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**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

Petition of Kingsport Power Company
d/b/a AEP Appalachian Power
General Rate Case

)
)

DOCKET NO. 16-00001

PRE-FILED DIRECT TESTIMONY OF

RALPH C. SMITH

**ON BEHALF OF THE TENNESSEE ATTORNEY GENERAL
CONSUMER PROTECTION AND ADVOCATE DIVISION**

June 24, 2016

IN THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE

IN RE:

PETITION OF KINGSPORT POWER
COMPANY d/b/a AEP APPALACHIAN
POWER GENERAL RATE CASE AND
MOTION FOR PROTECTIVE ORDER

DOCKET NO. 16-00001

AFFIDAVIT

I, Ralph C. Smith, Project Manager, on behalf of the Consumer Advocate
Division of the Attorney General's Office, hereby certify that the attached Direct
Testimony represents my opinion in the above-referenced case and the opinion of
the Consumer Advocate Division.


RALPH C. SMITH, CPA
LARKIN & ASSOCIATES

Sworn to and subscribed before me
this 24th day of June, 2016.


NOTARY PUBLIC

My commission expires: 11/8/2021

CHRISTINE MILLER
NOTARY PUBLIC, STATE OF MI
COUNTY OF WAYNE
MY COMMISSION EXPIRES Nov 8, 2021
SITING IN COUNTY OF

Wayne



ATTACHMENTS AND EXHIBITS

Attachment RCS-1	Ralph C. Smith Qualifications
Exhibit RCS-1	CPAD Analysis of Kingsport Electric Distribution Utility Operating Expenses
Exhibit RCS-2	Comparative information on Rate Case Expense from Two Previous Appalachian Power Company West Virginia General Rate Cases

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8 **PRE-FILED DIRECT TESTIMONY OF**
9 **RALPH C. SMITH**

10 **I. INTRODUCTION**

11 **Q.1 What are your name, occupation, and business address?**

12 A.1 My name is Ralph C. Smith. I am a Certified Public Accountant ("CPA") licensed in
13 the State of Michigan and a senior regulatory consultant in the firm Larkin &
14 Associates, PLLC, Certified Public Accountants, with offices at 15728 Farmington
15 Road, Livonia, Michigan 48154.

16 **Q.2 Please describe the firm Larkin & Associates, PLLC.**

17 A.2 Larkin & Associates, PLLC, is a Certified Public Accounting and Regulatory
18 Consulting Firm. The firm performs independent regulatory consulting primarily for
19 public service/utility commission staffs and consumer interest groups (public counsels,
20 public advocates, consumer counsels, attorneys general, etc.). Larkin & Associates,
21 PLLC, has extensive experience in the utility regulatory field, providing expert witness
22 testimony in over 600 regulatory proceedings, including numerous gas, electric, water,
23 wastewater, and telephone utility cases.

24 **Q.3 Mr. Smith, please summarize your educational background and recent work**
25 **experience.**

26 A.3 I received a Bachelor of Science degree in Business Administration (Accounting
27 Major) with distinction from the University of Michigan - Dearborn, in April 1979. I

1 passed all parts of the CPA examination on my first sitting in 1979, received my CPA
2 license in 1981, and received a certified financial planning certificate in 1983. I also
3 have a Master of Science in Taxation from Walsh College, 1981, and a law degree
4 (J.D.) cum laude from Wayne State University, 1986. In addition, I have attended a
5 variety of continuing education courses in conjunction with maintaining my
6 accountancy license. I am a licensed Certified Public Accountant and attorney in the
7 State of Michigan. Since 1981, I have been a member of the Michigan Association of
8 Certified Public Accountants. I am also a member of the Michigan Bar Association. I
9 have also been a member of the American Bar Association ("ABA"), and the ABA
10 sections on Public Utility Law and Taxation.

11 **Q.4 Please summarize your professional experience.**

12 A.4 After graduating from the University of Michigan, and after a short period of installing
13 a computerized accounting system for a Southfield, Michigan, realty management
14 firm, I accepted a position as an auditor with the predecessor CPA firm to Larkin &
15 Associates in July 1979. Before becoming involved in utility regulation, where the
16 majority of my time for the past 36 years has been spent, I performed audit,
17 accounting, and tax work for a wide variety of businesses that were clients of the firm.

18 During my service in the regulatory section of our firm, I have been involved in rate
19 cases and other regulatory matters concerning numerous electric, gas, telephone, water,
20 and sewer utility companies. My present work consists primarily of analyzing rate
21 case and regulatory filings of public utility companies before various regulatory
22 commissions, and, where appropriate, preparing testimony and schedules relating to
23 the issues for presentation before these regulatory agencies.

1 I have performed work in the field of utility regulation on behalf of industry, state
2 attorneys general, consumer groups, municipalities, and public service commission
3 staffs concerning regulatory matters before regulatory agencies in Alabama, Alaska,
4 Arizona, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Hawaii,
5 Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Maryland,
6 Michigan, Minnesota, Mississippi, Missouri, New Jersey, New Mexico, New York,
7 Nevada, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, South Carolina,
8 South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, Washington
9 D.C., West Virginia, and Canada, as well as the Federal Energy Regulatory
10 Commission and various state and federal courts.

11 **Q.5 Have you previously testified before the Tennessee Regulatory Authority**
12 **("TRA")?**

13 A.5 Yes, I have testified before the TRA in B&W's 2015 rate case, In Re: *Petition of*
14 *B&W Pipeline L.L.C. for an Increase in Rates*, TRA Docket No. 15-00042 on behalf of
15 the Consumer Protection and Advocate Division ("CPAD") of the Attorney General's
16 Office.

17 **Q.6 Have you previously testified before other state regulatory commissions?**

18 A.6 Yes. I have previously submitted testimony before many other state regulatory
19 commissions, including Alaska, Arizona, Arkansas, California, Connecticut, Delaware,
20 Florida, Georgia, Hawaii, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine,
21 Massachusetts, Maryland, Michigan, Minnesota, Mississippi, Missouri, New Jersey,
22 New Mexico, New York, Nevada, North Carolina, North Dakota, Ohio, Oregon,

1 Pennsylvania, South Carolina, Texas, Vermont, Virginia, Washington, Washington
2 D.C., and West Virginia.

3 **Q.7 Have you prepared an appendix describing your qualifications and experience?**

4 A.7 Yes. Appended to my testimony is Attachment RCS-1, which is a summary of my
5 regulatory experience and qualifications.

6 **Q.8 On whose behalf are you appearing?**

7 A.8 Larkin & Associates, PLLC, was retained by the CPAD. Accordingly, I am appearing
8 on behalf of the CPAD.

9 **II. PURPOSE OF TESTIMONY**

10 **Q.9 What is the purpose of your testimony in this proceeding?**

11 A.9 The purpose of my testimony is to present to the TRA the results of my analysis of
12 certain operating expenses of Kingsport Power Company ("Kingsport," "the
13 Company" or "KgPCo"). As described herein, I have also provided the results of my
14 analysis, in the form of recommended adjusted operating expenses, to CPAD witness
15 Hal Novak for use by him in calculating the revenue requirement for Kingsport's
16 electric distribution utility operations in the current rate case.

17 **Q.10 What operating expenses of Kingsport were you requested by the CPAD to**
18 **analyze in the current Kingsport rate case?**

19 A.10 I was asked by the CPAD to analyze Kingsport's operating expenses not including
20 depreciation and amortization (which are being addressed by CPAD witness Mr.
21 Novak), and to analyze Taxes Other Than Income Taxes. As part of my work on this
22 case, I also assisted the CPAD with discovery on certain federal income tax issues,
23 such as bonus tax depreciation, net operating losses, etc. Based on Kingsport's

1 responses to CPAD discovery, some of the issues that have arisen with other utilities in
2 other jurisdictions, such as those concerning bonus tax depreciation and net operating
3 losses ("NOLs") and any related carryovers, do not appear to be issues for Kingsport in
4 the current rate case. On behalf of the CPAD, Mr. Novak is presenting the calculation
5 of income taxes, using an income tax calculation that is based on the CPAD adjusted
6 operating results for Kingsport's electric distribution utility operations. In computing
7 the income tax expense allowance, Mr. Novak has utilized the amounts for operating
8 expenses and Taxes Other Than Income Taxes that I provided to him.

9 **III. CONTENT OF EXHIBITS AND SCHEDULES**

10 **Q.11 Have you prepared an Exhibit that summarizes the results of your analysis and**
11 **recommendations?**

12 A.11 Yes. Exhibit RCS-1 presents the operating expense and adjustment schedules that I
13 am sponsoring.

14 **Q.12 What does Exhibit RCS-1, Schedule A show?**

15 A.12 Exhibit RCS-1, Schedule A presents my recommendations concerning the Kingsport
16 operating expenses that I am addressing. Column A shows the Company's 2015 book
17 recorded amounts.

18 **Q.13 Did you provide CPAD witness Mr. Novak with the adjusted operating expense**
19 **results shown on Exhibit RCS-1, Schedule A?**

20 A.13 Yes. I provided CPAD witness Mr. Novak with the adjusted operating expense results
21 shown on Exhibit RCS-1, Schedule A, and he has incorporated those adjusted
22 operating expenses into his calculation on behalf of the CPAD of the revenue
23 requirement for Kingsport.

