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April 20, 2016

VIA EMAIL & 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 Kingsport Power Company's Responses to CPAD's Second Set of Discovery Requests, except for 4, 7, 19, 41, 52, 54, 56, 57, 65, 66, 85 and 88, which we anticipate will be completed and transmitted on April 21, 2016. The verification, to be executed by William K. Castle, will go out on April 21, 2016. Mr. Castle had to leave the office today.

Should there be any questions, please contact the writer.

Very sincerely yours,

HUNTER SMITH & DAVIS, LLP



William C. Bovender

Enclosures

Sharla Dillon, Docket Manager
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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 B. Harvey, Esq.

**TENNESSEE REGULATORY AUTHORITY
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Data Request CPAD 2-001:

Refer to the tariff summary provided in response to CPAD 1-16 (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 DR 1-16, for a difference of \$109,875.28. Please reconcile and explain this difference of \$109,875.28.

Response CPAD 2-001:

The Company assumes that the request is referring to the raw billing data, for the period January 2009 to December 2015, which the Company provided to the CPAD in Excel format, on March 16, 2016, following discussions attempting to resolve its motion to compel, as the Company was not compelled to respond to CPAD 1-16. Please note that this information was "raw" data, rather than the Company's "tariff summary," which is a monthly summary business record in pdf format.

Please refer to CPAD 2-001 Attachment 1, which is a reconciliation of the items that comprise the January 2009 revenues of \$1,059,836.61 for revenue class and tariff code 010-015. Differences in the amounts shown in CPAD 2-001, Attachment 1, and the amounts calculated in this request are due to the Company's Purchased Power Adjustment Rider and Prompt Payment Discount, as well as rounding, partial month billings, billing corrections, and/or out of period billing corrections, which is why the Company relies upon its monthly summary business records as opposed to "raw" data.

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Data Request CPAD 2-002:

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 CPAD 2-002:

The Company assumes that the request is referring to the raw billing data, for the period January 2009 to December 2015, which the Company provided to the CPAD in Excel format, on March 16, 2016, following discussions attempting to resolve its motion to compel, as the Company was not compelled to respond to CPAD 1-16. Please note that this information was "raw" data, rather than the Company's "tariff summary," which is a monthly summary business record in pdf format.

A review of monthly tariff summaries provided for the period of January 2009 through December 2015 indicates that there were no residential time of day customers prior to October 2011. Therefore, no "Mtrd KWH Off-Peak" determinants are reflected for Revenue Classes 10 and 20.

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Data Request CPAD 2-003:

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 CPAD 2-003:

The Company assumes that the request is referring to the raw billing data, for the period January 2009 to December 2015, which the Company provided to the CPAD in Excel format, on March 16, 2016, following discussions attempting to resolve its motion to compel, as the Company was not compelled to respond to CPAD 1-16. Please note that this information was "raw" data, rather than the Company's "tariff summary," which is a monthly summary business record in pdf format.

Please see CPAD 2-003 Attachment 1, on the attached CD, for the requested information.

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Data Request CPAD 2-005:

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 "Mtred KWH" in CPAD1-16?

Response CPAD 2-005:

SGS-Fixed (Tariff 231) applies to accounts with low usage and not close to exceeding the normal maximum demand of less than 10 kW described in the Availability of Service section of Tariff SGS.

SGS-Measured (Tariff 232) applies to accounts with a demand meter. A demand meter is installed if an account is on the threshold of exceeding the 10 kW maximum. Or an account may have been on Medium General Service (MGS) which requires a demand meter and was moved to SGS and the demand meter was not removed.

SGS-Non-Metered (Tariff 233) applies to rare instances where it is difficult to meter an account and the usage is constant and estimated with the Company's and customer's consent. An example is a sign that uses a 100 watt light bulb that is not practical to meter. Since 100 watt use is predictable, the normal amount of monthly kWh can be established. In this example, a predetermined amount of kWh would be billed each month.

All SGS tariffs are billed on a kWh basis. All reflect kWh in the Metered kWh column of the Tariff Summary data provided in the Company's response to CPAD 1-20 and the raw billing data, which the Company provided to the CPAD in Excel format, on March 16, 2016, following discussions attempting to resolve its motion to compel.

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Data Request CPAD 2-006:

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 CPAD 2-006:

The Company assumes that the request is referring to the raw billing data, for the period January 2009 to December 2015, which the Company provided to the CPAD in Excel format, on March 16, 2016, following discussions attempting to resolve its motion to compel, as the Company was not compelled to respond to CPAD 1-16. Please note that this information was "raw" data, rather than the Company's "tariff summary," which is a monthly summary business record in pdf format.

A review of monthly tariff summaries provided for the period of January 2009 through December 2015 indicates that there were no customers billed on Tariff 225 or Tariff 226 for the period of September 2015 - December 2015. It is possible that the small number of kWh reflected as "Mtrd KWH Off-Peak for Tariff 231 for the months of September 2015 - December 2015 could be due to billing corrections and/or out of period billing corrections, which is why the Company relies upon its monthly summary business records as opposed to "raw" data.

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Data Request CPAD 2-008:

Refer to the current tariff provided in response to CPADl-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 CPAD 2-008:

There were no customers on MGS tariffs, with other sources of energy supply, for the period of January 2009 through December 2015. Absent net metering, such a provision could apply to net metering customers.

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Data Request CPAD 2-010:

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 CPAD 2-010:

The Company assumes that the request is referring to the raw billing data, for the period January 2009 to December 2015, which the Company provided to the CPAD in Excel format, on March 16, 2016, following discussions attempting to resolve its motion to compel, as the Company was not compelled to respond to CPAD 1-16. Please note that this information was “raw” data, rather than the Company’s “tariff summary,” which is a monthly summary business record in pdf format.

Please refer to CPAD 2-010 Attachment 1, on the attached CD, for the requested information.

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Data Request CPAD 2-011:

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 CPAD 1-16 from January 2009 through December 2015.

