or at such other time as may be ordered by the Hearing Officer in the adoption or approval of a procedural schedule in this TRA Docket.

PRELIMINARY MATTERS AND DEFINITIONS

These additional discovery requests incorporate the same Preliminary Matters and Definitions set forth in the *First Discovery Request of the Consumer Protection and Advocate Division to Kingsport Power Company d/b/a AEP Appalachian Power* filed February 2, 2016 ("*First Discovery Request*"), and are to be considered continuing in nature, and are to be supplemented from time to time as information is received by KgPCo and any KgPCo affiliate which would make a prior response inaccurate, incomplete, or incorrect.

SECOND DISCOVERY REQUESTS

1. Refer to the tariff summary provided in response to CPAD1-16 (Compelled). Please clarify the "Sales of ELE Amt" column on this schedule by providing a definition and sample calculation for Revenue Class 10 and Tariff Code 15 for January 2009. For example, January 2009 for Revenue Class 10 and Tariff Code 15 shows KWH of 15,131,988 and Bill Counts of 7,723. When these determinants are multiplied by the current tariff rates of \$0.04873 per KWH and \$7.30 per customer, it produces \$793,759.68; when the fuel amount of \$156,201.65 is added it produces \$949,961.33. However, the "Sales of ELE Amt" for January 2009 shows

\$1,059,836.61 on the spreadsheet included in the response to CAPD DR1-16, for a difference of \$109,875.28. Please reconcile and explain this difference of \$109,875.28.

RESPONSE:

2. Refer to the tariff summary provided in response to CPAD1-16 (Compelled). Specifically refer to the "Mtrd KWH Off-Peak" column on this schedule. Please explain why no "Mtrd KWH Off-Peak" determinants exist from January 2009 through September 2011 for Revenue Classes 10 and 20.

RESPONSE:

3. Refer to the tariff summary provided in response to CPAD1-16 (Compelled). Specifically refer to the information provided for RS and RS-E Load Management Water Heating KWH in which the Company's tariff provides for a reduced rate for usage above 250 KWH per month. Please provide a breakdown of the RS and RS-E Load Management Water Heating monthly KWH usage split between the first 250 KWH of usage per month and usage over 250 KWH per month from January 2009 through December 2015.

RESPONSE:

4. Refer to the tariff summary provided in response to CPAD1-16 (Compelled). Specifically refer to the information provided for SGS customers which the Company's tariff provides different rates for usage above and below 600 KWH per month. Please provide a breakdown of the monthly KWH in the same Excel format as CPAD1-16 from January 2009 through December 2015 with KWH for SGS customers split between the first 600 KWH used per month and over 600 KWH used per month.

RESPONSE:

5. Refer to the Company's current tariff provided in response to CPAD1-4a for SGS customers. Please provide a narrative description and definition of the distinctions for the SGS tariff codes provided in response to CPAD1-15 for SGS-Fixed (231), SGS-Measured (232) and SGS-Non-Metered (233). Specifically, what factors govern the tariff code classification for a particular SGS customer? Also, how is the usage for tariff codes 231 and 233 determined and is this "theoretical usage" included in the monthly "Mtrd KWH" in CPAD1-16?

RESPONSE:

6. Refer to the tariff summary provided in response to CPAD1-16 (Compelled). Specifically refer to the information provided for SGS customers for "Mtrd KWH Off-Peak" for September – December 2015. Explain how the Company is classifying certain sales for this period as "Mtrd KWH Off-Peak" when the Company does not appear to have any customers on the load management provision (225, 226) of the SGS Tariff. If these sales are misclassified, please provide the corresponding "On-Peak" sales for this same period.

RESPONSE:

7. Refer to the tariff summary provided in response to CPAD1-16 (Compelled). Specifically refer to the information provided for MGS customers. The MGS tariff has a provision that provides for different billing rates for energy charges below and above 200 times the KW of monthly billing demand. Please provide a breakdown of the monthly KWH billed for the MGS tariff in the same Excel format as CPAD1-16 from January 2009 through December 2015 with KWH split between the first 200 times the KW of Monthly Billing Demand per month and over 200 times the KW of monthly Billing Demand per month.

RESPONSE:

8. Refer to the current tariff provided in response to CPAD1-4a. Specifically refer to the provision of the MGS tariff for customers with other sources of energy supply. Please provide the monthly number of customers and the KW of Contract Demand for customers with other sources of energy supply from January 2009 through December 2015. In addition, please indicate if this tariff provision encompasses all of the Company's net metering customers.

RESPONSE:

9. Please provide a copy of a typical customer bill (identification information redacted but customer number retained for ease in communication with KPC) for each tariff code at December 2015. In addition, please provide a narrative explanation for the bill calculation for each tariff code.

RESPONSE:

10. Refer to the tariff summary provided in response to CPAD1-16 (Compelled). Specifically refer to the information provided for IP customers. The IP tariff has a provision for different rates for Off-Peak Excess KW Demand. Please provide the monthly Billed Off-Peak Excess KW Demand in the same Excel format as CPAD1-16 from January 2009 through December 2015.

RESPONSE:

11. Refer to the tariff summary provided in response to CPAD1-16 (Compelled). Specifically refer to the information provided for IP customers. The IP tariff has a provision for reactive demand charges (KVAR). Please provide the monthly reactive demand charge determinants (KVAR) in the same Excel format as CPAD1-16 from January 2009 through December 2015.

RESPONSE:

12. Refer to the tariff summary provided in response to CPAD1-16 (Compelled). Specifically refer to the information provided for IP customers for “Mtrd KWH Off-Peak” for August 2013 – January 2014. Please explain how the Company is classifying certain sales for this period as “Mtrd KWH Off-Peak” when the Company does not appear to have any customers on the load management provision of the IP tariff? In addition, please explain why these KWH sales appear as negative amounts.

RESPONSE:

13. Refer to the tariff summary provided in response to CPAD1-16 (Compelled). Specifically refer to the information provided for PS customers. This tariff has a special provision (Tariff Code 641) when an entire school building is completely electrically heated. Please provide the monthly number of classrooms (for Tariff Code 641) in the same Excel format as CPAD1-16 from January 2009 through December 2015. In addition, please provide a breakdown of the monthly KWH billed in the same format as CPAD1-16 from January 2009 through December 2015 with KWH split between the first 500 KWH and over 500 KWH for Tariff Code 641.

RESPONSE:

14. Refer to the tariff summary provided in response to CPAD1-16 (Compelled). Specifically refer to the information provided for EHG customers, which the Company’s tariff provides an exemption from the billing demand for church building customers. Please provide a breakdown of the monthly number of customers and KW Billing Demand split between Church Building customers on this tariff and all other customers from January 2009 through December 2015.

RESPONSE:

15. Refer to the tariff summary provided in response to CPAD1-16 (Compelled). Specifically refer to the information provided for OL customers, which the Company's tariff provides additional charges for poles (\$7.95 per month) and spans (\$1.40 per month) in excess of 150 feet. Please provide a breakdown of the monthly number and amount of pole and span charges from January 2009 through December 2015.