1 **Q.14 Referring to Exhibit RCS-1, Schedule A, please provide an overview of the test**
2 **year you used in order to evaluate Kingsport's operating expenses.**

3 A.14 Kingsport's filing was based on a 2014 test year with pro forma adjustments to adjust
4 to a 2016 attrition year. For essentially the same reasons described in the testimony of
5 CPAD witness Mr. Novak, I determined that the 2014 test year results were stale, and
6 since 2015 results were available, the test year should be based on the more current
7 2015 results. Consequently, in analyzing Kingsport's operating expenses, I started
8 with the recorded 2015 expenses, which are shown on Exhibit RCS-1, Schedule A, in
9 column A. The CPAD adjustments adjust the 2015 recorded results to a 2017 attrition
10 year. This contrasts with Kingsport's filing, which, as described by Company witness
11 Isaac Webb, proposed to set base rates using a 2014 test year, with adjustments for a
12 2016 attrition year.¹

13 **Q.15 What is shown in Column B of Exhibit RCS-1, Schedule A?**

14 A.15 Column B shows the adjustments to the Company's recorded 2015 operating expenses
15 that I am recommending. Each of the adjustments to operating expenses is shown on
16 Exhibit RCS-1, Schedule B, and is discussed in my testimony.

17 **Q.16 What is shown in Column C of Exhibit RCS-1, Schedule A?**

18 A.16 Column C shows the adjusted operating expenses that I am recommending, before
19 allocation to the Company's electric distribution operations.

20 **Q.17 What is shown in Column D of Exhibit RCS-1, Schedule A?**

21 A.17 Column D shows the allocation factors that I applied to the adjusted operating
22 expenses to allocate them to the Company's electric distribution operations. In

¹ See, e.g., Webb Direct Testimony at 3.

1 particular, a portion of the Administrative and General Expenses and the Taxes Other
2 Than Income Expenses relate to transmission operations, and thus less than 100% of
3 those expenses are allocated to the Company's electric distribution operations.

4 **Q.18 How did you determine the allocation factors to apply to allocate the adjusted**
5 **expenses to Company's electric distribution operations?**

6 A.18 Exhibit RCS-1, Schedule C, shows the development of the allocation factors that I
7 used, which are based on the Company's Jurisdictional Cost of Service Study for the
8 twelve months ending December 31, 2014, and specifically on the related Company-
9 provided Excel file containing those calculations, which was provided in response to
10 Staff Informal data request 1-24.²

11 **Q.19 What is shown on Schedule D?**

12 A.19 Schedule D presents a comparison of O&M expense for recorded 2014 and 2015
13 amounts and also shows Kingsport's adjusted amounts and the CPAD's adjustment
14 amounts and the differences.

15 **Q.20 What is shown on Schedule E?**

16 A.20 Schedule E presents a summary of the 2014 and 2015 Charitable Contributions
17 amounts. The Company has included Charitable Contributions in its requested
18 operating expenses. The CPAD has removed Charitable Contributions for a number of
19 reasons including; (1) such donations are not necessary for the provision of public
20 utility service, (2) the Company not ratepayers select the charities, and (3) the amounts
21 and donees are discretionary with management and are voluntary. If included in rates,
22 they would be an involuntary imposition upon ratepayers. Additionally, donations to

² Within that Company-provided Excel file, the jurisdictional allocations are shown at Excel tab "2-a JCOS".

1 charities are typically considered to be a "below-the-line" expense in utility
2 ratemaking, meaning that they are not included in determining the utility's operating
3 income.

4 Schedule E also shows Other Income/Expense, which the Company has included in its
5 requested operating expenses. KgPCo Exhibit No. 1-b (DRB), on line 20, in column
6 (2) shows \$234,315 for this. The Company's direct testimony presents little or no
7 discussion of why this should be included in operating expenses. The CPAD adjusted
8 amounts are shown in column G. For Other Interest Expense (account 4310001) and
9 for AFUDC Borrowed Funds (account 4320000) I used an average of the 2014 and
10 2015 recorded amounts. The largest item is Customer Deposit Interest, which the
11 Company records in account 4310002. The CPAD (and KgPCo) have reflected
12 Customer Deposits as a reduction to rate base. Customer Deposits are not a cost-free
13 source of capital. Rather, Customer Deposits are used to finance the other elements of
14 rate base, but carry an interest requirement. Consequently, it is reasonable to include
15 Customer Deposit Interest as an expense in determining the utility's operating income
16 for ratemaking purposes. On Schedule E, I have used the amount of Customer Deposit
17 Interest provided by CPAD witness Mr. Novak.

18 The total CPAD adjusted amount for these items is \$280,401, which is \$45,338 more
19 than the \$235,063 that was reflected in KgPCo's filing.

20
21 **Q.21 How are the rest of your Schedules in Exhibit RCS-1 and the remainder of your**
22 **testimony organized?**

1 A.21 The rest of the Schedules in Exhibit RCS-1 are numbered as Schedule 1 through
2 Schedule 20. Schedules 1 and 2 show differences between Kingsport's recorded 2014
3 and 2015 O&M Expenses and Taxes Other Than Income Taxes, respectively.
4 Schedules 3 through 20 each show the calculation of an adjustment that CPAD is
5 making to the Company's 2015 recorded operating expenses, with the exception of
6 Schedule 19, which presents information on Pole Attachment Revenue. The remainder
7 of my testimony is organized to discuss each adjustment in the same order in which
8 they are presented.

9 **Q.22 Are you presenting any other Exhibits with your testimony?**

10 A.22 Yes. Exhibit RCS-2 contains comparative information on rate case expense from two
11 previous Appalachian Power Company West Virginia general rate cases.

12 **IV. ANALYSIS OF KINGSFORT'S OPERATING EXPENSES**

13 **Q.23 Are you recommending adjustments to Kingsport's operating expenses?**

14 A.23 Yes. As summarized on Exhibit RCS-1, Schedules A and B, I have first updated the
15 test year from the 2014 recorded information used by Kingsport to use more current
16 and available information for a 2015 test year. I also am recommending a number of
17 adjustments to adjust the 2015 test year information. My recommended adjustments to
18 Kingsport's 2015 recorded amounts are shown on Exhibit RCS-1, Schedules 3 through
19 20.

20 **Use of 2015 Test Year**

21 **Q.24 Please explain how you have reflected the Company's recorded 2015 operating**
22 **expenses.**

1 A.24 As noted above, Exhibit RCS-1, Schedule A, in column A shows the Company's
2 recorded operating expenses for these items:

- 3 1. **Distribution Expenses**
- 4 2. **Customer Accounts Expenses**
- 5 3. **Customer Service and Information Expenses**
- 6 4. **Sales Expenses**
- 7 5. **Administrative & General Expenses**
- 8 6. **"Other O&M" Affiliate Accounts Receivable Factoring, and**
- 9 7. **Taxes Other Than Income Taxes**

10 Exhibit RCS-1, Schedule 1, shows a comparison of the amounts for the first six items
11 listed above from the 2014 recorded amounts that the Company used for its test year
12 with the corresponding amounts for the updated 2015 test year that I have used.

13 Exhibit RCS-1, Schedule 2, presents a similar comparison of 2014 and 2015 recorded
14 amounts for Taxes Other Than Income Taxes.

15 **Q.25 What impact did updating those expenses from the 2014 test year used by the**
16 **Company in its filing to the 2015 test year used by CPAD have?**

17 A.25 As shown on Exhibit RCS-1, Schedule 1, updating those categories of operating
18 expenses from the 2014 recorded results to the 2015 recorded results increased such
19 expenses by \$1,305,774 (before allocation). As shown on Exhibit RCS-1, Schedule 2,
20 updating Taxes Other Than Income from the 2014 recorded results to the 2015
21 recorded results increased such expenses by \$483,861 (before allocation).

Major Storm Expense

Q.26 What has Kingsport requested for Major Storm Expense?

A.26 The Company presents its proposed Major Storm Expense as Company Adjustment OM-12. As explained in the direct testimony of Company witness Philip Wright at pages 6-8, the Company is requesting an expense of \$490,477 for Major Storm Expense based on an average of the expense for years 2010 through 2012 and 2014. Mr. Wright explains that the Company excluded the major storm damage expense for 2013 because the Company judged that year to be atypical.

Q.27 What amount of Major Storm Expense did Kingsport record in 2015?

A.27 The Company's response to CPAD 2-088(h) states that the amount of Major Storm Expense that was recorded on KgPCo's books in 2015 that is comparable to the amounts listed for years 2010 through 2014 in Figure 3 on page 7 of Mr. Wright's Direct Testimony was zero.

Q.28 What amount of Major Storm Expense are you recommending?

A.28 As shown on Exhibit RCS-1, Schedule 3, I have added the 2015 recorded amount to the Company's analysis of Major Storm Expense and recomputed the average. The average of the five years, including the 2015 test year, is \$392,381. I have used that average amount of \$392,381 for Major Storm Expense. Because the 2015 recorded amount was zero, I have reflected the average amount of \$392,381 as an increase to the 2015 recorded amount.

V. TENNESSEE RELIABILITY STRATEGY

Q.29 What is the Company requesting for a Tennessee Reliability Strategy?