Response CPAD 2-011:

The Company assumes that the request is referring to the raw billing data, for the period January 2009 to December 2015, which the Company provided to the CPAD in Excel format, on March 16, 2016, following discussions attempting to resolve its motion to compel, as the Company was not compelled to respond to CPAD 1-16. Please note that this information was “raw” data, rather than the Company’s “tariff summary,” which is a monthly summary business record in pdf format.

Please refer to CPAD 2-011 Attachment 1, on the attached CD, for the requested information.

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Data Request CPAD 2-012:

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 CPAD 2-012:

The Company assumes that the request is referring to the raw billing data, for the period January 2009 to December 2015, which the Company provided to the CPAD in Excel format, on March 16, 2016, following discussions attempting to resolve its motion to compel, as the Company was not compelled to respond to CPAD 1-16. Please note that this information was "raw" data, rather than the Company's "tariff summary," which is a monthly summary business record in pdf format.

There is no load management provision for Tariff IP. Since negative kWh are reflected in this column, it is possible that this entry is related to a billing correction.

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Data Request CPAD 2-013:

Refer to the tariff summary provided in response to CPADI-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 CPAD 1- 16 from January 2009 through December 2015. In addition, please provide a breakdown of the monthly KWH billed in the same format as CPADI-16 from January 2009 through December 2015 with KWH split between the first 500 KWH and over 500 KWH for Tariff Code 641.

Response CPAD 2-013:

The Company assumes that the request is referring to the raw billing data, for the period January 2009 to December 2015, which the Company provided to the CPAD in Excel format, on March 16, 2016, following discussions attempting to resolve its motion to compel, as the Company was not compelled to respond to CPAD 1-16. Please note that this information was “raw” data, rather than the Company’s “tariff summary,” which is a monthly summary business record in pdf format.

Please refer to CPAD 2-013 Attachment 1, on the attached CD, for the requested information.

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Data Request CPAD 2-014:

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 CPAD 2-014:

The Company assumes that the request is referring to the raw billing data, for the period January 2009 to December 2015, which the Company provided to the CPAD in Excel format, on March 16, 2016, following discussions attempting to resolve its motion to compel, as the Company was not compelled to respond to CPAD 1-16. Please note that this information was "raw" data, rather than the Company's "tariff summary," which is a monthly summary business record in pdf format.

The Company's Tariff EHG consists of two tariff codes, Tariff 208 EHG and Tariff 209 EHG MIN.

The demand charge provision of Tariff EHG applies to Tariff 208 and provides for a monthly charge per kW of billing demand in excess of 30 kW. The demand charge provision does not apply to Tariff 209.

All separately metered electrically heated church buildings are not subject to the monthly demand charge and are served under Tariff 209 EHG MIN. Also, a number of non-church customers with monthly demands less than 30 kW are billed on Tariff 209. All Tariff 209 EHG MIN customers have zero monthly billing demand subject to the EHG monthly demand charge. The split of Tariff 209 customers between church customers and non-church customers cannot be determined.

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Data Request CPAD 2-015:

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 CPAD 2-015:

The Company assumes that the request is referring to the raw billing data, for the period January 2009 to December 2015, which the Company provided to the CPAD in Excel format, on March 16, 2016, following discussions attempting to resolve its motion to compel, as the Company was not compelled to respond to CPAD 1-16. Please note that this information was "raw" data, rather than the Company's "tariff summary," which is a monthly summary business record in pdf format.

Please refer to CPAD 2-015 Attachment 1, on the attached CD, for the requested information.

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Data Request CPAD 2-016:

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 CPAD 2-016:

The Company assumes that the request is referring to the raw billing data, for the period January 2009 to December 2015, which the Company provided to the CPAD in Excel format, on March 16, 2016, following discussions attempting to resolve its motion to compel, as the Company was not compelled to respond to CPAD 1-16. Please note that this information was "raw" data, rather than the Company's "tariff summary," which is a monthly summary business record in pdf format.

Please refer to CPAD 2-016 Attachment 1, on the attached CD, for the requested information.

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Data Request CPAD 2-018:

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 CPAD 2-018:

For the period of January 2009 through December 2015, the Company had two Street Lighting customers: the City of Kingsport (three separate street light accounts) and the Town of Mount Carmel (one street light account). Please see CPAD 2-018, Attachment 1 for the Company's current street light rates, which are the same for the City of Kingsport and the Town of Mount Carmel.

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Data Request CPAD 2-020:

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 CPAD 2-020:

Refer to Staff 1- 24, Attachment "Staff Informal 1-24 TAC - Workpaper 1 - KgPCo Tariff Ratio File.xlsx", tab "RS", under the heading "Adjusted Billing Determinants - After Ratio to Billed & Accrued". Note, the purchased power data is from the same section and sums data for the periods shown.

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Data Request CPAD 2-021:

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 CPAD 2-021:

See the Company's response to CPAD 2-020. Refer to the respective tab in the referenced attachment.

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Data Request CPAD 2-022:

Refer to the Attachment provided in response to CPAD 1-9 (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 CPAD 2-022:

See the Company's response to CPAD 2-020. Refer to the respective tab in the referenced attachment.

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Data Request CPAD 2-023:

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 CPAD 2-023:

See the Company's response to CPAD 2-020. Refer to the respective tab in the referenced attachment.

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Data Request CPAD 2-024:

Refer to the Attachment provided in response to CPAD 1-9 (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 CPAD 2-024:

See the Company's response to CPAD 2-020. Refer to the respective tab in the referenced attachment.

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Data Request CPAD 2-025:

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 CPAD 2-025:

See the Company's response to CPAD 2-020. Refer to the respective tab in the referenced attachment.

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Data Request CPAD 2-026:

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 CPAD 2-026:

See the Company's response to CPAD 2-020. Refer to the respective tab in the referenced attachment.

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Data Request CPAD 2-027:

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 CPAD 2-027:

See the Company's response to CPAD 2-020. Refer to the respective tab in the referenced attachment.

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Data Request CPAD 2-028:

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 CPAD 2-028:

See the Company's response to CPAD 2-020. Refer to the respective tab in the referenced attachment.

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Data Request CPAD 2-029:

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 CPAD 2-029:

See the Company's response to CPAD 2-020. Refer to the respective tab in the referenced attachment.

