

TENNESSEE REGULATORY AUTHORITY
RECEIVED



2015 MAY 10 AM 11:49

T.R.A. DOCKET ROOM
502 Deaderick Street, 4th Floor
Nashville, Tennessee 37243

VIA FAX AND US MAIL

May 10, 2016

William C. Bovender
Hunter, Smith, & Davis, LLP
1212 North Eastman Road
P.O. Box 3740
Kingsport, TN 37664

RE: Docket No. 16-00001 – *Petition of Kingsport Power Company d/b/a AEP
Appalachian Power for a General Rate Case.*

Dear Mr. Bovender:

In order to assist the TRA in its investigation in the above captioned docket, it is requested that you furnish the following information.

Please provide the information requested on the attached Staff Data Request No. 1. Please pay particular attention to the directions provided in the first section labeled "Administrative." It is requested that all responses by May 29, 2016 and reference Docket No 16-00001 on the response. If you have questions regarding any item in the attached request, please contact Tiffany Underwood (615-770-6893) for clarification before responding.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Foster".

David Foster, Chief
Utilities Division

Enclosure

TRA DATA REQUEST NO. 1

ADMINISTRATIVE

⇒The Tennessee Regulatory Authority (“TRA”) requires an original and thirteen (13) copies of the filing or (an original and four (4) copies accompanied by an electronic filing).

⇒All schedules that are requested as an electronic file are to be provided in Microsoft Excel (with working formulas) or Microsoft Word readable format.

1. Complete the attached pro-forma schedules for the attrition period ending December 31, 2016 using the Company’s proposed revenue deficiency. For each amount in the schedules provide a workpaper or cite to Kingsport’s existing workpapers supporting the amounts. Additionally, please leave the formulas intact.
2. Provide a rate design spreading the proposed revenue increase equally across the board to each customer class, i.e., an equal percentage increase to each class.
3. Identify separately the individual amounts of the PPAR and Fuel Clause Adjustments that Kingsport proposes to include in base rates.
4. Complete the attached pro-forma schedules for the attrition period ending December 31, 2016, excluding all amounts related to the PPAR and Fuel Clause Adjustments. For each amount in the schedules provide a workpaper or cite to Kingsport’s existing workpapers supporting the amounts. Please leave the formulas intact. Provide a rate design spreading the proposed revenue increase equally across the board exclusive of the PPAR and Fuel Clause Adjustments to each customer class, i.e., an equal percentage increase to each class.
5. In Allen Exhibit No. 2, the Company lists Account No. 1823078 as a Deferred Storm Expense Regulatory Asset amounting to \$2,039,409.36 (related to under-recovered 2009 storm costs and deferred 2013 storm costs). Is this deferred asset included in this rate case? If yes, please list the accounts and the amount included in this rate case.
6. On page seven of William K. Castle’s Direct Testimony he states that the Residential Direct Load Control Program will be available to customers with air conditioners and electric heat pumps that use separately installed control devices, and the testimony states that those participants will be subject to the provisions in the Optional Rider R.P.R.P. tariff (Residential Peak Reduction Program). The Optional Rider R.P.R.P tariff, however, does not mention that the tariff applies to customers with electric heat pumps, that the company will install equipment to control the electric heat pumps, or that the company will manage load for the electric heat pumps. Further, there is not a credit available for customers with electric heat pumps. Please provide the following:
 - a. State and clarify whether the tariff applies to electric heat pump customers;
 - b. State and clarify whether the Company will install load controlling devices;

- c. State and clarify whether the Company intends to control load for heat pumps; and
 - d. Provide the incentive available to electric heat pump customers that participate in the Residential Direct Load Control Program.
- 7. In response to CAPD Data Request 1 Question No. 86, the Company provided membership dues, but failed to provide the purpose for the dues. Please provide the purpose, including an explanation, for the membership dues.
- 8. Reference Staff Informal 1-24 KgPCo-COS Reve Alloc-2015-DRB Exhibit 1-5 Final.xlsm: Provide calculations and source documents for amounts on Workpaper 2-c Adj WP, Column AP, Lines 60-91 (totaling \$9,749,409).
- 9. Reference Staff Informal 1-24 KgPCo-COS Reve Alloc-2015-DRB Exhibit 1-5 Final.xlsm: Provide calculations and source documents for amounts on Workpaper 2-c Adj WP, Columns AQ-AS, Lines 126-134 (totaling \$4,293,167).
- 10. Reference Staff Informal 1-24 KgPCo-COS Reve Alloc-2015-DRB Exhibit 1-5 Final.xlsm: Provide source and calculations for amounts in Workpaper 2-a JCOS, Column D, lines 68-107 (totaling \$168,219,638). Provide support and the calculations demonstrating this is a 13 month average.
- 11. Reference Staff Informal 1-24 KgPCo-COS Reve Alloc-2015-DRB Exhibit 1-5 Final.xlsm: Provide source and calculations for amounts in Workpaper 2-a JCOS, Column D, lines 116-136 (totaling \$-63,736,410). Provide support and the calculations demonstrating this is a 13 month average.
- 12. Reference Staff Informal 1-24 KgPCo-COS Reve Alloc-2015-DRB Exhibit 1-5 Final.xlsm: Provide source and calculations for amounts in Workpaper 2-a JCOS, column D, lines 143-148 (totaling \$7,758,058). Provide support and the calculations demonstrating this is a 13 month average.
- 13. Reference Staff Informal 1-24 KgPCo-COS Reve Alloc-2015-DRB Exhibit 1-5 Final.xlsm: Provide source and calculations for amounts in Workpaper 2-a JCOS, column D, lines 153-157 (totaling \$-26,574,342). Provide support and the calculations demonstrating this is a 13 month average.
- 14. Reference Staff Informal 1-24 KgPCo-COS Reve Alloc-2015-DRB Exhibit 1-5 Final.xlsm: Provide source and calculations for amounts in Workpaper 2-a JCOS, Column D, line 122 (totaling \$-1,194,253). Provide support and the calculations demonstrating this is a 13 month average.
- 15. Reference Staff Informal 1-24 KgPCo-COS Reve Alloc-2015-DRB Exhibit 1-5 Final.xlsm: Provide source and calculations for amounts in Workpaper 2-a JCOS, Columns D, line 129 (totaling \$-1,244,614 and -1,244,614). Provide support and the calculations demonstrating this is a 13 month average.