1 A.29 The Company's proposed Tennessee Reliability Strategy ("TRS") is addressed in the
2 Direct Testimony of Company witness Mr. Wright at pages 9-12. As explained by Mr.
3 Wright, Kingsport primarily gauges service reliability by tracking the average system
4 interruption frequency index (SAIFI) and the system average interruption duration
5 index (SAIDI). SAIFI measures how often the average customer experiences a
6 sustained electric service interruption over a predefined period of time. SAIDI
7 measures the total time the average customer is without service due to sustained
8 interruptions during a specified period. Mr. Wright explains that the Company's
9 reliability has deteriorated, with the SAIDI being approximately 165 minutes in 2010
10 and increasing to approximately 216 minutes in 2014. SAIFI also increased from
11 approximately 1.4 interruptions in 2010 to approximately 1.5 interruptions in 2014.
12 He indicates that the principal causes of customer service interruptions in Kingsport's
13 service territory are vegetation-related outages and equipment failures. For the five-
14 year period, 2010 through 2014, trees inside and outside of the rights-of-way
15 accounted for 39.4% of outage durations (SAIDI), and equipment failures were the
16 second leading cause of outage durations at 19.5%. Mr. Wright indicates that to
17 address the tree and equipment failure caused outage durations, Kingsport is proposing
18 the TRS, which is a 10-year reliability improvement strategy to enhance its distribution
19 system to begin in 2017. The Company's proposed TRS includes four primary
20 programs, which are described by Mr. Wright at pages 11-12 of his Direct Testimony:

21 1. Cycle-Based Vegetation Management

22 2. Circuit Inspections and Maintenance

1 3. Circuit Improvements

2 4. Station Improvements

3 **Q.30 How much money is Kingsport requesting for the TRS?**

4 A.30 Mr. Wright's Direct Testimony at pages 5 and 6 indicates that the Company is
5 requesting \$2,087,140 for its TRS enhanced distribution reliability programs. He
6 describes the Company's Adjustment OM-8 for this amount as representing the
7 estimated levelized amount of O&M costs necessary to implement the TRS programs
8 over a 10-year period. At page 6 of his Direct Testimony, Mr. Wright lists the
9 amounts for Vegetation Management, Circuit Inspections and Maintenance, and
10 Circuit Improvements, which comprise the \$2,087,140. He states further that: "The
11 average O&M expenditures for the TRS during the first four years of implementation
12 will be approximately \$4.3 million, while the average cost for the remaining six years
13 will be approximately \$3.4 million." He indicates that after the desired vegetation
14 management cycle has been achieved in the fourth year, Distribution O&M expenses
15 are expected to trend toward the Company's proposed going level of \$2,990,512. The
16 Company's proposed going level of \$2,990,512 is the result of adding the TRS amount
17 of \$2,087,140 to the 2014 test year recorded O&M expense for reliability activities of
18 \$903,372.

19 **Q.31 Did Mr. Wright provide any studies or analysis that shows a correlation between**
20 **the Company's proposed attrition year spending for its TRS programs and**
21 **resolving its claimed reliability problems?**

22 A.31 No, he did not.

1 **Q.32 With the Company's TRS request in view, has the Company identified 2015**
2 **Distribution O&M Expense for Reliability Activities?**

3 A.32 According to the Company's response to CPAD 2-088, the Company's 2015 expenses
4 for Distribution Reliability Activities in 2015 were \$906,202.

5 **Q.33 Do you have any comment on that 2015 level of expense for Distribution**
6 **Reliability Activities?**

7 A.33 Yes. The Company's actual recorded 2015 expenses for Distribution Reliability
8 Activities in 2015 of \$906,202 is not that much different than the Company's 2014
9 recorded expenses for Reliability Activities of \$903,372.

10 **Q.34 Are you recommending adjustments to Kingsport's Tennessee Reliability**
11 **Strategy ("TRS")?**

12 A.34 Yes. I recommend using the 2015 recorded expense amount of \$906,202, which, as
13 noted above, was similar to the Company's 2014 recorded expense for Reliability
14 Activities of \$903,372. The Company has provided inadequate justification and
15 substantiation for its request to triple the 2014 and 2015 historical levels of expense.
16 Consequently I recommend the rejection of the Company's requested additional
17 amount of \$2,087,140 for its proposed TRS in the current case.

18 **Q.35 Are you saying that there is no merit for enhanced tree trimming and equipment**
19 **maintenance?**

20 A.35 At this point, the Company simply appears to present no reasonable basis for the
21 incremental amount it is requesting, or to show that that there is a correlation between
22 spending the money and solving its claimed distribution reliability problems. Thus,
23 the Company's requested additional amount of \$2,087,140 for its proposed TRS should

1 be rejected in the current case for lack of detailed justification, including without
2 limitation, quantification of ratepayer benefits.

3 **Q.36 Please summarize your recommendation concerning expense for Distribution**
4 **Reliability Activities in the current Kingsport base rate case.**

5 A.36 As shown on Exhibit RCS-1, Schedule 4, I recommend allowing the 2015 recorded
6 expense for Distribution Reliability Activities of \$906,202, which is similar to the
7 Company's 2014 recorded expense for Reliability Activities of \$903,372. The
8 Company has not adequately justified its proposal to triple that to an annual expense of
9 approximately \$2.99 million.

10 **Rate Case Expense**

11 **Q.37 What has Kingsport requested for Rate Case Expense?**

12 A.37 In its adjustment OM-10 Kingsport proposes to amortize rate case expense of \$506,104
13 over a five year period for an annual allowance of \$101,221.

14 **Q.38 Do you agree with the five-year amortization period?**

15 A.38 Yes. According to the response to Staff 1-019, Kingsport's last base rate case order
16 was from a case in 1992. Kingsport has not had a base rate case in approximately 24
17 years. Kingsport has had a history of very infrequent rate cases. Based on the prior
18 history, amortizing the rate case expense over a five-year (or longer) period appears to
19 be reasonable.

20 **Q.39 What guidance has the TRA recently provided concerning utility rate case**
21 **expense?**

1 A.39 The recent TRA Order setting rates for B&W Pipeline in Docket 15-00042 contains
2 the following discussion wherein the TRA sets out its criteria for determining the
3 recovery period for Rate Case Expense:

4 Therefore, the panel concludes that the costs related to B&W
5 obtaining a CCN are similar to the type of expenses incurred when
6 preparing for a general rate case and should be amortized over the
7 same period as Rate Case Expense, which the Company and
8 Consumer Advocate have proposed for recovery over a five (5) year
9 period. Rate Case Expense, however, should optimally be amortized
10 over the period between Rate Cases. Since there is no history from
11 which to estimate the frequency of the Company's rate filings, the
12 panel concludes that the Rate Case Expense should be amortized
13 over three years. The annual Rate Case Expense will be \$20,000.
14 Likewise, the CCN costs should be amortized over three years. For
15 these reasons, the panel approved the removal of \$74,383 associated
16 with obtaining the Company's CCN from expenses; such costs are
17 deferred and recovered through rates over the same time period as
18 the Company's deferred rate case expense, i.e., three years.
19 Allocating the Company's \$74,383 of CCN costs over 3 years
20 results in annual expense of \$24,794. Accounting for the CCN costs
21 in this manner results in the average deferred CCN balance of
22 \$61,986 being included in B&W's rate base for the attrition period.
23 Further, the Deferred Rate Case Expense included in Rate Base will
24 be \$50,000.³

25 **Q.40 That guidance indicated that a three-year period was used for rate case expense**
26 **amortization for a new pipeline utility when there was no history from which to**
27 **estimate the frequency of that utility's rate case filings. Is that the same situation**
28 **with Kingsport?**

29 A.40 No. As described in Company witness Mr. Webb's Direct Testimony at page 2,
30 Kingsport is the largest investor-owned electric utility in Tennessee and has been
31 providing electric service since 1926. Thus, in contrast to B&W Pipeline, which was a
32 new regulated utility operating in the state and one that had no prior rate case filing

³ In re: *Petition of B&W Pipeline L.L.C. for Increase in Rates*, TRA Docket No. 15-00042, Order at 18.

1 history, Kingsport has been providing electric utility service in Tennessee since 1926,
2 according to Mr. Webb. Therefore, Kingsport has a long history of providing utility
3 service in the state and Kingsport's history, at least in the more recent past, shows that
4 the Company has had very infrequent rate cases, with its last rate case being in 1992.
5 Therefore, it appears reasonable, given Kingsport's long utility operating history in the
6 state and the infrequency of rate case filings, to use a Rate Case Expense amortization
7 period that is longer than the one selected by the TRA for B&W Pipeline in B&W
8 Pipeline's first ever rate case. As noted above, Kingsport has proposed a five-year
9 amortization for the Rate Case Expense with no rate base inclusion of unamortized
10 balances. I have accepted that part of the Kingsport proposal as being reasonable.
11 CPAD witness Mr. Novak is addressing rate base for Kingsport in the current case.

12 **Q.41 Have you accepted the amount that Kingsport is requesting to amortize and**
13 **Kingsport's proposed amortization?**

14 A.41 Yes. The amount of \$506,104 that Kingsport requested to amortize over five years and
15 the annual amortization of \$101,221 has been accepted.