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Data Request CPAD 2-030:

Refer to the Attachment provided in response to CPADl-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 CPAD 2-030:

See the Company's response to CPAD 2-020. Refer to the respective tab in the referenced attachment.

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Data Request CPAD 2-031:

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 CPAD 2-031:

See the Company's response to CPAD 2-020. Refer to the respective tab in the referenced attachment.

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Data Request CPAD 2-032:

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 CPAD 2-032:

See the Company's response to CPAD 2-020. Refer to the respective tab in the referenced attachment.

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Data Request CPAD 2-033:

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 CPAD 2-033:

See the Company's response to CPAD 2-020. Refer to the respective tab in the referenced attachment.

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Data Request CPAD 2-034:

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 CPAD 2-034:

See the Company's response to CPAD 2-020. Refer to the respective tab in the referenced attachment.

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Data Request CPAD 2-035:

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 CPAD 2-035:

See the Company's response to CPAD 2-020. Refer to the respective tab in the referenced attachment.

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Data Request CPAD 2-036:

Refer to the Attachment provided in response to CPAD 1-9 (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 CPAD 2-036:

See the Company's response to CPAD 2-020. Refer to the respective tab in the referenced attachment.

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Data Request CPAD 2-037:

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 CPAD 2-037:

See the Company's response to CPAD 2-020. Refer to the respective tab in the referenced attachment.

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Data Request CPAD 2-038:

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 CPAD 2-038:

See the Company's response to CPAD 2-020. Refer to the respective tab in the referenced attachment.

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Data Request CPAD 2-039:

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 CPAD 2-039:

See the Company's response to CPAD 1-020 Attachment 2 (Billed & Accrued Tariff Summary) for the source and support for the "Annual KWH & Annual Number of Lamps. Also please see the Company's response to CPAD 2-020, and refer to the respective tab (OL) in the referenced attachment; this spreadsheet file contains the support for the requested information.

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Data Request CPAD 2-040:

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 CPAD 2-040:

Please refer to CPAD 2-040 Attachment 1 for the requested information.

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Data Request CPAD 2-042:

Refer to the Attachment provided in response to CPAD 1-14 (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 previously supplied, please include a copy with your response.

Response CPAD 2-042:

As explained in the Company's response to CPAD 1-14 part a), the 'Unadj by revcls rate' tab contains the requested source and support (i.e. actual billing cycle kWh from the Company's billing system sorted by revenue class and rate code).

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Data Request CPAD 2-043:

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 previously supplied, please include a copy with your response.

Response CPAD 2-043:

As explained in the Company's response to CPAD 1-14 parts a) and b), the 'Weather' tab contains the monthly weather kWh impacts by revenue class. The attachment from that response, 'CPAD 1-14 Weather Impact Computations.xls,' replicates the weather impact calculations in an Excel spreadsheet format and ties back to the weather impacts included in the same 'Weather' tab of CPAD 1-14 Attachment 1. The response to CPAD 1-9 provides a narrative description of the methodology and formulas used in the Company's weather normalization process and the attachment for CPAD 1-14 provides the actual data used to compute the weather impacts (i.e., weather coefficients, actual degree days, normal degree days, actual customer counts).

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Data Request CPAD 2-044:

Refer to the Attachment provided in response to CPADI-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 previously supplied, please include a copy with your response.

Response CPAD 2-044:

As explained in the Company's response to CPAD 1-14 part a), the 'Unadj by revcls rate' tab contains the requested source and support (i.e. actual billing cycle kWh from the Company's billing system sorted by rate code).

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Data Request CPAD 2-046:

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 CPAD 2-046:

See CPAD 2-46 Attachment 1 for details of KgPCo's Intangible Property (Utility Account 30300) as of December 31, 2015 including a description, accumulated cost, accumulated reserve and net book value by vintage year for the distribution and transmission functions. All of the intangible property recorded in Utility Account 30300 relates to capitalized software expenditures. Capitalized Software is depreciated over 5 years and thus the amortization rate is 20% annually.

SOP (Statement of Position issued by the AICPA) 98-1 requires the capitalization of internal use software expenditures for direct costs of software acquired or internally developed that enable functionality or capability that did not previously exist, regardless of expenditure level. Capitalized software costs are tracked at the AEP Service Corporation level and allocated to those business units using the software based on specified attribute bases relating to the use of the software.

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Data Request CPAD 2-047:

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 CPAD 2-047:

The Company notes that the TRA has no minimum filing requirements for electric utilities, and assumes that the request is referring to the Company's response to Staff Informal 1-24.

0.8849482 is the allocation factor applied to Intangible and General Plant and is based on the Payroll Labor Allocation Factor found in the Jurisdictional Cost of Service study, "Staff Informal 1-24 KgPCo BC - COS Rev Alloc - 2015 - DRB Exhib 1-5 - FINAL.xlsm", tab "2-b JAF". Payroll data is found in tab "2-a JCOS".

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Data Request CPAD 2-048:

Refer to the Company's response to CPADI-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 CPAD 2-048:

See CPAD 2-48, Attachment 1, on the enclosed CD for the requested source data.

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Data Request CPAD 2-049:

Refer to the Company's response to CPADl-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 CPAD 2-049:

Refer to CPAD 2-49 Attachment 1 for the requested information.

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Data Request CPAD 2-051:

Refer to the response to CAPD 1-54, Confidential Attachment 11, [BEGIN CONFIDENTIAL] Accounting for Allowance for Funds Used During Construction and Capitalized Interest [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 CPAD 2-051:

- a) Please see CPAD 2-051a, Attachment 1, on the attached CD, for the monthly AFUDC rates applied by KgPCo for 2013, 2014 and 2015. Page 4 of CPAD 2-051a, Attachment 1, shows the calculation of December 2013, December 2014 and December 2015 AFUDC as examples of how the monthly rates were derived.
- b) Please see CPAD 2-051b, Attachment 1, on the attached CD, for the monthly amounts of debt AFUDC recorded by KgPCo for 2013, 2014 and 2015. As a result of short-term debt exceeding the investment in CWIP, there was no equity AFUDC recorded.
- c) No, AFUDC is not applied to unvouchered liabilities or unvouchered liability reversals.