RESPONSE:

16. Refer to the tariff summary provided in response to CPAD1-16 (Compelled). Specifically refer to the information provided for OL customers, which the Company's tariff provides additional charges for underground circuits (1.00 per foot per month) in excess of 30 feet. Please provide a breakdown of the monthly number and amount of underground circuit charges from January 2009 through December 2015.

RESPONSE:

17. Refer to the Company's supplemental response to CPAD1-23 (Compelled) regarding Street Lighting. Please provide a copy of all Street Lighting bills from January 2009 through December 2015.

RESPONSE:

18. Refer to the Company's supplemental response to CPAD1-23 (Compelled) regarding Street Lighting. Please identify the monthly number of Street Lighting customers from January 2009 through December 2015. In addition, please identify each of the Street Lighting customers. Finally, please provide the current rates charged to each Street Lighting customer.

RESPONSE:

19. Refer to the Company's response to CPAD1-15 regarding Revenue Class Codes. Specifically refer to Revenue Class Code 510 which refers to itself as "Public Authority – Schools (Special

Contract)”. Please provide a copy of all Special Contracts included in Revenue Class Code 510. In addition, please provide copies of all Special Contracts for the provision of any electric service that the Company has entered into with any customer.

RESPONSE:

20. Refer to the Attachment provided in response to CPAD1-9 (Compelled). Specifically refer to the “RS” tab of this spreadsheet. Please provide the source and support for the billing determinants included in Column 1 of this spreadsheet.

RESPONSE:

21. Refer to the Attachment provided in response to CPAD1-9 (Compelled). Specifically refer to the “RS-EMP” tab of this spreadsheet. Please provide the source and support for the billing determinants included in Column 1 of this spreadsheet.

RESPONSE:

22. Refer to the Attachment provided in response to CPAD1-9 (Compelled). Specifically refer to the “RS-TOD” tab of this spreadsheet. Please provide the source and support for the billing determinants included in Column 1 of this spreadsheet.

RESPONSE:

23. Refer to the Attachment provided in response to CPAD1-9 (Compelled). Specifically refer to the “SGS-FIXED” tab of this spreadsheet. Please provide the source and support for the billing determinants included in Column 1 of this spreadsheet.

RESPONSE:

24. Refer to the Attachment provided in response to CPAD1-9 (Compelled). Specifically refer to the “SGS-MEAS” tab of this spreadsheet. Please provide the source and support for the billing determinants included in Column 1 of this spreadsheet.

RESPONSE:

25. Refer to the Attachment provided in response to CPAD1-9 (Compelled). Specifically refer to the "SGS-NM" tab of this spreadsheet. Please provide the source and support for the billing determinants included in Column 1 of this spreadsheet.

RESPONSE:

26. Refer to the Attachment provided in response to CPAD1-9 (Compelled). Specifically refer to the "MGS-SEC" tab of this spreadsheet. Please provide the source and support for the billing determinants included in Column 1 of this spreadsheet.

RESPONSE:

27. Refer to the Attachment provided in response to CPAD1-9 (Compelled). Specifically refer to the "MGS-TOD" tab of this spreadsheet. Please provide the source and support for the billing determinants included in Column 1 of this spreadsheet.

RESPONSE:

28. Refer to the Attachment provided in response to CPAD1-9 (Compelled). Specifically refer to the "MGS-PRI" tab of this spreadsheet. Please provide the source and support for the billing determinants included in Column 1 of this spreadsheet.

RESPONSE:

29. Refer to the Attachment provided in response to CPAD1-9 (Compelled). Specifically refer to the "LGS-SEC" tab of this spreadsheet. Please provide the source and support for the billing determinants included in Column 1 of this spreadsheet.

RESPONSE:

30. Refer to the Attachment provided in response to CPAD1-9 (Compelled). Specifically refer to the "LGS-PRI" tab of this spreadsheet. Please provide the source and support for the billing determinants included in Column 1 of this spreadsheet.

RESPONSE:

31. Refer to the Attachment provided in response to CPAD1-9 (Compelled). Specifically refer to the "IP-PRI" tab of this spreadsheet. Please provide the source and support for the billing determinants included in Column 1 of this spreadsheet.

RESPONSE:

32. Refer to the Attachment provided in response to CPAD1-9 (Compelled). Specifically refer to the "IP-TRAN" tab of this spreadsheet. Please provide the source and support for the billing determinants included in Column 1 of this spreadsheet.

RESPONSE:

33. Refer to the Attachment provided in response to CPAD1-9 (Compelled). Specifically refer to the "EHG" tab of this spreadsheet. Please provide the source and support for the billing determinants included in Column 1 of this spreadsheet.

RESPONSE:

34. Refer to the Attachment provided in response to CPAD1-9 (Compelled). Specifically refer to the "CS" tab of this spreadsheet. Please provide the source and support for the billing determinants included in Column 1 of this spreadsheet.

RESPONSE:

35. Refer to the Attachment provided in response to CPAD1-9 (Compelled). Specifically refer to the "PS 640" tab of this spreadsheet. Please provide the source and support for the billing determinants included in Column 1 of this spreadsheet.

RESPONSE:

36. Refer to the Attachment provided in response to CPAD1-9 (Compelled). Specifically refer to the "PS 641" tab of this spreadsheet. Please provide the source and support for the billing determinants included in Column 1 of this spreadsheet.

RESPONSE:

37. Refer to the Attachment provided in response to CPAD1-9 (Compelled). Specifically refer to the "PS 642" tab of this spreadsheet. Please provide the source and support for the billing determinants included in Column 1 of this spreadsheet.

RESPONSE:

38. Refer to the Attachment provided in response to CPAD1-9 (Compelled). Specifically refer to the "OL" tab of this spreadsheet. Please provide the source and support for the billing determinants included in Column 1 of this spreadsheet.

RESPONSE:

39. Refer to the Attachment provided in response to CPAD1-9 (Compelled). Specifically refer to the "OL" tab of this spreadsheet. Please provide the source and support for the "Annual KWH & Number of Customers" on this spreadsheet.

RESPONSE:

40. Refer to the Attachment provided in response to CPAD1-9 (Compelled). Specifically refer to the "SL" tab of this spreadsheet. Please provide the source and support for the billing determinants included in Column 1 of this spreadsheet.

RESPONSE:

41. Refer to the Attachment provided in response to CPAD1-9 (Compelled). Specifically refer to the "SL" tab of this spreadsheet. Please provide the source and support for the "Current Revenue" included on this spreadsheet.

RESPONSE:

42. Refer to the Attachment provided in response to CPAD1-14 (Compelled). Specifically refer to the "Unadj by revcls rate" tab of this spreadsheet. Please provide the source and support for the data included on this spreadsheet. If the supporting information has not been previous supplied, please include a copy with your response.

RESPONSE:

43. Refer to the Attachment provided in response to CPAD1-14 (Compelled). Specifically refer to the "Weather" tab of this spreadsheet. Please provide the source and support for the data included on this spreadsheet. If the supporting information has not been previous supplied, please include a copy with your response.