16 **Q.42 What is your recommendation concerning the annual rate case expense**
17 **allowance?**

18 A.42 As shown on Exhibit RCS-1, Schedule 5, I recommend an annual rate case expense
19 allowance of \$101,221, based on amortizing KgPCo's requested Rate Case Expense of
20 \$506,104 over a five-year amortization period. This compares with the Company's
21 2015 test year recorded amount of \$792,632, which is therefore adjusted downward by
22 \$691,411.

1 **Q.43 Did you compare the amount requested by KgPCo for rate case expense with**
2 **amounts requested by KgPCo's affiliate, Appalachian Power Company ("APCo")**
3 **in APCo's last two West Virginia general rate cases?**

4 A.43 Yes. As shown in Exhibit RCS-2, in West Virginia PSC Case No. 10-0699-42T,
5 APCo requested total rate case expense of \$468,000 in conjunction with a 2009 test
6 year. In West Virginia PSC Case No. 14-1152-42T, APCo included in its application a
7 requested rate case expense of \$678,000 in conjunction with a 2013 test year. It should
8 be noted that APCo is much larger than KgPCo. Unlike KgPCo, which is basically an
9 electric distribution utility, APCo has extensive generation, in addition to a much
10 larger service area and much larger customer base. Thus, it should be expected that
11 APCo's request for a normal level of rate case expense would be higher than KgPCo's.

12 **"Other O&M Expense" Affiliate Accounts Receivable Factoring Charges**

13 **Q.44 Has the Company attempted to include an amount in its requested expenses for**
14 **"Other O&M Expense"?**

15 A.44 Yes. Company witness Allen's income statement exhibit, KgPCo Exhibit No. 1
16 (AWA) at page 2 of 5, shows that Kingsport has attempted to include in its 2014 test
17 year operating expenses \$730,469 for two accounts that are not normally considered to
18 be O&M expense. Specifically, Kingsport has attempted to include expense for
19 account 4265009, Factored Customer A/R Expense Affiliate, and for account 4265010,
20 Factored Customer A/R Bad Debts - Affiliate. Kingsport's attempt to include those
21 expenses is also documented in my Exhibit RCS-1, Schedule 1, where I reconciled the
22 2014 test year O&M expenses used in Kingsport's filing with the FERC Form 1 and
23 December 31, 2014, trial balance.

1 **Q.45 What explanation does Kingsport provide for that expense in its Direct**
2 **Testimony?**

3 A.45 Virtually none.

4 **Q.46 Is account 426 typically included in utility O&M expenses?**

5 A.46 No, account 426 and related subaccounts, which cover items such as donations and
6 lobbying, are typically not included in utility O&M expenses.

7 **Q.47 What is the factoring expense that Kingsport has recorded in accounts 4265009**
8 **and 426010 and attempted to include in O&M expenses?**

9 A.47 Though the record is not clear, this could be charges from an affiliated company for
10 factoring Kingsport's accounts receivable. If that is the case, this could be described as
11 a financial transaction in which a business sells or transfers its accounts receivable to
12 another party (called a factor) at a discount. The other party is typically a non-affiliated
13 business, but in Kingsport's case, this appears to be an affiliated transaction. A
14 business will sometimes factor its receivable assets to meet its present and immediate
15 cash needs.

16 **Q.48 Has Kingsport demonstrated that it needs to factor its accounts receivable in**
17 **order to meet cash needs?**

18 A.48 No. And it should be emphasized that there is virtually nothing in the record even
19 describing how or why Kingsport would incur these charges.

20 **Q.49 Has Kingsport justified charging ratepayers for the cost of this affiliated**
21 **transaction?**

22 A.49 No. There is virtually nothing in Kingsport's Direct Testimony that could be viewed as
23 justifying charging an expense associated with this type of affiliated transaction to

1 ratepayers. As I have noted, there appears to be no benefit to Kingsport's ratepayers
2 from this affiliated transaction.

3 **Q.50 Based on the CPAD's research, has Kingsport's accounts receivable factoring**
4 **with an affiliate ever been approved by the TRA or the TRA's predecessor?**

5 A.50 No. Based on research by my firm and CPAD to date, we have not found any
6 documentation that Kingsport's accounts receivable factoring with an affiliate was
7 previously approved or even considered by the TRA or the TRA's predecessor.

8 **Q.51 What would be the benefit or business objective of factoring accounts receivable?**

9 A.51 The benefit or business objective of factoring accounts receivable would typically be
10 to convert the billings into cash more quickly than the normal collection cycle would
11 provide, i.e., to enhance or speed up cash flow.

12 **Q.52 What do the charges for factoring accounts receivable typically entail?**

13 A.52 Typically, accounts receivable factoring transactions can entail financing charges, and
14 sometimes an uncollectible component.

15 **Q.53 Is accounts receivable factoring for public utilities common?**

16 A.53 No, it is not.

17 **Q.54 In your opinion, is there a need for KgPCo to factor its accounts receivable?**

18 A.54 No. KgPCo has not demonstrated a need to factor its accounts receivable balances.

19 **Q.55 Has the AEP affiliate accounts receivable factoring been accepted for all of the**
20 **AEP regulated utilities in which it was proposed?**

21 A.55 To my knowledge, no, it has not. Additionally, where it was accepted, the acceptance
22 was based on a demonstrated net benefit to ratepayers, which Kingsport has failed to
23 provide in the current rate case.

1 **Q.56 Can you give an illustrative example of where an AEP affiliate transaction**
2 **involving factoring of regulated utility accounts receivable has been rejected by a**
3 **state utility regulatory authority?**

4 A.56 Yes. In a Virginia rate case involving Appalachian Power Company ("APCo" in Case
5 No. PUE-2011-00037), APCo proposed an adjustment to increase its working capital
6 component of rate base by \$45.7 million⁴ for what it claimed was additional capital
7 needed due to a decline in the advance rate for Accounts Receivable factoring.⁵ In its
8 Final Order dated November 30, 2011 in that proceeding, the Commission stated at
9 pages 29-30:

10 We reject this proposed rate base adjustment. The Commission previously
11 granted authority for the Company's accounts receivable factoring program,
12 and such authority specifically approved a discount rate of 95% debt and
13 5% equity for this program. The Company's proposal, however, would
14 apply a different capital structure with a higher overall cost of capital to a
15 portion of those accounts receivable in contrast to that prior approval. This
16 finding reduces the Company's original rate request by approximately \$4.64
17 million, or its revised request by approximately \$1.4 million.
18

19 **Q.57 How are financing charges typically addressed in ratemaking?**

20 A.57 Financing charges, to the extent they are related to a component of rate base, are
21 reflected in the rate of return. In the current Kingsport rate case, however, there has
22 been no component of rate base that is related to the financing charges for the accounts
23 receivable financing. Consequently, the Company's attempt to include the accounts
24 receivable financing expenses in its claim for operating expenses appears to be
25 misguided.

⁴ APCo reduced this amount to \$12.6 million at the hearing in that proceeding.

⁵ A factoring agreement between APCo and AEP Credit, Inc. (an affiliate) had been approved by the Virginia Corporation Commission in Case No. PUE-2007-00014. APCo sold its Accounts Receivable to AEP Credit Inc. on a daily basis. The cost of capital component to APCo for financing its Accounts Receivable was determined by using a capital structure of 95% debt and 5% equity.

1 A.62 I started with the 2015 recorded O&M payroll expense from Kingsport's FERC Form
2 1, pages 354-355, and have provided for annual wage and salary increases of 3.0% for
3 2016 and 2017, i.e., through the 2017 attrition year being used by CPAD.

4 **Q.63 Where is your calculation of adjusted payroll expense shown?**

5 A.63 My calculation of adjusted payroll expense is shown on Exhibit RCS-1, Schedule 6.
6 As shown there, the recorded 2015 amount of Kingsport O&M payroll per the
7 Company's 2015 FERC Form 1 of \$1,683,946 is increased to \$1,786,499. Excluding
8 the O&M payroll for the transmission function (of \$1,358 in 2015 and \$1,441 for
9 2017), the increase in net O&M payroll is \$102,470.

10 **Employee Benefits Related to Payroll Expense - Savings Plan**

11 **Q.64 In Kingsport's filing, did the Company reflect adjustments to employee benefits,**
12 **based on its adjustment to payroll expense?**

13 A.64 Yes. In its filing, the Company reflects adjustments to certain employee benefits, based
14 on its adjustment to payroll expense. Specifically, Kingsport adjusted its Savings Plan
15 expense by applying a 4.0% rate to its payroll adjustment.

16 **Q.65 Have you reflected adjustments to those employee benefits in a similar manner?**

17 A.65 Yes. As shown on Exhibit RCS-1, Schedule 7, I have reflected an adjustment to
18 Savings Plan expense by applying the same 4.0% factor that the Company used in its
19 Adjustment OM-19 to the \$102,470 increase in O&M payroll expense (excluding
20 transmission). This produced an increase of \$4,099 in Saving Plan expense.

21 **Q.66 Are there some employee benefits that are not directly related to payroll?**

1 A.66 Yes. Examples would be defined benefit pension expense and Other Post-
2 Employment Benefits ("OPEB") expense, as well as several other components of
3 employee benefit expense. I therefore address these employee benefits separately.