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Data Request CPAD 2-053:

Refer to the response to CAPD 1-54, Confidential Attachment 19 [BEGIN CONFIDENTIAL] AFFILIATED TRANSACTIONS AGREEMENT FOR SHARING CAPITALIZED SPARE PARTS [END CONFIDENTIAL]

- a) During 2013, 2014 or 2015 did KgPCo record any costs charged from affiliates for [BEGIN CONFIDENTIAL] capitalized spare parts [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 CPAD 2-053:

- a) Yes, there was one capitalized spare part that KgPCo purchased from Appalachian Power Company in 2014.
- b) KgPCo purchased a 138/12 KV transformer previously located at APCo's Cloverdale 765 KV station and moved it to KgPCo's Sullivan Gardens Station. The transformer was valued at APCo's net book value at the date of sale, which was \$215,707.68.

Please see CPAD 2-53 Attachment 1 for a copy of the journal entry

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Data Request CPAD 2-055:

Refer to the response to CAPD 1-54, Confidential Attachment 21. The document at page 4 refers to a [BEGIN CONFIDENTIAL] Central Machine Shop Agreement dated January 1, 1979 [END CONFIDENTIAL].

- a) During 2013, 2014 or 2015 did KgPCo record any costs charged from affiliates for [BEGIN CONFIDENTIAL] a Central Machine Shop? [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] Central Machine Shop [END CONFIDENTIAL] agreement.
- d) Refer to page 5 of 8. Why did the same person [BEGIN CONFIDENTIAL] G.P. Maloney sign the agreement for every company? [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] on the basis of the number of electric customers by category:
 - i) Marketing
 - ii) Consumer Marketing
 - iii) Key Accounts
 - iv) Economic Development
 - v) Business Services .
 - vi) Marketing Support Services [END CONFIDENTIAL]
- f) Refer to page 8 of 8. Show the calculation of the [BEGIN CONFIDENTIAL] Number of Electric Customers ratio (defined as follows: "Number of Electric Customers Ratio - A ratio the numerator of which is the number of firm electric customers of the benefitting Company and the denominator of which is the sum of the number of firm electric customers of all applicable Companies. This ratio will be revised semi- annually, based on figures at March 31 and September 30.") [END CONFIDENTIAL] that was in use in each year, 2013 through 2015.

Response CPAD 2-055:

- a) No.
- b) See response to part a
- c) See CPAD 2-055c Attachment 1.
- d) The same person signed the SEC-approved affiliate agreement as he was an officer of all of the listed companies.

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Response CPAD 2-055: (continued)

- e) See CPAD 2-055e Attachment 1 which provides the total cost of service amounts for marketing costs billed from the AEPSC (under the Affiliated Transactions Agreement noted in CPAD 1-54, Confidential Attachment 21, page 6 to 8) to KgPCo for 2013, 2014, and 2015 by account on the basis of number of electric retail customers.
- f) See CPAD 2-055f Attachment 1 which provides the calculation of the Number of Electric Retail Customers for 2013, 2014, and 2015.

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Data Request CPAD 2-058:

Refer to the response to CAPD 1-54, Confidential Attachment 96, concerning [BEGIN CONFIDENTIAL] Work Order Suspension, which provides a procedure "to establish a process to suspend construction work orders by setting parameters for the suspension, establishing appropriate controls and approvals and preparing documentation to support and monitor suspended work orders."

- a) As of December 31, 2014, did KgPCo have any suspended work orders? If so, please list each one, state the reason for the suspension, and show the total accumulated costs.
- b) As of December 31, 2015, did KgPCo have any suspended work orders? If so, please list each one, state the reason for the suspension, and show the total accumulated costs.
- c) As of March 31, 2016 were any of the December 31, 2015 suspended work orders listed in response to part b resolved? If so, explain the resolution of each such suspended work order and show the related accounting entries reflecting such resolution. [END CONFIDENTIAL]

Response CPAD 2-058:

- a) No, Kingsport did not have any suspended work orders as of December 31, 2014.
- b) No, Kingsport did not have any suspended work orders as of December 31, 2015.
- c) Not applicable, see response to part b.

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Data Request CPAD 2-059:

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 CPAD 2-059:

- a) The amount in the response to CAPD 1-127 is in whole dollars (\$1,961). It is not in thousands.
- b) The reversal entry was recorded as a Debit to Account 2360601 - FIT Long-Term FIN 48 and a Credit to Account 2360701 - ADFIT - Utility Property FIN 48. The balance in each of these accounts is zero at the end of 2014.
- c) The Company has excluded all FIN 48 amounts from its calculations of income tax expense and rate base in this filing.

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Data Request CPAD 2-060:

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 CPAD 2-060:

See CPAD 2-060 Attachment 1 on the attached CD.

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Data Request CPAD 2-063:

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 CPAD 2-063:

- a) No.
- b) Not applicable.

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Data Request CPAD 2-064:

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 - 0th Inc & Ded
- iii) 1903001 - Ace 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 - Ace Dfrd FIT FAS 109 Flow Thru
- iv) 2824001 - Ace Dfrd FIT - SFAS 109 Excess
- v) 2831001 - Accum Deferred FIT - Other
- vi) 2833001 - Ace Dfd FIT FAS 109 Flow Thru
- vii) 2833002 - Ace Dfrd 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#		Balance#	Balance#	
Number#	Description#	12/31/2015#	12/31/2014#	Difference#
2821001	Accum Defd FIT - Utility Prop	\$ (22,448,028.05)	\$ (20,357,471.15)	\$ (2,090,556.90)
2823001	Ace 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)
833001	Ace Dfd FIT FAS 109 Flow Thru	\$ (2,120,878.53)	\$ (p.997,257.73)	\$ (123,620.80)
833002	Ace 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 - 0th Inc & Ded	\$ 33,335.49	\$ 50,367.89	\$ (17,032.40)
1903001	Ace 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)

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Data Request CPAD 2-064: (continued)

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 CPAD 2-064:

a, b) Accounts 1901001, 2821001, and 2831001 are reflected in KgPCo's proposed rate base. The remaining accounts are either related to SFAS 109 or non-utility accounts and therefore are not included in the proposed rate base.

c) See CPAD 2-064 Attachment 1, on the attached CD, for ADIT Detail of the account balance changes.