RESPONSE:

44. Refer to the Attachment provided in response to CPAD1-14 (Compelled). Specifically refer to the "Unadj kWh by rate" tab of this spreadsheet. Please provide the source and support for the data included on this spreadsheet. If the supporting information has not been previous supplied, please include a copy with your response.

RESPONSE:

45. Refer to the Company's response to CPAD1-25c (Compelled) regarding the usage for the Company's 25 largest customers from January 2009 through December 2015. In its response, the Company only provided information from January 2013 through December 2015. Please

also provide the monthly information for these customers from January 2009 through December 2012 as originally requested.

RESPONSE:

46. Refer to the Company's response to CPAD1-6 (Compelled) regarding the monthly plant in service detail from January 2009 through December 2015. Please provide a breakdown of Intangible Property (Utility Account 30300) at December 31, 2015 showing all components and associated amortization rates. In addition, please provide a narrative justifying the purpose for the expenditure and the reason for the capitalization of each component of Intangible Property.

RESPONSE:

47. Refer to the Company's response to the TRA's Minimum Filing Requirement Item #24. Specifically refer to the Excel file titled "Staff Informal 1-24 AWA Attachment 13" that was included with this response. This particular response was referred to in the Company's response to CPAD1-35 regarding depreciation expense. Please provide the source and support for the jurisdictional Allocation Factor of 0.8849482 that is included on "Staff Informal 1-24 AWA Attachment 13".

RESPONSE:

48. Refer to the Company's response to CPAD1-42 (Compelled) regarding the monthly balance in Contributions in Aid of Construction. Please identify and provide the source data for the pivot table included in the Company's response.

RESPONSE:

49. Refer to the Company's response to CPAD1-34 regarding forecasted capital additions for 2015 and 2016. Please update the Company's response to include any revisions for 2016 as well as 2017 forecasted capital additions.

RESPONSE:

50. Refer to the response to CAPD 1-56 Attachment 1. Please provide a complete copy of the following internal audit reports:

Reports Issued		
Year	Project Name	Report Issued
2012	Vegetation Management Inspection Process	1/30/2012
2012	Asplundh Contract Compliance Review	6/27/2012
2013	2012 Incentive Compensation Plan Review	2/12/2013
2013	Appalachian Power Company Service Delivery Internal Controls Review	6/19/2013
2013	Meter Inventory and Testing Controls Review	12/04/13
2014	Incentive Compensation 2013	02/13/14
2014	Regulated PJM Settlements Review	07/11/14
2014	Manpower Contract Audit	09/30/14
2014	Group Benefits' Trust	09/30/14
2014	Utility Lines Construction Services Contract Audit	11/06/14
2014	Asplundh Construction Corp Contract Audit	11/26/14
2014	Asplundh Tree Expert Company Contract Audit	12/30/14
2015	2014 Incentive Compensation Plan Reviews	02/11/15
2015	Contract Labor Program Implementation Review	03/02/15
2015	Time Reporting and Payroll Process	8/11/2015
2015	Infrastructure Improvement Program Review	8/14/2015
2015	Lean Controls	8/25/2015
2015	POSITIVE PAY	8/27/2015
2015	Haverfield International, Inc. Contract Audit	10/12/2015
2016	Prepayment Review - 2015 Year End	1/18/2016
2016	Officers & Directors Expense Reports 2015	02/05/16

RESPONSE:

51. Refer to the response to CAPD 1-54, Confidential Attachment 11, [BEGIN

CONFIDENTIAL]



[END CONFIDENTIAL]

- a) Please show the monthly AFUDC rates that were applied for KgPCo for 2013, 2014 and 2015, and show how those monthly AFUDC rates were derived.

- b) To the extent not already provided, please state the monthly amounts of debt and equity AFUDC recorded by KgPCo for 2013, 2014 and 2015.
- c) Does KgPCo record AFUDC on unvouchered liabilities or accounts payable for which invoices had not yet been received pursuant to any of the cited guidance from FERC? If not, explain fully why not. If so, please identify the amounts of AFUDC recorded on unvouchered liabilities and accounts payable for which invoices had not yet been received by KgPCo in each year, 2013, 2014 and 2015, and explain KgPCo's procedure.

RESPONSE:

52. Refer to the response to CAPD 1-54 Confidential Attachment 17, [BEGIN CONFIDENTIAL]
[REDACTED] [END CONFIDENTIAL]

- a) During 2013, 2014 or 2015 did KgPCo record any transactions pursuant to the accounting guidance provided for in CAPD 1-54 Confidential Attachment 17?
- b) If the answer to part (a) is affirmative, please provide the related journal entries.

RESPONSE:

53. Refer to the response to CAPD 1-54, Confidential Attachment 19 [BEGIN CONFIDENTIAL]
[REDACTED]
[REDACTED] [END CONFIDENTIAL]

- a) During 2013, 2014 or 2015 did KgPCo record any costs charged from affiliates for [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] pursuant to the accounting guidance provided for in CAPD 1-54 Confidential Attachment 17?
- b) If the answer to part (a) is affirmative, please explain the charges and provide the related journal entries.

RESPONSE:

54. Refer to the response to CAPD 1-54, Confidential Attachment 20 [BEGIN CONFIDENTIAL]
[REDACTED]
[REDACTED] [END CONFIDENTIAL].

- a) During 2013, 2014 or 2015 did KgPCo record any costs charged from affiliates for [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]

pursuant to the accounting guidance provided for in CAPD 1-54 Confidential Attachment 17?

- b) If the answer to part (a) is affirmative, please explain the charges and provide the related journal entries.

RESPONSE:

55. Refer to the response to CAPD 1-54, Confidential Attachment 21. The document at page 4 refers to a [BEGIN CONFIDENTIAL] [REDACTED]

[REDACTED] [END CONFIDENTIAL].

- a) During 2013, 2014 or 2015 did KgPCo record any costs charged from affiliates for [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]
- b) If the answer to part (a) is affirmative, please explain the charges and provide the amounts recorded on KgPCo's books by account by year, by account, for 2013, 2014 and 2015.
- c) Provide a copy of the [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] agreement.
- d) Refer to page 5 of 8. Why did the same person [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]
- e) Refer to page 6 of 8. Identify the total amount of Marketing Costs and the related amounts for each year, 2013, 2014 and 2015 that were allocated to KgPCo and recorded by KgPCo (show the amounts for each year by account) [BEGIN CONFIDENTIAL] [REDACTED]
- i) [REDACTED]
- ii) [REDACTED]
- iii) [REDACTED]
- iv) [REDACTED]
- v) [REDACTED]
- vi) [REDACTED] [END CONFIDENTIAL]
- f) Refer to page 8 of 8. Show the calculation of the [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] that was in use in each year, 2013 through 2015.

RESPONSE:

56. Refer to the response to CAPD 1-54, Confidential Attachment 52, [BEGIN
CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL].

- a) During 2013, 2014 or 2015, did the Company record any non-recurring journal entries pursuant to the guidance provided for in CAPD 1-54, Confidential Attachment 52?
- b) If so, please identify and explain each such entry and provide the related journal entry, showing the amounts recorded by account.