4 **Other Post-Employment Benefits**

5 **Q.67 What has Kingsport proposed for Other Post-Employment Benefits expense?**

6 A.67 The Company has proposed to adjust OPEB expense to a pro forma level based on
7 estimates of its Statement of Financial Accounting Standards ("SFAS") No. 106 cost.
8 Kingsport's adjusted OPEB expense of (\$128,549) is shown in its workpapers for
9 Company Adjustment OM-20.

10 **Q.68 Please explain how you have adjusted OPEB expense.**

11 A.68 As shown on Exhibit RCS-1, Schedule 9, I started with the 2015 recorded amount of
12 (\$330,263). I then used the minimum funding requirement based on guidance from
13 CPAD witness Mr. Novak, which is discussed in further detail in Mr. Novak's Direct
14 Testimony.

15 **Pension Expense**

16 **Q.69 What has Kingsport proposed for its defined benefit pension expense?**

17 A.69 The Company has proposed to adjust its defined benefit pension expense to a pro
18 forma level based on estimates of its Statement of Financial Accounting Standards
19 ("SFAS") No. 87 cost. Kingsport's adjusted pension expense of \$159,434 is shown in
20 its workpapers for Company Adjustment OM-21.

21 **Q.70 Please explain how you have adjusted defined benefit pension expense.**

22 A.70 As shown on Exhibit RCS-1, Schedule 8, I started with the 2015 recorded amount of
23 \$387,697. Similar to my adjustment to OPEB expense, I then used the minimum

1 funding requirement based on guidance from Mr. Novak as discussed in further detail
2 in his Direct Testimony.

3 **Incentive Compensation and Stock Based Compensation**

4 **Q.71 What incentive compensation and stock-based compensation expense did**
5 **Kingsport record in 2015?**

6 A.71 According to the response to CPAD 2-073, in 2015 the Company recorded a total of
7 \$497,089 of incentive compensation expense that was directly charged to the Company
8 and \$512,309 that was allocated to KgPCo by American Electric Power Service
9 Corporation ("AEPSC" or "Service Company"). In addition, the Company recorded a
10 total of \$239,056 of stock-based compensation expense that was allocated to KgPCo
11 by AEPSC.⁶

12 **Q.72 What did the Company propose for incentive compensation expense?**

13 A.72 The Company proposed in its Adjustment OM-26 to decrease the KgPCo incentive
14 compensation amount recorded in 2014 to the 2015 target level. Specifically, as
15 discussed in Company witness Wayne Allen's Direct Testimony, the Company's
16 adjustment was to adjust the 2014 test year level of incentive compensation expense to
17 a 2015 target payout factor of 1.0. However, as previously discussed, the test year has
18 been updated to reflect the more current 2015 results, with adjustments through the
19 2017 attrition year. Consequently, the Company's proposed Adjustment OM-26 is no
20 longer relevant since it was calculated based on (1) 2014 recorded incentive
21 compensation expense, and (2) the 2015 target level of incentive compensation prior
22 the actual 2015 level being known and measurable.

⁶ The response to CPAD 1-120 reflects stock-based compensation totaling \$7,153 that was direct charged to KgPCo in 2014.

1 **Q.73 Did KgPCo propose a similar adjustment for incentive compensation expense**
2 **allocated to KgPCo by AEPSC?**

3 A.73 No. According to the response to CPAD 1-117, the Company did not adjust the 2014
4 test year level of incentive compensation billed by AEPSC to KgPCo in its original
5 filing.

6 **Q.74 Has KgPCo included incentive compensation expense in its 2015 cost of service?**

7 A.74 Yes. The response to CPAD 2-073 included an attachment which indicated that the
8 Company included directly charged O&M incentive compensation expense totaling
9 \$242,119 in 2015. In addition, this response included a second attachment which
10 indicated that the Company included O&M incentive compensation billed to KgPCo
11 from AEPSC of \$460,503 in 2015. These amounts are broken out between
12 Distribution expense, Customer Accounts expense, Customer Service and
13 Informational expense and Administrative & General expense. The \$242,119 and
14 \$460,503 have been removed from cost of service in their entirety.

15 **Q.75 Please explain why you are removing incentive compensation expense.**

16 A.75 The Company's incentive compensation plan plan is generally designed to encourage
17 employees to improve KgPCo's financial performance. It is not appropriate for the
18 Company's ratepayers to fund incentive compensation through increased rates rather
19 than KgPCo doing so by increasing the efficiency of its operations. In addition, it is
20 my understanding that this proposed treatment of incentive compensation expense is
21 consistent with the CPAD's approach, which has been accepted by utilities, in prior
22 rate cases.

1 **Q.76 Please explain your recommended adjustment to KgPCo's incentive**
2 **compensation expense.**

3 A.76 As shown on Exhibit RCS-1, Schedule 11, this adjustment decreases test year expense
4 by \$702,622 to reflect the removal of (1) KgPCo's direct charged incentive
5 compensation expense of \$242,119; and (2) AEPSC incentive compensation expense
6 allocated to KgPCo of \$460,503. The expense of providing incentive compensation
7 should be borne by shareholders and not by ratepayers.

8 **Q.77 Does the Company have stock-based compensation plans available to its**
9 **employees?**

10 A.77 Yes. The Company's stock-based compensation plans include Performance Shares and
11 Restricted Stock Units.⁷ These plans are briefly described below.

12 Performance Shares ("PS") - Defined as performance shares or performance
13 share units that are awarded under the American Electric Power System
14 Performance Share Incentive Plan or the Long-Term Incentive Plan.
15

16 Restricted Stock Units ("RSU") - Defined as a type of Phantom Stock
17 Award (i.e., an award under the Long-Term Incentive Plan to a Participant
18 of a number of hypothetical share units with respect to shares of Common
19 Stock) issued under the Long-Term Incentive Plan pursuant to a Restricted
20 Stock Unit Award Agreement.
21

22 **Q.78 Has KgPCo included stock-based compensation expense that was (1) directly**
23 **charged to KgPCo, and/or (2) allocated to KgPCo by the Service Company in its**
24 **test year cost of service?**

25 A.78 Yes. As previously discussed, I have updated the Company's filing to reflect a 2015
26 test year. The response to CPAD 2-073 reflects 2015 stock-based compensation

⁷ The response to CPAD 1-120, which requested a description of KgPCo's stock-based compensation plans, referred to the response to CPAD 1-058.

1 expense totaling \$228,509 that was allocated to KgPCo by AEPSC. This amount is
2 broken out between Distribution expense, Customer Accounts expense, Customer
3 Service and Informational expense and Administrative & General expense. As it
4 relates to stock-based compensation expense that was directly charged to KgPCo, I did
5 not have 2015 data. However, the response to CPAD 1-120 indicates that the amount
6 of stock-based compensation directly charged by KgPCo during 2014 (KgPCo's as-
7 filed test year) totaled \$4,163, which is also broken out among the expense categories
8 listed above. The \$228,509 and \$4,163 have been removed from cost of service in
9 their entirety.

10 **Q.79 Please discuss the reasons for removing stock-based compensation.**

11 A.79 Ratepayers should not be required to pay executive or director compensation that is
12 based on the performance of the Company's (or its parent company's) stock price, or
13 which has the primary purpose of benefitting the parent company's stockholders and
14 aligning the interests of participants with those of such stockholders.

15 Additionally, prior to being required to expense stock options for financial reporting
16 purposes under ASC 718 (formerly SFAS 123R), the cost of stock options was
17 typically treated as a dilution of shareholders' investments, i.e., it was a cost borne by
18 shareholders. While ASC 718 now requires stock option cost to be expensed on a
19 company's financial statements, this does not provide a reason for shifting the cost
20 responsibility for stock-based compensation from shareholders to utility ratepayers.

21 **Q.80 Please explain your recommended adjustment to KgPCo's stock-based**
22 **compensation expense.**

1 A.80 As shown on Exhibit RCS-1, Schedule 11, this adjustment decreases test year expense
2 by \$232,672 to reflect the removal of (1) KgPCo's directly charged stock-based
3 compensation of \$4,163⁸; and (2) AEPSC stock-based compensation allocated to
4 KgPCo of \$228,509. Similar to incentive compensation, the expense of providing
5 stock options and other stock-based compensation should be borne by shareholders and
6 not by ratepayers.

7 **Q.81 Please summarize your overall adjustment to incentive and stock-based**
8 **compensation expense.**

9 A.81 As shown on Exhibit RCS-1, Schedule 11, my recommended adjustments to remove
10 directly charged and AEPSC allocated incentive and stock-based compensation
11 expense decrease test year expense by \$935,294.

12 **Supplemental Executive Retirement Plan ("SERP") Expense**

13 **Q.82 What is a SERP?**

14 A.82 A SERP is a supplemental executive retirement plan. Participation in a SERP is
15 typically limited to very high income executives and management who have annual
16 compensation in excess of compensation limits set by the Internal Revenue Service for
17 normal retirement benefits, such as pensions.

18 **Q.83 How much expense did KgPCo record for the SERP in 2015?**

19 A.83 According to the response to CPAD 1-121, the Company recorded SERP expense
20 totaling \$18,956 in 2015.

21 **Q.84 What is your recommendation concerning the SERP expense?**

⁸ As previously noted, this amount reflects stock-based compensation that was directly charged to KgPCo during the 2014 test year.