Account 1823078 - In preparing responses to discovery received in Kingsport's storm damage cost recovery filing (Docket No. 15-00024), the Company determined in the 4th quarter of 2015 that certain costs charged to Kingsport Power Company for the January 2013 major storm restoration in the Kingsport district were for work that occurred in Virginia instead of Tennessee. As a result, in December 2015 business, a reclassification journal entry was recorded that removed \$534,041 from the deferred storm costs recorded in Account 1823078 on Kingsport's books and recorded \$533,317 of this amount on Appalachian Power Company's books for storm restoration work that took place in Virginia. The remaining \$724 was expensed on Kingsport's books since these were miscellaneous KgPCo costs that were not directly related to the storm.

d) Yes, the balance in Account 2821001 includes the full impact of 2015 bonus tax depreciation.

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Data Request CPAD 2-068:

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 CPAD 2-068:

There is no distinction between rate case expenses incurred for Docket No. 15-00093 and Docket No. 16-00001. See the Company's response to CPAD 2-070.

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Data Request CPAD 2-069:

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 CPAD 2-069:

There is no distinction between rate case expenses incurred for Docket No. 15-00093 and Docket No. 16-00001. See the Company's response to CPAD 2-070.

Please see the table below for a breakdown of rate case expense for the year 2015 and 2016. Rate case expense was not recorded in the year 2014.

Rate Case Expense			
Account	2015	YTD - 2016 (03/2016)	Grand Total
9280002	\$792,632	\$214,893	\$1,007,525

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Data Request CPAD 2-070:

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 CPAD 2-070:

No. Because of the timing of the Company's withdrawal of the 2015 rate case vis-a-vis the point in the procedural schedule when it was withdrawn, most of the costs recorded for that case were related to its preparation. The Company's 2016 filing consists of testimony, exhibits and support information that were prepared as part of the 2015 filing, with certain excisions related to the Company's 2015 proposal for a variable cost recovery factor, per the Hearing Officer's comments during the status conference on December 8, 2015. The Company had included an expected level of rate case expense, based upon the assumption that the TRA's discovery rules were applicable to this case, but will be seeking to increase the level of rate case expense to be recovered though rates set in this case to reflect the Company's actual costs. Based on the Company's experience in this case and its expectation that it will seek annual rate adjustments to rates going forward, it expects that rate case expenses will occur annually.

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Data Request CPAD 2-071:

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 CPAD 2-071:

The Company is not aware that it has ever filed and withdrawn a rate case. However, it filed and withdrew a request for storm cost recovery in 2015 - Docket No. 15-00024.

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Data Request CPAD 2-072:

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 CPAD 2-072:

The following table provides the amount of aviation expenses included in cost of service, by account, as billed from the AEP Service Corporation to KgPCo for 2015.

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Data Request CPAD 2-073:

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 CPAD 2-073:

- a) Please see CPAD 2-73 Attachment 1, on the attached CD, for the amount of incentives compensation plan costs recorded by KgPCo for Kingsport employees by account during 2015.
- b) Kingsport's O&M percentage for 2015 based on the FERC Form 1, pp. 354 and 355, was 41.73%.
- c) Please see CPAD 2-73 Attachment 2, on the attached CD, for the AEPSC incentive billings to KgPCo by account in 2015.
- d) The total amount of incentive compensation that KgPCo recorded on its books in 2015 would be the total of CPAD 2-73 Attachment 1 and CPAD 2-73 Attachment 2.
- e) Please see CPAD 2-73 Attachment 2 for the AEPSC stock based compensation billings to KgPCo by account in 2015.

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Data Request CPAD 2-074:

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

Response CPAD 2-074:

Coverage and participation in the SERP plan is not limited to executives. Rather, it is based on the compensation limit set under IRS Sections 401(a)(17), 404(l), 408(k)(3)(C) and 408(k)(6)(D)(ii).

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Data Request CPAD 2-075:

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 CPAD 2-075:

No.

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Data Request CPAD 2-076:

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 CPAD 2-076:

At this time AEP has no intention of filing for a PLR from the IRS related to the offset of Net Operating Loss Carryforwards against ADIT, however, AEP and the Company reserve the right to file for a PLR should an issue arise that appears to violate the tax normalization rules. Tax normalization violations are severely detrimental to both the Company and its customers.

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Data Request CPAD 2-077:

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 CPAD 2-077:

There are none.

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Data Request CPAD 2-079:

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 CPAD 2-079:

There have been two AEP rate cases filed in the past 5 years in which an NOL Carryforward has been offset against ADIT for purposes of determining rate base - APCo West Virginia Case No. 14-1152-E-42T and APCo Virginia Case No. PUE 2014-00026. See CPAD 2-79 Attachments 1 and 2. As discussed in the response to CPAD 2-082, the IRS has ruled that the "with and without test" should be used in determining whether or not an NOLC should be included as an offset against ADIT. It was clear in both of these filings that the NOLC's were directly related to bonus tax depreciation. In both of these cases, there were no issues from the Staff or other intervenors regarding the inclusion of these NOLC debit ADIT balances in rate base.

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Data Request CPAD 2-080:

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 CPAD 2-080:

There were no allocation of tax account balances between transmission and distribution. The accounts and records of Kingsport were functionally unbundled as of December 31, 2001 into two separate ledgers. These ledgers are transmission and distribution. These unbundled functions have been separately maintained in the General Ledger since that time. Property-related ADIT and SFAS 109 Regulatory Assets and Liabilities were unbundled based on the Company's proprietary "PowerTax" system which tracks temporary differences and deferred income taxes by tax class at a vintage-year level of detail. Each tax class within PowerTax was previously coded with a business unit or book functionalization indicator for transmission and distribution. The PowerTax system then extracted and sorted the detailed data based on these book functionalization indicators and provided the support for the unbundling of property-related ADIT, tax depreciation, book depreciation on permanent and flow-through basis differences, and excess deferred tax reversals. Non-property-related ADIT were either specifically assigned or unbundled based on how the related book balances were unbundled between the various functional business units. The deferred ITC Balances were unbundled based on specific identification where known, with the remaining deferred ITC balances unbundled based on the plant balances that gave rise to the generation of the ITCs.

