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June 21, 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 transmit herewith Kingsport Power Company's Response to Staff's Data Request No. 2-1 for filing in the captioned docket. The original and four (4) copies are being sent via overnight delivery.

Please contact the writer with any questions.

Very sincerely yours,

HUNTER, SMITH & DAVIS, LLP



William C. Bovender

Sharla Dillon, Docket Manager

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Enclosures

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

**Data Requests and Requests for the Production
of Documents by the Staff of the Tennessee
Regulatory Authority (Second Informal Set)
To Kingsport Power Company**

Data Request Staff Informal 2-1:

In order to assist the TRA in its investigation in the above captioned docket, it is requested that you provide a Total Company rate base for the test and attrition periods based upon a thirteen month average. Please attach all workpapers supporting this average.

Response Staff Informal 2-1:

Please see TRA Staff Informal 2-1 Attachment 1 for the requested information. The Company has provided a 13-month average of the 2014 test year on a Total Company basis as requested inclusive of transmission rate base, and provided from the Company's Application the 13-month average of forecasted additions for 2016 related to distribution plant only for the attrition year. See the Company's responses to Staff Informal 1-24 AWA Attachment 13, Staff Informal 1-24 AWA Attachment 14, Staff Informal 1-24 AWA Attachment 16, Staff Informal 1-24 AWA Attachment 17, Staff Informal 1-24 AWA DE-30 & AD-40 Plant Balances Dec 2004-2014 and CPAD 1-034 for workpapers supporting the Company's 13-month average rate base adjustments.

In the Company's Application it conservatively began with total Company balances as of a date certain of 12/31/14, then removed transmission function related items and included the average 2016-forecasted distribution plant additions for its rate base, rather than a fully forecasted attrition year. The Company notes that a 13-month average of the 2014 test year is not an appropriate starting point to determine the Company's rate base for purposes of its Application, as it likely further underestimates the Company's rate base as of this current date.