1 A.84 The SERP expense should be excluded from 2015 operating expenses. The SERP
2 provides supplemental retirement benefits for select executives. Generally, SERPs are
3 implemented for executives to provide retirement benefits that exceed amounts limited
4 in qualified plans by Internal Revenue Service ("IRS") limitations. Companies usually
5 maintain that providing such supplemental retirement benefits to executives is
6 necessary in order to ensure attraction and retention of qualified employees. Typically,
7 SERPs provide for retirement benefits in excess of the limits placed by IRS regulations
8 on pension plan calculations for salaries in excess of specified amounts. IRS
9 restrictions can also limit 401(k) contributions such that the 401(k) contribution as a
10 percent of salary may be smaller for a highly paid executive than for other employees.

11 **Q.85 What adjustment related to KgPCo's SERP expense do you recommend?**

12 A.85 I recommend that the portion of SERP expense that relates to Distribution expense,
13 Customer Accounts expense, Customer Service & Information expense and
14 Administrative and General expense be removed from cost of service. Therefore, as
15 shown on Exhibit RCS-1, Schedule 12, my adjustment decreases O&M expense by
16 \$9,416.

17 **Regional Transmission Organization Demand Response ("RTODR") Expense**

18 **Q.86 Please explain the RTODR.**

19 A.86 The RTODR is a tariff that was authorized by the Authority in its Order dated March
20 4, 2013, as part of a Settlement Agreement in Docket No. 12-00012. According to the
21 RTODR tariff sheet, this tariff applies to customers and Curtailment Service Providers
22 ("CSPs") that qualify for RTO emergency (capacity) demand response programs. On
23 page 5 of its Order, the Authority stated that KgPCo shall be permitted to defer the net

1 costs associated with the demand response program and file a Demand Response
2 Report on an annual basis with the Utilities Division of the TRA within 90 days of the
3 end of each PJM delivery year.

4 **Q.87 What has Kingsport requested for RTO Demand Response Expense?**

5 A.87 In its filing, Kingsport proposed two operating expense adjustments related to RTODR
6 Expense. In Company Adjustment OM-27, Kingsport requests \$66,690 for an
7 amortization over five years of a RTODR regulatory asset. In Company Adjustment
8 OM-28, Kingsport requests \$264,537 to provide for an ongoing annualized level of
9 RTO Demand Response expense.

10 **Q.88 How much expense did Kingsport record in 2015 for RTO Demand Response**
11 **Expense?**

12 A.88 According to the response to CPAD 2-096, in 2015 Kingsport recorded no
13 amortization of RTODR costs in 2015. The Company's response to CPAD 2-096 also
14 shows that Kingsport is recording all RTODR costs into account 1823310, which is a
15 regulatory asset account. As shown in the Company's response to CPAD 2-096(d),
16 Kingsport projects a balance of \$572,386 in the RTODR regulatory asset account as of
17 January 1, 2017. This is based on actual costs recorded in that regulatory asset account
18 through March 31, 2016, and Company estimates for April 2016 through December
19 2016.

20 **Q.89 What is your recommendation for RTO Demand Response Expense?**

21 A.89 I recommend allowing the amortization of the RTODR regulatory asset. I also
22 recommend allowing an ongoing level of expense for RTODR costs commencing in
23 2017.

1 **Q.90 Have you presented schedules that show your recommendations for RTODR**
2 **Expense?**

3 A.90 Yes. Exhibit RCS-1, Schedules 13 and 14 show my recommendations for the RTODR
4 costs. Schedule 13 shows the amortization over five years of the estimated January 1,
5 2017, balance in the RTODR regulatory asset account of \$572,386, per the Company's
6 response to CPAD 2-096. Since no amortization was recorded by the Company in
7 2015, the annual amortization of \$114,477 represents an increase to 2015 recorded
8 expenses.

9 Exhibit RCS-1, Schedule 14 shows the annual expense allowance, which is based on
10 the Company's estimates of \$21,646 per month for June 2016 through December 2016
11 as provided in response to data request CPAD 2-096. The ongoing expense for
12 RTODR would be recorded in account 908. During 2015, the Company recorded all
13 RTODR costs into the regulatory asset account, account 1823310, according to the
14 response to CPAD 2-096. Consequently, the annual ongoing expense amount of
15 \$259,752 shown on Schedule 14 represents an increase by that amount over the 2015
16 recorded expense.

17
18 **Affiliated Service Company Charges to KgPCo for AEP Corporate Aviation**

19 **Q.91 Please explain your adjustment to remove charges during 2015 that KgPCo**
20 **recorded as operating expenses from the affiliated Service Company related to**
21 **AEP corporate aviation.**

22 A.91 In response to CPAD 1-105(e) and CPAD 2-072, the Company identified charges to
23 KgPCo from the affiliated Service Company for AEP corporate aviation. For 2015,

those expenses totaled \$12,318 as stated in the Company's response to CPAD 2-072. As shown on Exhibit RCS-1, Schedule 15, I have removed the affiliated charges for AEP corporate aviation that were charged to Kingsport's Electric Utility Distribution function in 2015. A portion of those charges were recorded by Kingsport in Transmission Expense accounts during 2015, and the majority was recorded in Administrative and General Expense. The Transmission Expenses are not being considered in setting Kingsport's base rates for electric distribution service. The AEP Corporate Aviation charges to Kingsport from the affiliated Service Company that Kingsport recorded in 2015 Administrative and General Expense should be removed. As shown on Exhibit RCS-1, Schedule 15, this reduces 2015 A&G expense by \$10,983.

Q.92 Please explain why the affiliated charges to Kingsport for the AEP corporate aviation department should be removed.

A.92 Kingsport ratepayers should not pay for AEP corporate to have private planes that are used for executive and AEP director travel. The expense of having aircraft available for such use in the AEP corporate aviation department should be borne by shareholders, not by Kingsport ratepayers.

Taxes Other Than Income - Payroll Tax Expense

Q.93 Have you adjusted the Company's 2015 recorded payroll tax expense for the impacts of your adjustments to 2015 payroll expense?

A.93 Yes. As shown on Exhibit RCS-1, Schedule 16, I have adjusted the Company's 2015 recorded payroll tax expense for the impacts of my adjustments to 2015 payroll expense.

1 **Q.94 What types of payroll taxes are affected by this adjustment?**

2 A.94 Similar to the Company Adjustments OT-31, OT-32, and OT-34, the payroll taxes
3 affected by the adjustment to payroll expense are Social Security and Medicare.

4 **Q.95 What amount of payroll tax expense have you identified that is associated with**
5 **the increased O&M payroll expense?**

6 A.95 As shown on Exhibit RCS-1, Schedule 16, I have identified an amount of increased
7 payroll tax expense of \$7,839 associated with the O&M payroll expense increase of
8 \$102,470.

9 **Q.96 How was that calculated?**

10 A.96 The increased payroll tax expense was derived by applying the Social Security tax rate
11 of 6.20% and the Medicare tax rate of 1.45% to the increased payroll expense amount.

12 **Taxes Other Than Income - Property Tax Expense**

13 **Q.97 What was the Company's 2015 recorded amount for property tax expense?**

14 A.97 As shown on Exhibit RCS-1, Schedule 2, the Company's 2015 recorded amount for
15 property tax expense was \$1,294,531.

16 **Q.98 Have you adjusted the Company's 2015 recorded property tax expense to**
17 **correspond with CPAD's recommendations concerning Plant and related rate**
18 **base components?**

19 A.98 Yes. As shown on Exhibit RCS-1, Schedule 17, I have adjusted the Company's 2015
20 recorded property tax expense for the impacts of the recommendations concerning
21 Plant and related rate base components, such as Accumulated Depreciation, which
22 were provided to me by CPAD witness Mr. Novak. For purposes of determining rate
23 base, Mr. Novak has used a 2015 test year, adjusted to the 2017 attrition year. This

differs from Kingsport's filing, which used a 2014 test year, adjusted to 2016. The property tax expense adjustment shown on Exhibit RCS-1, Schedule 17 shows the adjustment to the 2015 recorded property tax expense related to the 2017 net plant in rate base to correspond with Mr. Novak's proposed adjusted plant balances in rate base. As shown there, the recorded amount of 2015 property tax of \$1,294,531 is increased by \$52,398.

Operating Expense - Pole Attachment Expense

Q.99 What amount did the Company record in 2015 for Pole Attachment Expense?

A.99 According to the Company's response to CPAD 2-091(a), in 2015 the Company recorded \$350,474 in account 5890001 for Pole Attachment Expense.

Q.100 In 2015 did the Company record any prior period adjustments that affected Pole Attachment Expense?

A.100 Yes. As identified in the Company's response to CPAD 2-091(b), in 2015 the Company recorded a credit of \$78,917 to account 5890001 for a prior period adjustment related to pole attachment expense.

Q.101 During 2016 to date, has the Company recorded any pole attachment expense in 2016 that relates to 2015?

A.101 No, according to the Company's response to CPAD 2-091(c), it has not.

Q.102 What is the Company's budgeted amount for pole attachment rental expense for 2017?

A.102 According to the Company's responses to CPAD 2-091(e) and (f), the Company budgets for account 5890001, Rents-Nonassociated, which principally consists of pole

1 attachment expense, the Company's 2017 budget for that account is \$430,000. The
2 Company also indicated that its 2016 budget is the same amount.