RESPONSE:

57. Refer to the response to CAPD 1-54, Confidential Attachment 93, [BEGIN
CONFIDENTIAL] [REDACTED]

[REDACTED]

[REDACTED] [END CONFIDENTIAL]

- a) During 2013, 2014 or 2015 did the Company record any costs in storm restoration work order pursuant to the guidance provided for in CAPD 1-54, Confidential Attachment 93?
- b) If so, please identify each work order that was used in each year, 2013, 2015 and 2015 for recording storm costs, and show the amounts recorded pursuant to each work order.
- c) Provide a copy of the work orders for storm restoration work in each year, 2013, 2014 and 2015.

- d) Identify each storm for which costs were recorded in 2013, 2014 and 2015 and show the total costs recorded for each storm and show how such total costs for each storm were broken out between (1) O&M expense, (2) Capitalized costs and (3) Removal costs.
- e) As of December 31, 2014 did KgPCo have any open work orders for storm cost? If so, please list those and state the total costs recorded through December 31, 2014 for each open storm cost work order. Also show the break out of the costs for each storm cost work order between (1) O&M expense, (2) Capitalized costs and (3) Removal costs.
- f) As of December 31, 2015 did KgPCo have any open work orders for storm cost? If so, please list those and state the total costs recorded through December 31, 2015 for each open storm cost work order. Also show the break out of the costs for each storm cost work order between (1) O&M expense, (2) Capitalized costs and (3) Removal costs.
- g) As of March, 2016 did KgPCo have any open work orders for storm costs for storms that occurred in 2015? If so, please list those and state the total costs recorded through March 31, 2015 for each storm cost work order that relates to a 2015 storm. Also show the break out of the costs for each 2015 storm cost work order recorded as of March 31, 2016 between (1) O&M expense, (2) Capitalized costs and (3) Removal costs.

RESPONSE:

58. Refer to the response to CAPD 1-54, Confidential Attachment 96, concerning [BEGIN

CONFIDENTIAL] [REDACTED]

[REDACTED]

a) [REDACTED]

b) [REDACTED]

c) [REDACTED]

[END CONFIDENTIAL]

RESPONSE:

59. Refer to the response to CAPD 1-127.

- a) Is the amount of the 2014 uncertain tax position reversal mentioned in the response of \$1,961 stated in thousands (i.e., is it \$1,961,000)?
- b) Provide the accounting entries used to record the reversal.
- c) How did the Company treat the reversal recorded in 2014 of the pre-2014 uncertain tax positions in its calculation of income taxes in its rate case filing?

RESPONSE:

60. Refer to the response to CAPD 1-128.

- a) Provide the Company's current best estimate of the amount of 2015 tax depreciation that is expected broken out between (1) 2015 bonus tax depreciation and (2) other 2015 tax depreciation.
- b) Provide the Company's current best estimate of the 2015 amounts related to bonus and other 2015 tax depreciation on (1) Accumulated Deferred Income Taxes, (2) Current Income Tax Expense and (3) Deferred Income Tax Expense. Include supporting calculations showing how such amounts were derived.

RESPONSE:

61. Refer to the response to CAPD 1-129.

- a) How much tax NOL did KgPCo have as of each date: (1) 12/31/2015; (2) 3/31/2016?
- b) How much tax NOL does KgPCo expect to have as of each date: (1) 12/31/2016 and (2) 12/31/2017?
- c) How much tax NOL did AEP have as of each date: (1) 12/31/2015; (2) 3/31/2016?
- d) How much tax NOL does AEP expect to have as of each date: (1) 12/31/2016 and (2) 12/31/2017?
- e) Please show in detail how the amounts stated in response to parts a through d were derived and/or estimated.
- f) Provide all Microsoft Excel files, electronically, with formulas and calculations intact, relative to your answers to this data request.

RESPONSE:

62. Did AEP request or receive any Private Letter Rulings from the IRS from 2012 through the present? If so, please identify and provide a copy of each PLR request and the related IRS ruling.

RESPONSE:

63. Refer to the response to CAPD 1-005, Attachment 1, Excel file for the Kingsport Power Corp Consol Trial Balance For The Month Ended December 31, 2015.
- a) Has the Company recorded any adjustments to the December 31, 2015 balances listed there?
- b) If the answer to part a is "yes" please: (1) provide the most current December 31, 2015 results in Excel, and (2) list and explain each adjustment that KgPCo recorded after the Trial Balance provided in the response to CAPD 1-0005 was prepared, and (3) provide the related journal entries for the adjustments identified in response to part (2).

RESPONSE:

64. Refer to the response to CAPD 1-005 Attachment 1 (December 31, 2015 Trial Balance) and Attachment 13 (December 31, 2014) Trial Balance.
- a) Explain which of the following account 190 sub-accounts are reflected in KgPCo's proposed rate base and why or why not each such account is reflected in the rate base proposed by the Company:
- i) 1901001 - Accum Deferred FIT - Other
 - ii) 1902001 - Accum Defd FIT - Oth Inc & Ded
 - iii) 1903001 - Acc Dfd FIT - FAS109 Flow Thru
 - iv) 1904001 - Accum Dfd FIT - FAS 109 Excess
- b) Explain which of the following account 282 and 283 sub-accounts are reflected in KgPCo's proposed rate base and why or why not each such account is reflected in the rate base proposed by the Company:
- i) 2821001 - Accum Defd FIT - Utility Prop
 - ii) 2822001 - Accum Defd FIT - Other Prop
 - iii) 2823001 - Acc Dfd FIT FAS 109 Flow Thru
 - iv) 2824001 - Acc Dfd FIT - SFAS 109 Excess
 - v) 2831001 - Accum Deferred FIT - Other
 - vi) 2833001 - Acc Dfd FIT FAS 109 Flow Thru
 - vii) 2833002 - Acc Dfd SIT FAS 109 Flow Thru

- c) Explain what caused the change in each of the following accounts from the 12/31/2014 balance to the 12/31/2015 balance:

Account Number	Description	Balance 12/31/2015	Balance 12/31/2014	Difference
2821001	Accum Defd FIT - Utility Prop	\$ (22,448,028.05)	\$ (20,357,471.15)	\$ (2,090,556.90)
2823001	Acc Dfrd FIT FAS 109 Flow Thru	\$ (1,947,052.11)	\$ (1,750,892.46)	\$ (196,159.65)
2831001	Accum Deferred FIT - Other	\$ (1,189,467.01)	\$ (938,362.39)	\$ (251,104.62)
2833001	Acc Dfd FIT FAS 109 Flow Thru	\$ (2,120,878.53)	\$ (1,997,257.73)	\$ (123,620.80)
2833002	Acc Dfrd SIT FAS 109 Flow Thru	\$ (3,146,822.00)	\$ (3,019,124.00)	\$ (127,698.00)
1901001	Accum Deferred FIT - Other	\$ (620,463.91)	\$ (1,065,766.68)	\$ 445,302.77
1902001	Accum Defd FIT - Oth Inc & Ded	\$ 33,335.49	\$ 50,367.89	\$ (17,032.40)
1903001	Acc Dfd FIT - FAS109 Flow Thru	\$ 1,155,342.17	\$ 1,095,539.94	\$ 59,802.23
1823078	Deferred Storm Expense	\$ 1,505,354.23	\$ 2,039,409.36	\$ (534,055.13)

- d) Does the account 2821001, Accum Defd FIT - Utility Prop, balance of \$(22,448,028.05) at 12/31/2015 fully reflect the impact of 2015 tax depreciation including 2015 bonus tax depreciation? If not, explain fully why not and identify the amount of 2015 bonus tax depreciation and the related impact on the ADIT account for utility property that has not been reflected in the 12/31/2015 balance.