These unbundled ADIT, DITC and SFAS 109 Regulatory Asset and Liability amounts were the basis for the opening account balances on the unbundled functional company general ledgers. All account balance activity since December 31, 2001 has been recorded as if the transmission and distribution functions were separate legal entities. Consequently there are no Excel spreadsheets necessary to allocate costs.

Regulated and Non-Regulated ADIT accounts are predicated on the underlying book assets and liabilities. The Company does not have a net operating loss for the test year or the attrition period.

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Data Request CPAD 2-081:

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 CPAD 2-081:

The Company has included all regulated ADIT balances in the determination of rate base (see the response to CPAD 2-064). The Company does not have nor has it included an adjustment to reduce ADIT for a net operating loss carryforward.

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Data Request CPAD 2-082:

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 CPAD 2-082:

The Company does not have an NOL Carryforward. See CPAD 2-082 Attachment 1 in which the IRS has addressed the normalization issue related to NOLC's that are a result of bonus tax depreciation. In this PLR, the IRS has determined that ADIT related to NOLC's must be included in rate base in order to avoid a normalization violation.

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Data Request CPAD 2-083:

- (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 CPAD 2-083:

Not applicable. KgPCo does not have any NOLC's as of December 31, 2015.

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Data Request CPAD 2-084:

(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 CPAD 2-084:

As a result of the 2008 - 2010 IRS Audit, KgPCO's taxable income decreased by \$56,258 in 2008, decreased by \$149,978 in 2009 and increased by \$72,709 in 2010. The analysis of NOL Schedule attached to the response to CPAD 1-129 already reflects the impact of the above IRS Audit adjustments.

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Data Request CPAD 2-086:

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 CPAD 2-086:

Kingsport does not have an NOLC to offset against ADIT liabilities. NOL's can be carried forward 20 years. If the NOL expired, there would be no benefit to give to ratepayers because there was none received by the Company.

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Data Request CPAD 2-087:

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 CPAD 2-087:

Not applicable. The Company has not proposed a reduction to ADIT liabilities for NOLC's. See also the Response to CPAD 2-086.

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Data Request CPAD 2-089:

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 CPAD 2-089:

- a) No.
- b) Refer to CPAD 2-89b_Attachment 1 for the requested information.
- c) Yes.
- d) See CPAD 2-49 Attachment 1 for the requested information.
- e) See CPAD 2-49 Attachment 1 for the requested information.

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Data Request CPAD 2-090:

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 CPAD 2-090:

a) Below are Kingsport's Other Operating Revenues for 2015 by account:

<u>Account</u>	<u>Description</u>	<u>Amount (\$s)</u>
4540002	Rent From Elect Property-NAC	6,700.00
4540004	Rent From Elect Prop-ABD-Nonaf	38,404.16
4540005	Rent from Elec Prop-Pole Attch	889,471.11
NonAff	Rent from Electric Property - NonAffiliated	934,575.27
4540001	Rent From Elect Property - Af	46,082.88
Aff	Rent from Electric Property - Affiliated	46,082.88
	Rent from Electric Property	980,658.15
4500000	Forfeited Discounts	318,451.32
4510001	Misc Service Rev - Nonaffil	43,747.71
NonAff	Miscellaneous Revenues - NonAffiliated	362,199.03

b) The amount recorded by Kingsport in 2015 for pole attachment revenues in Account 4540005 was \$889,471 as shown above in part a).

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Response CPAD 2-090: (continued)

c) Kingsport recorded a debit of \$154,304 to Account 4540005 for a prior period adjustment to pole attachment revenues.

d) No.

e) Not applicable. See response to part d).

f) Yes.

g) For 2016 and 2017, the budget for KgPCo's pole attachment revenue is \$1,100,000 and \$1,000,000, respectively.

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Data Request CPAD 2-091:

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 CPAD 2-091:

- a) The amount recorded by Kingsport in 2015 for pole attachment expense in Account 5890001 was \$350,474.
- b) Kingsport recorded a credit of \$78,917 to Account 5890001 in 2015 for a prior period adjustment to pole attachment expenses.
- c) No
- d) Not applicable. See response to part c).
- e) The Company budgets for Account 5890001, Rents-Nonassociated, which principally consists of pole attachment expense.
- f) For 2016 and 2017, the budget for Account 5890001, Rents-Nonassociated, is \$430,000 for each year.

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Data Request CPAD 2-092:

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 CPAD 2-092:

a) No, other than related to the reclassification journal entry posted in the 1st quarter of 2015 (to capitalize certain AEPSC software costs billed to Kingsport instead of expensing such costs) in which KgPCo's December 2014 books were re-opened in order to record the reclassification effective 12/31/14. This reclassification journal entry has been extensively discussed and disclosed in the Company's filing and discovery responses. For example, see the response to CPAD 1-030.

b) See the response to part a).

c) The following table provides the 2015 AEPSC billings to KgPCo for capitalized software by account.

Account	Total
1070001	\$ 650,962
5660000	\$ 21
5880000	\$ 111
Total	\$ 651,094

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Response CPAD 2-092: (continued)

d) The following table provides KgPCo capitalized software costs for accounts 101, 106, and 107 as of December 31, 2015, and December 31, 2014.

	101	106	107	Total
12/31/2014	\$ 1,956,762	\$ 132	\$ -	\$ 1,956,894
12/31/2015	\$ 1,951,999	\$ -	\$ 120,962	\$ 2,072,961

e) See CPAD 2-092e Attachment 1 for the amortization of capitalized software billed to KgPCo from AEPSC by month in 2014, 2015, 2016 to-date.

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Data Request CPAD 2-093:

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 CPAD 2-093:

The reference to Mr. Allen's testimony refers to "expected travel expenses for hearings/depositions." There is no identifiable amount of rate case expense being requested by KgPCo for depositions, as the reference was meant to refer to travel expenses incurred for such things as hearings, status conferences, public hearings and discovery. The anticipated expenses for expected travel expenses for hearing/depositions was \$30,000 at the time of filing.