3 **Q.103 Have you adjusted pole attachment expense to remove the prior period**
4 **adjustment item that was recorded in 2015?**

5 A.103 Yes. As shown on Exhibit RCS-1, Schedule 18, I have increased 2015 pole attachment
6 expense by \$78,917 to remove the impact of the prior period adjustment. This brings
7 the account balance to \$429,391, which is in line with the Company's 2017 budget for
8 account 5890001.

9 **Other Operating Revenue - Rent from Electric Property, Pole Attachments**

10 **Q.104 What amount did the Company record in 2015 for Other Operating Revenue -**
11 **Rent from Electric Property?**

12 A.104 According to the Company's response to CPAD 2-090, in 2015 the Company recorded
13 \$934,575 in account 454 for Rent from Electric Property. This includes \$889,471 for
14 pole rentals, which Kingsport recorded in account 4540005.

15 **Q.105 In 2015, did the Company record any prior period adjustments that affected**
16 **Other Operating Revenue - Rent from Electric Property?**

17 A.105 Yes. As identified in the Company's response to CPAD 2-090(c), in 2015 the
18 Company recorded a debit of \$154,304 to account 4540005 for a prior period
19 adjustment related to pole attachment revenue.

20 **Q.106 Has the Company indicated what its 2016 and 2017 budgets are for Pole**
21 **Attachment Revenue?**

1 A.106 Yes. The Company's response to CPAD 2-090(g) indicates that the budgets for
2 Kingsport's Pole Attachment Revenue are \$1,100,000 for 2016 and \$1,000,000 for
3 2017.

4 **Q.107 Should a representative amount of Other Operating Revenue - Rent from Electric**
5 **Property, including Pole Attachment Revenue, be included in the determination**
6 **of Kingsport's revenue deficiency?**

7 A.107 Yes. Accordingly, I have provided the above noted information and the information
8 shown on Exhibit RCS-1, Schedule 19, to CPAD witness Mr. Novak for his use in
9 computing Kingsport's base rate revenue deficiency.

10 **Miscellaneous Expense Disallowance**

11 **Q.108 During your review, did you identify certain miscellaneous operating expenses**
12 **that were recorded by Kingsport in 2015 which are not appropriate for**
13 **ratemaking purposes?**

14 A.108 Yes. As shown on Exhibit RCS-1, Schedule 20, I am recommending the removal of
15 expenses recorded by Kingsport in account 9301009 for "Fairs, Shows and Exhibits."
16 The Company's response to CPAD 2-066(k) explained that such cost is for a Kingsport
17 Chamber of Commerce Leadership golf tournament. The costs for a golf tournament
18 should not be charged to Kingsport's ratepayers.

19 Additionally, Kingsport was requested in CPAD 2-066(l) to identify specific
20 advertising that was recorded in account 9301000 in 2015, and in CPAD 2-066(n) to
21 identify what specific publicity campaigns for which costs were recorded in 2015 in
22 account 9301010, Publicity. The Company's responses to CPAD 2-066(l) and (n) both
23 stated only: "Various small dollar charges from AEPSC." AEPSC is the affiliated

1 AEP Service Company. Charges to Kingsport from AEPSC are affiliated charges,
2 which deserve a high level of regulatory scrutiny. The Company has failed to justify
3 why the affiliated charges for General Advertising and Publicity should be borne by
4 Kingsport ratepayers.

5 Consequently, I recommend the removal of such expenses, as shown on Exhibit RCS-
6 1, Schedule 20. The removal of such expenses reduces test year expense in account
7 930.1 by \$718 to remove these expenses.

8 **Q.109 Does this complete your testimony?**

9 A.109 Yes.

Attachment RCS-1
QUALIFICATIONS OF RALPH C. SMITH

Accomplishments

Mr. Smith's professional credentials include being a Certified Financial Planner™ professional, a Certified Rate of Return Analyst, a licensed Certified Public Accountant and attorney. He functions as project manager on consulting projects involving utility regulation, regulatory policy and ratemaking and utility management. His involvement in public utility regulation has included project management and in-depth analyses of numerous issues involving telephone, electric, gas, and water and sewer utilities.

Mr. Smith has performed work in the field of utility regulation on behalf of industry, public service commission staffs, state attorney generals, municipalities, and consumer groups concerning regulatory matters before regulatory agencies in Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New Mexico, New York, Nevada, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, Washington DC, West Virginia, Canada, Federal Energy Regulatory Commission and various state and federal courts of law. He has presented expert testimony in regulatory hearings on behalf of utility commission staffs and intervenors on several occasions.

Project manager in Larkin & Associates' review, on behalf of the Georgia Commission Staff, of the budget and planning activities of Georgia Power Company; supervised 13 professionals; coordinated over 200 interviews with Company budget center managers and executives; organized and edited voluminous audit report; presented testimony before the Commission. Functional areas covered included fossil plant O&M, headquarters and district operations, internal audit, legal, affiliated transactions, and responsibility reporting. All of our findings and recommendations were accepted by the Commission.

Key team member in the firm's management audit of the Anchorage Water and Wastewater Utility on behalf of the Alaska Commission Staff, which assessed the effectiveness of the Utility's operations in several areas; responsible for in-depth investigation and report writing in areas involving information systems, finance and accounting, affiliated relationships and transactions, and use of outside contractors. Testified before the Alaska Commission concerning certain areas of the audit report. AWWU concurred with each of Mr. Smith's 40 plus recommendations for improvement.

Co-consultant in the analysis of the issues surrounding gas transportation performed for the law firm of Cravath, Swaine & Moore in conjunction with the case of Reynolds Metals Co. vs. the Columbia Gas System, Inc.; drafted in-depth report concerning the regulatory treatment at both state and federal levels of issues such as flexible pricing and mandatory gas transportation.

Lead consultant and expert witness in the analysis of the rate increase request of the City of Austin - Electric Utility on behalf of the residential consumers. Among the numerous ratemaking issues addressed were the economies of the Utility's employment of outside services; provided both written and oral testimony outlining recommendations and their bases. Most of Mr. Smith's recommendations were adopted by the City Council and Utility in a settlement.

Key team member performing an analysis of the rate stabilization plan submitted by the Southern Bell Telephone & Telegraph Company to the Florida PSC; performed comprehensive analysis of the Company's projections and budgets which were used as the basis for establishing rates.

Lead consultant in analyzing Southwestern Bell Telephone separations in Missouri; sponsored the complex technical analysis and calculations upon which the firm's testimony in that case was based. He has also assisted in analyzing changes in depreciation methodology for setting telephone rates.

Lead consultant in the review of gas cost recovery reconciliation applications of Michigan Gas Utilities Company, Michigan Consolidated Gas Company, and Consumers Power Company. Drafted recommendations regarding the appropriate rate of interest to be applied to any over or under collections and the proper procedures and allocation methodology to be used to distribute any refunds to customer classes.

Lead consultant in the review of Consumers Power Company's gas cost recovery refund plan. Addressed appropriate interest rate and compounding procedures and proper allocation methodology.

Project manager in the review of the request by Central Maine Power Company for an increase in rates. The major area addressed was the propriety of the Company's ratemaking attrition adjustment in relation to its corporate budgets and projections.

Project manager in an engagement designed to address the impacts of the Tax Reform Act of 1986 on gas distribution utility operations of the Northern States Power Company. Analyzed the reduction in the corporate tax rate, uncollectibles reserve, ACRS, unbilled revenues, customer advances, CIAC, and timing of TRA-related impacts associated with the Company's tax liability.

Project manager and expert witness in the determination of the impacts of the Tax Reform Act of 1986 on the operations of Connecticut Natural Gas Company on behalf of the Connecticut Department of Public Utility Control - Prosecutorial Division, Connecticut Attorney General, and Connecticut Department of Consumer Counsel.

Lead Consultant for The Minnesota Department of Public Service ("DPS") to review the Minnesota Incentive Plan ("Incentive Plan") proposal presented by Northwestern Bell Telephone Company ("NWB") doing business as U S West Communications ("USWC"). Objective was to express an opinion as to whether current rates addressed by the plan were appropriate from a Minnesota intrastate revenue requirements and accounting perspective, and to assist in developing recommended modifications to NWB's proposed Plan.

Performed a variety of analytical and review tasks related to our work effort on this project. Obtained and reviewed data and performed other procedures as necessary (1) to obtain an understanding of the Company's Incentive Plan filing package as it relates to rate base, operating income, revenue requirements, and plan operation, and (2) to formulate an opinion concerning the reasonableness of current rates and of amounts included within the Company's Incentive Plan filing. These procedures included requesting and reviewing extensive discovery, visiting the Company's offices to review data, issuing follow-up information requests in many instances, telephone and on-site discussions with Company representatives, and frequent discussions with counsel and DPS Staff assigned to the project.

Lead Consultant in the regulatory analysis of Jersey Central Power & Light Company for the Department of the Public Advocate, Division of Rate Counsel. Tasks performed included on-site review and audit of Company, identification and analysis of specific issues, preparation of data requests, testimony, and cross examination questions. Testified in Hearings.

Assisted the NARUC Committee on Management Analysis with drafting the Consultant Standards for Management Audits.