RESPONSE:

65. Refer to the response to CAPD 1- CAPD 1-005 Attachment 1 (December 31, 2015 Trial Balance) and Attachment 13 (December 31, 2014) Trial Balance. Explain what caused the change in each of the following accounts from the 12/31/2014 balance to the 12/31/2015 balance:

- a) 5660000 - Misc Transmission Expenses
- b) 5880000 - Miscellaneous Distribution Exp
- c) 5890001 - Rents - Nonassociated
- d) 5930000 - Maintenance of Overhead Lines
- e) 5940000 - Maint of Underground Lines
- f) 5950000 - Maint of Lne Trnf,Rglators&Dvi
- g) 5960000 - Maint of Strt Lghtng & Signal S
- h) 9090000 - Information & Instruct Advrtis
- i) 9220000 - Administrative Exp Trnsf - Cr
- j) 9220001 - Admin Exp Trnsf to Cnstrction
- k) 9230001 - Outside Svcs Empl - Nonassoc
- l) 9250000 - Injuries and Damages

- m) 9250006 - Wkrs Cmpnstn Pre&Slf Ins Prv
- n) 9260003 - Pension Plan - 387,696.60
- o) 9260050 - Frg Ben Loading - Pension
- p) 9260051 - Frg Ben Loading - Grp Ins
- q) 9260052 - Frg Ben Loading - Savings
- r) 9260053 - Frg Ben Loading - OPEB
- s) 9280002 - Regulatory Commission Exp-Case
- t) 9301000 - General Advertising Expenses
- u) 9301009 - Fairs, Shows, and Exhibits
- v) 9302000 - Misc General Expenses
- w) 9302006 - Assoc Bus Dev - Materials Sold
- x) 9302007 - Assoc Business Development Exp
- y) 9350012 - Maint of Data Equipment

RESPONSE:

66. Refer to the response to CAPD 1- CAPD 1-005 Attachment 1 (December 31, 2015 Trial Balance) and Attachment 13 (December 31, 2014) Trial Balance.

- a) Explain why account 5660000, Misc Transmission Expenses, has a credit balance for 2014.
- b) Were any unusual transactions recorded in account 5660000, Misc Transmission Expenses, in 2014? If so, please identify and explain them and provide the journal entries.
- c) Explain why there were no charges in account 9090000, Information & Instruct Advertising, in 2014.
- d) Identify and provide a copy of the advertisements and customer information material for which cost was recorded in 2015 in account 9090000, Information & Instruct Advertising.
- e) Explain the costs that are recorded in account 926005, "IntercoFringeOffset- Don't Use".
- f) Given the account title, explain why costs were recorded in account 926005 in 2014 and 2015.
- g) Were the costs that were recorded in account 926005 in 2014 and 2015 addressed by additional journal entries that were made after the trial balance was prepared? (1) If not, explain fully why not. (2) If so, identify and provide the journal entries.
- h) Show in detail the costs that were recorded into account 9280002, Regulatory Commission Exp-Case, in 2015.

- i) How much of the costs recorded in account 9280002, Regulatory Commission Exp-Case, were for KgPCo's 2015 rate case, Docket No. 15-00093, that was withdrawn?
- j) Are any of the costs that were recorded in 2015 in account 9280002, Regulatory Commission Exp-Case, for the current KgPCo rate case? If so, please identify the amounts and show the detail of the costs recorded in 2015 for the current rate case, Docket No. 16-00001.
- k) Identify the fairs and shows and the dates of same to which the costs recorded in account 9301009 "Fairs, Shows, and Exhibits" relate.
- l) Identify the specific advertising for which the costs recorded in 2015 in account 9301000, General Advertising Expenses, relate.
- m) Was the 2015 expense in account 9301000, General Advertising Expenses, for affiliate costs that were charged or allocated to KgPCo? If so, identify the affiliate and explain the basis for the charges.
- n) What specific publicity campaigns or ads were the costs recorded in 2015 in account 9301010, Publicity, incurred for? Explain and provide a copy of the ads and publicity materials.
- o) Please provide an itemization of the 2014 and 2015 charges in account 9302000, Misc General Expenses.
- p) Please identify what materials were sold for which cost was recorded in account 9302006, Assoc Bus Dev - Materials Sold, in 2014 and 2015.
- q) Please provide an itemization of the costs recorded in account 9302007, Assoc Business Development Exp, in 2014 and 2015.

RESPONSE:

67. Refer to the response to CAPD 1- CAPD 1-005 Attachment 1 (December 31, 2015 Trial Balance) and Attachment 13 (December 31, 2014) Trial Balance. Provide a copy of the Public Opinion Surveys for which cost was incurred by KgPCo in account 9301012 in 2014 and 2015.

RESPONSE:

68. Is KgPCo proposing to charge to ratepayers any costs associated with its 2015 rate case, Docket No. 15-00093, that was withdrawn? If so, identify, quantify and explain all costs for

Docket No. 15-00093 that the Company is seeking to charge to ratepayers, and show specifically where the costs incurred for Docket No. 15-00093 are reflected in KgPCo's filing in Docket No. 16-00001.

RESPONSE:

69. What were the total costs incurred by the Company for its 2015 rate case, Docket No. 15-00093, that was withdrawn? Show the amounts recorded in each account, in each year, 2014, 2015 and 2016 for Docket No. 15-00093.

RESPONSE:

70. Does KgPCo agree that the its 2015 rate case, Docket No. 15-00093, that was withdrawn, is a non-recurring event? If not, explain fully why not.

RESPONSE:

71. Prior to Docket No. 15-00093, had KgPCo ever filed and withdrawn a rate case? If so, identify the case or docket number and year when that occurred.

RESPONSE:

72. Refer to the response to CPAD 1-105(e). Please provide aviation costs billed to KgPCo from the AEP Service Corporation by account for 2015.

RESPONSE:

73. Refer to the responses to CPAD 1-117, 1-118 and 1-120.
- a) What is the amount of direct charged incentive compensation plan cost that KgPCo recorded on its books, by account, in 2015?
 - b) What is the O&M percentage applicable for 2015?
 - c) If different than the response to part a, what is the amount of incentive compensation billed by AEPSC to KgPCo and recorded by KgPCo by account in 2015?

- d) What is the total amount of incentive compensation that KgPCo recorded on its books, by account in 2015, including direct charged amounts and amounts charged to KgPCo from affiliates?
- e) What is the total amount, by FERC account, of stock based compensation charged to and recorded by KgPCo by AEPSC during 2015?