16. Reference Staff Informal 1-24 KgPCo-COS Reve Alloc-2015-DRB Exhibit 1-5 Final.xlsx: Provide source and calculations for amounts in Workpaper 2-a JCOS, Column D, lines 143-147 (totaling \$7,758,058). Provide support and the calculations demonstrating this is a 13 month average.
17. Provide the basis, rationale, the underlying assumptions and the detailed calculations for allocation factors on KgPCo Exhibit No. 2-b (DRB), page 1 of 1.
18. Provide workpapers reconciling the Company response to CAPD 1-6, pages 5 through 8, to KgPCo Exhibit No. 1-b (DRB) lines 30 through 34.
19. Provide workpapers reconciling the Company response to CAPD 1-32, Attachment 1, page 2 of 7, Beginning and Ending Balances, to CAPD 1-6, pages 5 through 8.
20. Provide a copy of all cost of service studies prepared in accordance with paragraph 3 of the Street Lighting Agreement submitted as MC EXHIBIT 2 with the Response to Consumer Protection and Advocate Division's Motion to Compel on March 11, 2016.
21. Provide all City of Kingsport Street Lighting Rate Design Schedules in effect since March 13, 1995.
22. Provide the Tennessee Public Service Commission Order approving the cost of service methodology as referenced in paragraph 3 of the Street Lighting Agreement submitted as MC EXHIBIT 2 with the Response to Consumer Protection and Advocate Division's Motion to Compel on March 11, 2016.
23. Provide the Order of the Tennessee Public Service Commission approving the Street Lighting Agreement submitted as MC EXHIBIT 2 with the Response to Consumer Protection and Advocate Division's Motion to Compel on March 11, 2016. In the alternative, provide the Order of the Tennessee Public Service Commission finding the Street Lighting Agreement and rates contained therein as unregulated and/or non-jurisdictional.
24. Provide a copy of all Pole Attachment Agreements with any party in effect since January 1, 2013 to the present including any Joint Use Agreements. Provide the number of poles billed under each agreement by month since January 1, 2013 through December 31, 2015.
25. Are the charitable donations listed on MC Exhibit 5 in the Response to the Motion to Compel direct from Kingsport Power or allocated from AEP? If allocated, what is the basis of the allocations?
26. Provide the NOAA reports for the Kingsport weather station showing the daily high temperature, daily low temperature, daily heating degree days, and daily cooling degree days that were relied upon by Kingsport when calculating and forecasting the service revenues used in this case.

27. See Kingsport's Response to CPAD 1-09 Attachment 1.xlsx filed on March 24, 2016. The Company has assumed that all ratepayers will pay within 15 days to receive the prompt discount payment. The prompt discount payment is then reduced from the Company's total booked revenue for each class. Please explain and provide support for the Company's rationale that 100% of its customers will receive a prompt discount payment. Provide historical evidence for each of the past five years by customer class indicating the percentage of customers that received the prompt payment discount. Also, identify the account that prompt discounts are booked, and include the year end balances for each of the past five years.
28. Provide the worksheet demonstrating how the thirteen month average was calculated for all rate base line items on KgPCo Exhibit 1-b (DRB). Provide documentation tying or reconciling all amounts on the worksheet to the trial balance provided in response to Staff Informal 1-22, Attachment 24. (Provide in Excel format)
29. Provide the following information concerning adjustment OR-1 discussed on page eight of the Direct Testimony of Douglas R. Buck. Specifically, as discussed in the response to CPAD Discovery Request 1-009, provide all documentation describing the statistical model that generates regression parameters β_{CDD} and β_{HDD} for each customer class. In the response include the functional form of each regression equation including parameters estimates related to seasonal adjustment factors, binary variables or ARMA error structures, all regression diagnostics including goodness-of-fit measures, information on all alternative models considered for the generation of weather coefficients, information used to select the model used relative to other candidate models and all source code used to perform the statistical analysis. In a comma separated file, provide the data used to calculate parameters β_{CDD} and β_{HDD} for each customer class. It is not acceptable to submit any information requested in a format that requires the use of SAS software.
30. With respect to Exhibit No.5 of the Direct Testimony of Dr. Phillip Daves, provide a printout of the webpages at bonds.yahoo.com to show the data used to calculate median BBB Corporate bond rates.
31. With respect to Exhibit No. 10 of the Direct Testimony of Dr. Phillip Daves and the response to CPAD Discovery request 1-53, please show the calculation of the weighted average cost of debt r_D , debt ratio w_D and equity ratio w_e for Kingsport as stated in the re-levering assumptions. Provide a comparison of the values used in Exhibit No. 10 of the Direct Testimony of Dr. Phillip Daves for re-levering to values from the recommended capital structure and recommended debt costs found in the Direct Testimony of Patrick M. Bourke.