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Data Request CPAD 2-094:

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.

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Data Request CPAD 2-094: (continued)

- 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 CPAD 2-094:

- a) See CPAD 2-94 a Attachment 1 for KgPCo's actual 2015 wages and salaries by FERC Account.
- b) The 2015 non-union merit increases became effective on April 1, 2015. The 2015 union increases became effective per the terms of the contract.
- c) 2015 merit increases are reflected in KgPCo's wages and salaries as they become effective. See CPAD 2-94 c Attachment 1 for KgPCo's actual December 2015 wages and salaries by FERC Account.
- d) KgPCo non-union merit increases anticipated a percentage of 3% and effective date of April 1, 2016. 2016 union increases are effective on the contract negotiated date.
- e) 2016 merit increases are not fully reflected in KgPCo's March 2016 salaries and wages. Non-union increases are effective April 1 of each year.
- f) The merit increases and effective dates for 2017 are anticipated to be similar to 2016, but will not be determined until later in 2016.

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Response CPAD 2-094: (continued)

g) KgPCo's total 2015 savings plan contributions cost of \$171,623.30 was recorded in account 9260027.

h) KgPCo's total 2015 OPEB cost of (\$330,262.62) was recorded in accounts 9260021, (\$372,976.62) and 9260057, \$42,714.00.

i) KgPCo's projected OPEB expense for the Distribution function for 2016 is (\$184,000) and in 2017 the amount is (\$190,000), all in account 9260021. Transmission employees are considered service corporation employees.

j) See CPAD 2-94 j Attachment 1 for supporting information on tab "TW Total OPEB" from the actuarial report from Towers Watson.

k) KgPCo's total 2015 Pension cost of \$387,696.60 was recorded in account 9260003.

l) KgPCo's projected Pension expense for the Distribution function for 2016 is \$294,000 and in 2017 the amount is \$226,000, all in account 9260003. Transmission employees are considered service corporation employees.

m) See CPAD 2-94 j Attachment 1 for supporting information on tab "TW Qualified Forecast" from the actuarial report from Towers Watson.

n) KgPCo's total 2015 Group Medical Insurance cost of \$567,822.35 was recorded in account 9260005.

o) KgPCo's projected Group Medical Insurance expense for 2016 is \$553,155 and in 2017 the amount is \$587,727, all in account 9260005.

p) KgPCo's total 2015 Group Long-Term Disability Insurance cost of \$1,676.16 was recorded in account 9260007.

q) KgPCo's projected Group Long-Term Disability Insurance expense for 2016 is \$10,582 and in 2017 the amount is \$20,313, all in account 9260007.

r) KgPCo's total 2015 Group Dental Insurance cost of \$28,726.88 was recorded in account 9260009.

s) KgPCo's projected Group Dental Insurance expense for 2016 is \$30,412 and in 2017 the amount is \$31,628, all in account 9260009.

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Response CPAD 2-094: (continued)

- t) The number of participating employees for benefits is not projected. The actual number of participating employees are:
- i) Group medical insurance
 - a. 1/1/16 49
 - b. 3/31/16 49
 - ii) Group long-term disability insurance
 - a. 1/1/16 53
 - b. 3/31/16 53
 - iii) Group dental insurance
 - a. 1/1/16 51
 - b. 3/31/16 51
- u) The 2015 recorded amounts in FERC account 4081 are:
- i) Employer's FICA. \$262,066.29
 - ii) Employer's Medicare. 61,525.97
- v) The total tax base for the 2015 recorded amounts are:
- i) Employer's FICA. \$4,088,838.55
 - ii) Employer's Medicare. 4,105,132.24
- w) The projected tax base for both FICA and Medicare is:

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Data Request CPAD 2-095:

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 CPAD 2-095:

- a) Please see CPAD 2-73 a) for KgPCo's 2015 incentives by account.
- b) Please see response to CPAD 2-095 c.

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Response CPAD 2-095: (continued)

c)

AEP Utilities / OpCo Performance Factors - December 2015 INCENTIVE PLAN - 2015		
INFRASTRUCTURE DEVELOPMENT	%	Kingsport
OpCo Net Income (vs. Control Budget)	15.0%	1.50
Operating Company LEAN Measures	5.0%	0.35
LEAN Sustainability Assessment	5.0%	1.50
Economic & Business Development	5.0%	1.44
TOTAL INFRASTRUCTURE DEVELOPMENT	30.0%	
CUSTOMER EXPERIENCE		
Reliability (SAIDI)	5.0%	0.11
Reliability Workplan	10.0%	2.00
OpCo Customer Experience Work Plan Development / Execution	5.0%	1.42
Systemwide Customer Experience Work Plan Development / Execution	5.0%	1.72
Customer Satisfaction (JDPA for all except AEP-TX)	5.0%	1.72
Emergency Restoration Planning Execution	5.0%	2.00
TOTAL CUSTOMER EXPERIENCE	35.0%	
EMPLOYEE EXPERIENCE		
Employee Culture/Experience Work Plan Execution	5.0%	2.00
Safety - Severity Rate	10.0%	0.96
Safety - OSHA Recordable Incident Rate	10.0%	2.00
Safety - Preventable Vehicle Accident Rate	5.0%	1.13
Safety - Proactive Safety Measures	5.0%	1.00
TOTAL EMPLOYEE EXPERIENCE	35.0%	
Blended Performance Factor		1.445
Company Multiplier		1.272
Blended Performance Factor X Multiplier		1.838
Extra Credit Measures		0.088
2015 Performance Factor		1.926

Notes:

1. Economic and Business Development goal estimated at 1.0 and includes YTD revenue performance (40%) and on subjectively graded workplan (40%) and AEP System revenue (20%)

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Response CPAD 2-095: (continued)

See also the Company's response to CPAD 1-058. The attachments to that response describe in more detail the various components of the Company's incentive plan portion of employee compensation.

d) See response to CPAD 2-095 c.

e) The Company's 2015 annual incentive compensation expense for its employees was based upon the factors described in the response to CPAD 2-095 c. A portion of the funding for the annual incentive compensation program for all AEP participants (less than 75%) was based, in part, on AEP's earnings, as more fully described in the attachments provided in response to CPAD 1-058. This funding was then allocated to each operating company and business unit based on their relative performance against their goals.