RESPONSE:

74. SERP. What executives are covered by the SERP expense listed in the response to CAPD 1-121(b)?

RESPONSE:

75. Has KgPCo or any affiliate, including AEP, applied for or received a private letter ruling from the IRS concerning directly or indirectly the offset of NOLCs against ADIT, including without limitation the calculation of any amount in any such offset. If so, provide copies of all documents directly or indirectly related to such private letter ruling, including without limitation all correspondence or written communications between the IRS and KgPCo, or any affiliate of KgPCo.

RESPONSE:

76. State whether KgPCo or any affiliate, including AEP, has the intention of applying for a private letter ruling from the IRS concerning directly or indirectly the offset of NOLCs against ADIT, including without limitation the calculation of any amount in any such offset.

RESPONSE:

77. Provide copies of any studies, analyses, or reports prepared by the Company or any affiliate directly or indirectly related to the offsetting NOLCs against ADIT, including without limitation the calculation of any amount in any such offset.

RESPONSE:

78. Provide the reference in the Board of Directors minutes to any discussion of the offset of NOLCs against ADIT, including without limitation the calculation of any amount in any such offset.

RESPONSE:

79. Provide all documents directly or indirectly related to the offset of NOLCs against ADIT, including without limitation the calculation of any amount in any such offset, that have been filed in any other jurisdiction within the past five years.

RESPONSE:

80. With reference to KgPCo's responses to the Consumer Advocate's First Discovery Requests CAPD 1-128, CAPD 1-129 and Staff 1-051, please provide all calculations (in excel spreadsheet format), assumptions, means of estimation, and analyses related to or in connection with each allocation, for each category and time period separately, between (i) regulated and nonregulated ADIT liabilities on a consolidated basis and for Tennessee for the test year and the attrition period and (ii) net operating losses and net operating loss carryforwards on a consolidated basis and for Tennessee for the test year and the attrition period. Identify each general ledger or subledger account used in and related to each such allocation and all supporting calculations (in excel spreadsheet format), including all assumptions, means of estimation, analysis, and documentation.

RESPONSE:

81. With reference to KgPCo's responses to the Consumer Advocate's First Discovery Requests CAPD 1-128, CAPD 1-129 and MFR Staff 1-051, please state and explain fully and with specificity in narrative form the methodology KgPCo proposes to adopt with respect to the reduction of rate base by each ADIT liability and the methodology for any adjustments

KgPCo believes should be made to ADIT liabilities, such as potential adjustments for net operating loss carryforwards ("NOLCs") and for allocations between regulated and nonregulated accounts. In connection therewith, identify each account proposed to be used in connection with or related to such methodology, and all proposed calculations (in excel spreadsheet format), including all assumptions, means of estimation, analysis, and documentation supporting such accounts and methodology.

RESPONSE:

82. With reference to KgPCo's responses to the Consumer Advocate's First Discovery Requests CAPD 1-128, CAPD 1-129 and MFR Staff 1-051, please state and explain fully each and every basis, rationale, and reason that KgPCo believes justifies the reduction of ADIT liabilities by NOLCs on a consolidated basis and in Tennessee and the allocations related to or in connection with ADIT liabilities and NOLCs between regulated and nonregulated accounts on a consolidated basis and in Tennessee. Please separately address the reduction of ADIT liabilities by NOLCs and the allocations related to or in connection with ADIT liabilities and NOLCs between regulated and nonregulated accounts on a consolidated basis and in Tennessee.

RESPONSE:

83. (a) With reference to KgPCo's responses to the Consumer Advocate's First Discovery Requests CAPD 1-128, CAPD 1-129 and MFR Staff 1-051, please provide historical data and pro forma projections of KgPCo's ADIT liabilities and NOLCs, on a consolidated basis and separately for Tennessee, for each taxable year in the period beginning January 1, 2009, through the year for which KgPCo has made such projection. (b) State the year in which KgPCo projects that its NOLC for each such taxable year, separately, will expire, or, if

KgPCo is unable to make such projection, explain fully why such projection cannot be made.

(c) Please explain fully the methodology by which KgPCo applies or would apply NOLCs for each such taxable year to taxable income in any taxable year.

RESPONSE:

84. (a) With reference to KgPCo's responses to the Consumer Advocate's First Discovery Requests CAPD 1-128, CAPD 1-129 and MFR Staff 1-051, for each year since 2008 that KgPCo's federal tax return has been audited by the IRS, state whether KgPCo's federal tax liability changed as a result of each such audit, as well as whether the amount of net operating loss ("NOL") carryback or carryforward changed as a result of any such audit. (b) If the amount of NOL carryback or carryforward that reduced KgPCo's tax changed as a result of any such audit, please provide a schedule showing the amount by which the NOL carryback or carryforward changed and the reason for the change.

RESPONSE:

85. (a) With reference to KgPCo's responses to the Consumer Advocate's First Discovery Requests CAPD 1-128, CAPD 1-129 and MFR Staff 1-051, please state whether the Company is aware of any instance or proceeding in which a normalization violation under the Internal Revenue Code has occurred. (b) If so, please identify each such instance or proceeding. (c) For each such violation, please state whether the IRS made the determination that a normalization violation occurred, or, if such violation was not made by the IRS, who or which entity made that determination and, regardless of the entity or person making such determination, state and explain fully with specificity the basis, rationale, and reason the person or entity has for such determination. (d) Also, for any such violation, state whether or

not any penalty or any other adverse action has been taken by the IRS or otherwise with respect to such violation.

RESPONSE:

86. With reference to KgPCo's responses to the Consumer Advocate's First Discovery Requests CAPD 1-128, CAPD 1-129 and MFR Staff 1-051, please explain fully and with specificity the mechanism by which ratepayers, who would be paying increased rates if KgPCo's NOLCs were treated as reduction in the ADIT liabilities' balance, would be compensated if the NOLCs expired unused.

RESPONSE:

87. With reference to KgPCo's responses to the Consumer Advocate's First Discovery Requests CAPD 1-128, CAPD 1-129 and MFR Staff 1-051, please explain fully and with specificity why KgPCo's proposed reduction of ADIT liabilities by KgPCo's NOLCs is not simply a mechanism that results in ratepayers paying for or essentially financing the amount resulting from KgPCo's inability to receive a return on investment due to the ADIT liabilities' reduction of rate base, without an assurance that ratepayers will ever receive a benefit from that payment or financing.

RESPONSE:

88. Refer to the Direct Testimony of witness Philip Wright at pages 5-8.
- a) What is the 2015 recorded amount of Ongoing Distribution O&M Expense that compares with the \$4,454,895 amount shown in Figure 1 on page 5?
 - b) Please show the 2015 Ongoing Distribution O&M Expense in total and by account that compares with the 2014 amount of \$4,454,895 in Figure 1 on page 5.
 - c) What amount of 2015 O&M Expense was recorded by KgPCo that compares with the \$903,372 amount for 2014 listed on page 6, in Figure 2?

- d) Please show a breakout of the 2014 amount of \$903,372 for O&M Expense for Reliability Activities by account.
- e) Please show a breakout of the comparable 2015 amount for O&M Expense for Reliability Activities by account.
- f) Identify the amounts, by account, recorded by KgPCo in 2015 for each of the following:
 - i) Vegetation Management Program
 - ii) Circuit Inspections & Maintenance Program
 - iii) Circuit Improvements Program
- g) Identify the amounts, by account, that are projected or budgeted by KgPCo in each year, 2016 and 2017, for each of the following:
 - i) Vegetation Management Program
 - ii) Circuit Inspections & Maintenance Program
 - iii) Circuit Improvements Program
- h) What is the amount of Major Storm Expense, by account, that was recorded on KgPCo's books in 2015, that is comparable to the amounts listed for years 2010 through 2014 in Figure 3 on page 7?
- i) Identify the amounts, by account, that are projected or budgeted by KgPCo in each year, 2016 and 2017, for Major Storm Expense.
- j) Page 8, lines 3-5, indicates that KgPCo's 2009 major storm cost of \$1,63 million was approved for recovery in Docket No. 12-00051. Show in detail how KgPCo accounted for that 2009 major storm expense and show in detail how it is being amortized on the Company's books.

RESPONSE:

89. Refer to Direct Testimony of witness Philip Wright at page 8.

- a) Are the 2015 amounts listed in Figure 4 actual recorded amounts through December 31, 2015?
- b) If the answer to part a is "no" please provide the actual recorded amounts through December 31, 2015.
- c) Have any revisions been made to the 2016 forecast amounts listed in Figure 4?
- d) If the answer to part c is "yes" please provide the 2016 updated budgeted or forecast amounts.

- e) Please provide 2017 forecast/budgeted distribution capital investments by FERC account, in similar format to Figure 4.

RESPONSE:

90. Refer to the Direct Testimony of A. Wayne Allen at page 6.

- a) Identify the amount of Other Operating Revenue recorded by KgPCo in 2015 by account.
- b) Identify the amount of Other Operating Revenue recorded by KgPCo in 2015 by account related to pole attachment revenue.
- c) Identify the amount of Other Operating Revenue recorded by KgPCo in 2015 related to pole attachment revenue for prior periods.
- d) Has KgPCo recorded any pole attachment revenue from January 1 through March 31, 2016 which relates to 2015?
- e) If the answer to part d is "yes" identify the amounts by account.
- f) Does the Company have budgets or forecasts for Pole Attachment Revenue for 2016 or 2017?
- g) If the answer to part d is "yes" please identify the amounts for each year.

RESPONSE:

91. Refer to the Direct Testimony of A. Wayne Allen at page 7 regarding Adjustment OM-11 for pole attachment expenses.

- a) Identify the amount of Pole Attachment Expense recorded by KgPCo in 2015 by account.
- b) Identify the amount of Pole Attachment Expense recorded by KgPCo in 2015 related to pole attachment revenue for prior periods.
- c) Has KgPCo recorded any pole attachment expense from January 1 through March 31, 2016 which relates to 2015?
- d) If the answer to part c is "yes" identify the amounts by account.
- e) Does the Company have budgets or forecasts for Pole Attachment Expense for 2016 or 2017?

- f) If the answer to part e is "yes" please identify the amounts for each year.

RESPONSE:

92. Refer to the Direct Testimony of A. Wayne Allen at page 6.

- a) Was any accounting reclassification entry made in 2015 by KgPCo for AEPSC billings to KgPCo for software costs?
- b) If the answer to part a is "yes" please explain fully and identify the amounts by account and provide the 2015 accounting entries.
- c) Please list all amounts, by account, for AEPSC billings to KgPCo for software costs in 2015 showing how such costs were recorded by KgPCo in 2015.
- d) Please list all KgPCo capital assets as of each date (1) December 31, 2015 and (2) December 31, 2014, for capitalized AEPSC-billed software costs.
- e) Please show all amortization recorded by KgPCo by month in 2014, 2015 and 2016 to-date, for amortization of capitalized AEPSC-billed software costs.

RESPONSE:

93. Refer to the Direct Testimony of A. Wayne Allen at page 7. Identify the amount of rate case cost being requested by KgPCo for depositions.

RESPONSE:

94. Refer to the Direct Testimony of A. Wayne Allen at pages 7-9 and 12 and to the Company's details for Adjustments OM-17 through OM-25 and OT-31 through OT-33.

- a) Identify KgPCo's 2015 actual recorded wages and salaries by account.
- b) When did the 2015 merit increases become effective?
- c) Are the 2015 merit increases fully reflected in KgPCo's recorded December 2015 salaries and wages?
 - i) If not, explain fully why not.
 - ii) If so, identify and provide KgPCo's recorded December 2015 salaries and wages by account.
- d) Identify the effective dates and percentage increases for KgPCo's anticipated 2016 merit increases.

- e) Are the 2016 merit increases fully reflected in KgPCo's recorded March 2016 salaries and wages?
 - i) If not, explain fully why not.
 - ii) If so, identify and provide KgPCo's recorded March 2016 salaries and wages by account.
- f) Identify the effective dates and percentage increases for KgPCo's anticipated 2017 merit increases.
- g) Identify KgPCo's actual 2015 recorded matching employer savings plan contributions by account.
- h) Identify KgPCo's actual 2015 recorded OPEB expense by account.
- i) Identify KgPCo's projected OPEB expense for 2016 and 2017 by account.
- j) Identify and provide the supporting documents, including but not limited to actuarial reports, for the projected 2016 and 2017 OPEB expense.
- k) Identify KgPCo's actual 2015 recorded Pension expense by account.
- l) Identify KgPCo's projected Pension expense for 2016 and 2017 by account.
- m) Identify and provide the supporting documents, including but not limited to actuarial reports, for the projected 2016 and 2017 Pension expense.
- n) Identify KgPCo's actual 2015 recorded Group Medical Insurance expense by account.
- o) Identify KgPCo's projected Group Medical Insurance expense for 2016 and 2017 by account.
- p) Identify KgPCo's actual 2015 recorded Group Long-Term Disability Insurance expense by account.
- q) Identify KgPCo's projected Group Long-Term Disability Insurance expense for 2016 and 2017 by account.
- r) Identify KgPCo's actual 2015 recorded Group Dental Insurance expense by account.
- s) Identify KgPCo's projected Group Dental Insurance expense for 2016 and 2017 by account.
- t) Identify the number of participating employees in each of the following benefit plans as of each date: (1) January 1, 2016, (2) March 31, 2016, and (3) as projected for January 1, 2017:
 - i) Group medical insurance

- ii) Group long-term disability insurance
- iii) Group dental insurance
- u) Identify the 2015 recorded amounts by account for each of the following components of other taxes:
 - i) Employer's FICA.
 - ii) Employer's Medicare.
- v) Identify the total tax base used for the 2015 recorded amounts for each of the following:
 - i) Employer's FICA.
 - ii) Employer's Medicare.
- w) Identify the projected tax base projected for each year 2016 and 2017 for each of the following:
 - i) Employer's FICA.
 - ii) Employer's Medicare.