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Data Request CPAD 2-096:

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 CPAD 2-096:

- a) See CPAD 2-096 a Attachment 1 for the requested information.
- b) There was no amortization of RTODR costs recorded in 2015.
- c) The actual RTODR regulatory asset balances recorded in Account 1823310, RTO Demand Response costs, were \$307,303 and \$391,792 at December 31, 2015 and March 31, 2016, respectively.
- d) The projected RTODR regulatory asset balance as of January 1, 2017 is \$572,386. See the response to part e).
- e) See CPAD 2-096 e Attachment 1 for the requested information.
- f) See CPAD 2-096 f Attachment 1 for the requested information.

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Data Request CPAD 2-097:

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 CPAD 2-097:

Please see CPAD-2-97 Attachment 1.

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Data Request CPAD 2-098:

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 CPAD 2-098:

- a. Account 408100515 = \$1,261,876, the tax expense was derived from actual payment of tax bills.
- b. Property tax rates are supplied by the taxing jurisdiction and were previously provided in CPAD 1-107.
- c. Projected 2016 property tax expense = \$1,260,200, 2017 = \$1,299,000.

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Data Request CPAD 2-099:

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 CPAD 2-099:

- a) Yes.
- b) Please refer to CPAD 2-97.
- c) Yes.
- d) Please refer to CPAD 2-97.
- e) Please refer to TRA Staff Informal 1-24_APCO Depr Study WPs and file TRA Staff Informal 1-24_APCO Acct 361 to 373 Salv and Remove.xls.
- f) Yes.

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Response CPAD 2-099: (continued)

g) A depreciation study has not been prepared for Kingsport Power Company since 1983. The data used to prepare that study is not available. The depreciation rates currently being used by the Company, which were approved by the Tennessee Public Service Commission in Docket No. U-84-7308, included the net salvage factors shown in column 6 on KgPco Exhibit No. 1 (JAC) page 17 of 17.

h) Please refer to TRA Staff Informal 1-24_APCO Depr Study WPs and files TRA Staff Informal 1-24_APCO Acct 351 to 358 Salvg and Remove 2013.xls, TRA Staff Informal 1-24_APCO Acct 361 to 373 Salvg and Remove.xls, and TRA Staff Informal 1-24_APCO General Plant 390 to 398 Salvg and Remove.xls.

i)

i) Please refer to TRA Staff Informal 1-24_APCO Depr Study WPs.zip.

ii) For APCo's current authorized depreciation rates, please see CPAD-2-99 Attachment 1. The current rates were approved in one of the following case or docket numbers.

Virginia - Approved in VA Case No. PUE 2011-00037 on Nov. 30, 2011 and were made effective on February 1, 2012.

West Virginia - Approved by PSC of WV Order dated May 26, 2015 in Case No. 14-1151-E-D and were made effective June 1, 2015.

FERC - Approved by FERC March 2, 1990 in Dockets ER90-132 and ER90-133.

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Data Request CPAD 2-100:

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 CPAD 2-100:

This response is intended solely as a good faith effort to inform the CPAD generally as to which Company witnesses have knowledge on certain topics. Nothing in this response limits or prevents the Company or the Company's witnesses from testifying on any subject and the Company expressly reserves the right to provide testimony from witnesses based on their knowledge and experience even if not identified in this response to CPAD 2-100. Any attempt to limit testimony of witnesses based on the Company's response to this discovery request would be unwarranted and improper. Subject to this proviso, see CPAD 2-100 Attachment 1 for a listing of sponsorship of discovery by witness for CPAD's 2 sets of discovery based upon the Company's current witnesses. In instances where the response was provided by counsel, the Company has so indicated. Where there is no specific witness, the response has been listed under Mr. Castle, as he has overall responsibility for the case in his role as Rate Director. The Company may add additional witnesses depending upon the direct testimony to be filed by the CPAD and other intervenors in the case.

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Data Request CPAD 2-101:

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 CPAD 2-101:

This question is substantially the same as CPAD 1-205. At the hearing on the CPAD's motion to compel, the Hearing Officer ruled that the Company was not required to provide a response to CPAD 1-205.

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Data Request CPAD 2-102:

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 CPAD 2-102:

There are two differences between the December 31, 2015 Trial Balances as provided in CPAD 1-005 Attachment 1 and the 2015 FERC Form 1 due to timing and reporting differences for GAAP vs. FERC reporting that occur on an annual basis as follows:

1. As noted in the Company's FERC Form 1, page 123.4, Notes to Financial Statements, Basis of Accounting, as shown in CPAD 2-102 Attachment 1, the Company's accounting is subject to the requirements of the TRA and the FERC. The financial statements have been prepared in accordance with the Uniform System of Accounts prescribed by the FERC. One of the differences from accounting principles generally accepted in the United States of America (GAAP) is the following: "The classification of factored accounts receivable expense as a nonoperating expense instead of as an operating expense."

For the Company's 2015 FERC Form 1, this FERC classification requires a reclassification of a Federal Tax credit of \$234,262 from Account 4091-Income Taxes Federal to Account 4092-Income Tax, Other Income and Deductions-Federal.

Since this is a FERC Form 1 classification, no journal entry was made.

2. The December 31, 2015 Trial Balance shows the current year balance of \$13,377,290 in Account 216000-Unappropriated Retained Earnings-Unrestricted. In the 2015 FERC Form 1, the Account 2160000 balance was \$11,726,191, with the difference being the Company's net loss of (\$1,551,099) and the recordation of (\$100,000) Common Stock Dividends in Account 4380001 as shown on CPAD 2-102 Attachment 2, which is the FERC Form 1 page 118 for the Statement of Retained Earnings. See CPAD 2-102, Attachment 3, on the enclosed CD, for the 2015 closing entry that records a net debit of \$1,651,100 to Account 2160000.