RESPONSE:

95. Refer to the Direct Testimony of A. Wayne Allen at page 9 and to the Company's details for Adjustment OM-26, incentive compensation expense.

- a) Identify KgPCo's 2015 actual recorded incentive compensation expense by account.
- b) Identify the payout factor for the 2015 incentive compensation.
- c) Show in detail how the payout factor for the 2015 incentive compensation was derived.
- d) Identify, quantify and explain the targeted goals and objectives, and the relative level of achievement of each, which related to the 2015 recorded incentive compensation amounts.
- e) What portion of the 2015 KgPCo recorded incentive compensation expense relates to parent company AEP earnings? Explain fully and show calculations.

RESPONSE:

96. Refer to the Direct Testimony of A. Wayne Allen at page 9 and to the Company's details for Adjustments OM-27 and OM-28.

- a) Identify by account all amounts recorded by KgPCo related to regional transmission organization demand response (RTODR) costs by month in 2015 and for each of the three months January through March 2016.
- b) Identify all amortization recorded in 2015, by account, for RTODR costs.
- c) Identify by account the actual recorded RTODR regulatory asset balance as of each of these dates: (1) December 31, 2015, (2) March 31, 2016.
- d) Identify the amount of projected RTODR regulatory asset balance as of January 1, 2017.
- e) Identify and explain all projected activity affecting the RTODR regulatory asset balance by month from March 31, 2016 through December 31, 2016.
- f) Identify all KgPCo actual payments to Curtailment Service Providers by month from April 2014 through March 2016.

RESPONSE:

97. Refer to Company adjustment DE-30 for revised depreciation rates and to the Direct Testimony of Company witnesses Allen and Cash concerning the test year-end December 31, 2014 depreciation study. For each plant account considered in the Company's test year-end December 31, 2014 depreciation study, identify the comparable December 31, 2015 Plant and Accumulated Depreciation balances that were recorded on KgPCo's books.

RESPONSE:

98. Refer to the Direct Testimony of A. Wayne Allen at page 13 and to the Company's details for Adjustment OT-34, property tax expense.
- a) Identify by account the actual 2015 recorded Tennessee Real & Personal Property Tax.
 - b) Identify the actual 2015 property tax rate and show in detail how it was derived.
 - c) Identify the amount of projected 2016 and 2017 Tennessee Real & Personal Property Tax by account.

RESPONSE:

99. Refer to the Direct Testimony of James A. Cash and to KgPCo Exhibit No. 1 (JAC).

- a) Are the "Original Cost" amounts in column III of KgPCo Exhibit No. 1 (JAC) page 15 of 17 all based on December 31, 2014 recorded amounts? If not, explain fully why not and identify any amounts in column III which are not based on December 31, 2014 recorded amounts.
- b) Please provide comparable December 31, 2015 recorded amounts for each Plant account listed on KgPCo Exhibit No. 1 (JAC) page 15 of 17.
- c) Are the "Accumulated Depreciation" amounts in column VII of KgPCo Exhibit No. 1 (JAC) page 15 of 17 all based on December 31, 2014 recorded amounts? If not, explain fully why not and identify any amounts in column VII which are not based on December 31, 2014 recorded amounts.
- d) Please provide comparable December 31, 2015 recorded amounts for each Accumulated Depreciation account listed on KgPCo Exhibit No. 1 (JAC) page 15 of 17 in column VII.
- e) Show in detail how the proposed 1.60 Net Salvage Ratio for account 364 was derived.
- f) Refer to KgPCo Exhibit No. 1 (JAC) page 17 of 17 - does that page show the net salvage ratio that is reflected in KgPCo's current depreciation rates for each plant account? If not, explain fully why not.
- g) Show in detail how each of the Existing Rates "Net Salvage Factor" percentages in column 6 on KgPCo Exhibit No. 1 (JAC) page 17 of 17 were derived.
- h) Show in detail how each of the Current Study Rates "Net Salvage Factor" percentages in column 11 on KgPCo Exhibit No. 1 (JAC) page 17 of 17 were derived.
- i) The "Note" on KgPCo Exhibit No. 1 (JAC) page 15 of 17 indicates that "it is the recommendation of this study to use the mortality curve, average service life and net salvage information selected for APCo."
 - i) Identify and provide the APCo source documents that were relied upon in the preparation of KgPCo Exhibit No. 1 (JAC).
 - ii) Identify and provide the current authorized depreciation rates for APCo that are being used by APCo in each APCo jurisdiction: (1) West Virginia, (2) Virginia, and (3) FERC.

RESPONSE:

100. For each response in the *First Discovery Request* (including without limitation the compelled responses) and the *Second Discovery Request*, identify the Company witness or other Company representative who is the sponsor for each such response and who will be available

at the hearing on the merits in this Docket to respond to questions from the TRA Directors and Staff and to be cross examined by the Consumer Advocate and other intervenors with respect to each such response.

RESPONSE:

101. 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 -- cited or relied upon by each of the Company's witnesses in evaluating, reaching conclusions, or formulating an opinion in this matter.

RESPONSE:

102. For any balance sheet or income statement account balance that is different for the Company's 2015 FERC Form 1 when filed compared with the December 31, 2015 Trial Balance results that were provided in response to CPAD 1-005 Attachment 1, please identify the change and explain why it was made. If the change from the December 31, 2015 trial balance to the 2015 FERC Form 1 amount was the result of recording a journal entry, also provide the journal entry and the journal entry support. Include any related Excel files.

RESPONSE:

RESPECTFULLY SUBMITTED,



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
(615) 532-5512
wayne.irvin@ag.tn.gov

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:

William K. Castle
Appalachian Power Company
Director, Regulatory Services VA/TN
Three James Center
1051 E. Cary Street, Suite 1100
Richmond, VA 23219-4029
wkcastle@aep.com

James R. Bacha, Esq.
Hector Garcia, Esq.
American Electric Power Service
Corporation
One Riverside Plaza
P.O. Box 16637
Columbus, OH 43216
jrbacha@aep.com
hgarcia1@aep.com

William C. Bovender, Esq.
Joseph B. Harvey, Esq.
Hunter, Smith & Davis, LLP
1212 N. Eastman Road
P.O. Box 3740
Kingsport, TN 37664
bovender@hsdlaw.com
jharvey@hsdlaw.com

Michael J. Quinan, Esq.
Christian & Barton, LLP
909 East Main St., Suite 1200
Richmond, Virginia 23219
mquinan@cblaw.com


Henry Walker, Esq.
Bradley Arant Boult Cummings LLP
1600 Division Street, Suite 700
Nashville, TN 37203
hwalker@babco.com

Charles B. Welch, Jr., Esq.
Farris Bobango, PLC
Bank of America Plaza
414 Union Street, Suite 1105
Nashville, TN 37219
cwelch@farris-law.com

James M. Van Nostrand
275 Orchard Dr.
Pittsburgh, PA 15228
jvannostrand@eq-research.com

Beren Argetsinger
401 Harrison Oaks Blvd., Suite 100
Cary, NC 27513
bargetsinger@kfwlaw.com

This the 31st day of March, 2016.



Wayne M. Irvin