Presented training seminars covering public utility accounting, tax reform, ratemaking, affiliated transaction auditing, rate case management, and regulatory policy in Maine, Georgia, Kentucky, and Pennsylvania. Seminars were presented to commission staffs and consumer interest groups.

Previous Positions

With Larkin, Chapski and Co., the predecessor firm to Larkin & Associates, was involved primarily in utility regulatory consulting, and also in tax planning and tax research for businesses and individuals, tax return preparation and review, and independent audit, review and preparation of financial statements.

Installed computerized accounting system for a realty management firm.

Education

Bachelor of Science in Administration in Accounting, with distinction, University of Michigan, Dearborn, 1979.

Master of Science in Taxation, Walsh College, Michigan, 1981. Master's thesis dealt with investment tax credit and property tax on various assets.

Juris Doctor, cum laude, Wayne State University Law School, Detroit, Michigan, 1986. Recipient of American Jurisprudence Award for academic excellence.

Continuing education required to maintain CPA license and CFP® certificate.

Passed all parts of CPA examination in first sitting, 1979. Received CPA certificate in 1981 and Certified Financial Planning certificate in 1983. Admitted to Michigan and Federal bars in 1986.

Michigan Bar Association.

American Bar Association, sections on public utility law and taxation.

Partial list of utility cases participated in:

79-228-EL-FAC	Cincinnati Gas & Electric Company (Ohio PUC)
79-231-EL-FAC	Cleveland Electric Illuminating Company (Ohio PUC)
79-535-EL-AIR	East Ohio Gas Company (Ohio PUC)
80-235-EL-FAC	Ohio Edison Company (Ohio PUC)
80-240-EL-FAC	Cleveland Electric Illuminating Company (Ohio PUC)
U-1933*	Tucson Electric Power Company (Arizona Corp. Commission)
U-6794	Michigan Consolidated Gas Co. --16 Refunds (Michigan PSC)
81-0035TP	Southern Bell Telephone Company (Florida PSC)
81-0095TP	General Telephone Company of Florida (Florida PSC)
81-308-EL-EFC	Dayton Power & Light Co.- Fuel Adjustment Clause (Ohio PUC)
810136-EU	Gulf Power Company (Florida PSC)
GR-81-342	Northern States Power Co. -- E-002/Minnesota (Minnesota PUC)
Tr-81-208	Southwestern Bell Telephone Company (Missouri PSC))
U-6949	Detroit Edison Company (Michigan PSC)
8400	East Kentucky Power Cooperative, Inc. (Kentucky PSC)
18328	Alabama Gas Corporation (Alabama PSC)
18416	Alabama Power Company (Alabama PSC)
820100-EU	Florida Power Corporation (Florida PSC)
8624	Kentucky Utilities (Kentucky PSC)
8648	East Kentucky Power Cooperative, Inc. (Kentucky PSC)
U-7236	Detroit Edison - Burlington Northern Refund (Michigan PSC)
U6633-R	Detroit Edison - MRCS Program (Michigan PSC)
U-6797-R	Consumers Power Company -MRCS Program (Michigan PSC)
U-5510-R	Consumers Power Company - Energy conservation Finance Program (Michigan PSC)
82-240E	South Carolina Electric & Gas Company (South Carolina PSC)
7350	Generic Working Capital Hearing (Michigan PSC)
RH-1-83	Westcoast Transmission Co., (National Energy Board of Canada)
820294-TP	Southern Bell Telephone & Telegraph Co. (Florida PSC)
82-165-EL-EFC (Subfile A)	Toledo Edison Company(Ohio PUC)
82-168-EL-EFC	Cleveland Electric Illuminating Company (Ohio PUC)
830012-EU	Tampa Electric Company (Florida PSC)
U-7065	The Detroit Edison Company - Fermi II (Michigan PSC)
8738	Columbia Gas of Kentucky, Inc. (Kentucky PSC)
ER-83-206	Arkansas Power & Light Company (Missouri PSC)
U-4758	The Detroit Edison Company – Refunds (Michigan PSC)
8836	Kentucky American Water Company (Kentucky PSC)
8839	Western Kentucky Gas Company (Kentucky PSC)
83-07-15	Connecticut Light & Power Co. (Connecticut DPU)
81-0485-WS	Palm Coast Utility Corporation (Florida PSC)
U-7650	Consumers Power Co. (Michigan PSC)
83-662	Continental Telephone Company of California, (Nevada PSC)
U-6488-R	Detroit Edison Co., FAC & PIPAC Reconciliation (Michigan PSC)
U-15684	Louisiana Power & Light Company (Louisiana PSC)
7395 & U-7397	Campaign Ballot Proposals (Michigan PSC)
820013-WS	Seacoast Utilities (Florida PSC)
U-7660	Detroit Edison Company (Michigan PSC)
83-1039	CP National Corporation (Nevada PSC)
U-7802	Michigan Gas Utilities Company (Michigan PSC)
83-1226	Sierra Pacific Power Company (Nevada PSC)
830465-EI	Florida Power & Light Company (Florida PSC)
U-7777	Michigan Consolidated Gas Company (Michigan PSC)
U-7779	Consumers Power Company (Michigan PSC)

U-7480-R	Michigan Consolidated Gas Company (Michigan PSC)
U-7488-R	Consumers Power Company – Gas (Michigan PSC)
U-7484-R	Michigan Gas Utilities Company (Michigan PSC)
U-7550-R	Detroit Edison Company (Michigan PSC)
U-7477-R**	Indiana & Michigan Electric Company (Michigan PSC)
18978	Continental Telephone Co. of the South Alabama (Alabama PSC)
R-842583	Duquesne Light Company (Pennsylvania PUC)
R-842740	Pennsylvania Power Company (Pennsylvania PUC)
850050-EI	Tampa Electric Company (Florida PSC)
16091	Louisiana Power & Light Company (Louisiana PSC)
19297	Continental Telephone Co. of the South Alabama (Alabama PSC)
76-18788AA	
&76-18793AA	Detroit Edison - Refund - Appeal of U-4807 (Ingham County, Michigan Circuit Court)
85-53476AA	
& 85-534785AA	Detroit Edison Refund - Appeal of U-4758 (Ingham County, Michigan Circuit Court)
U-8091/U-8239	Consumers Power Company - Gas Refunds (Michigan PSC)
TR-85-179**	United Telephone Company of Missouri (Missouri PSC)
85-212	Central Maine Power Company (Maine PSC)
ER-85646001	
& ER-85647001	New England Power Company (FERC)
850782-EI &	
850783-EI	Florida Power & Light Company (Florida PSC)
R-860378	Duquesne Light Company (Pennsylvania PUC)
R-850267	Pennsylvania Power Company (Pennsylvania PUC)
851007-WU	
& 840419-SU	Florida Cities Water Company (Florida PSC)
G-002/GR-86-160	Northern States Power Company (Minnesota PSC)
7195 (Interim)	Gulf States Utilities Company (Texas PUC)
87-01-03	Connecticut Natural Gas Company (Connecticut PUC))
87-01-02	Southern New England Telephone Company (Connecticut Department of Public Utility Control)
3673-	Georgia Power Company (Georgia PSC)
29484	Long Island Lighting Co. (New York Dept. of Public Service)
U-8924	Consumers Power Company – Gas (Michigan PSC)
Docket No. 1	Austin Electric Utility (City of Austin, Texas)
Docket E-2, Sub 527	Carolina Power & Light Company (North Carolina PUC)
870853	Pennsylvania Gas and Water Company (Pennsylvania PUC)
880069**	Southern Bell Telephone Company (Florida PSC)
U-1954-88-102	Citizens Utilities Rural Company, Inc. & Citizens Utilities Company, Kingman Telephone Division (Arizona CC)
T E-1032-88-102	Illinois Bell Telephone Company (Illinois CC)
89-0033	Puget Sound Power & Light Company (Washington UTC))
U-89-2688-T	Philadelphia Electric Company (Pennsylvania PUC)
R-891364	Potomac Electric Power Company (District of Columbia PSC)
F.C. 889	Niagara Mohawk Power Corporation, et al Plaintiffs, v. Gulf+Western, Inc. et al, defendants (Supreme Court County of Onondaga, State of New York)
Case No. 88/546*	Duquesne Light Company, et al, plaintiffs, against Gulf+Western, Inc. et al, defendants (Court of the Common Pleas of Allegheny County, Pennsylvania Civil Division)
87-11628*	Florida Power & Light Company (Florida PSC)
890319-EI	Gulf Power Company (Florida PSC)
891345-EI	Jersey Central Power & Light Company (BPU)
ER 8811 0912J	Hawaiian Electric Company (Hawaii PUCs)
6531	

R0901595	Equitable Gas Company (Pennsylvania Consumer Counsel)
90-10	Artesian Water Company (Delaware PSC)
89-12-05	Southern New England Telephone Company (Connecticut PUC)
900329-WS	Southern States Utilities, Inc. (Florida PSC)
90-12-018	Southern California Edison Company (California PUC)
90-E-1185	Long Island Lighting Company (New York DPS)
R-911966	Pennsylvania Gas & Water Company (Pennsylvania PUC)
I.90-07-037, Phase II	(Investigation of OPEBs) Department of the Navy and all Other Federal Executive Agencies (California PUC)
U-1551-90-322	Southwest Gas Corporation (Arizona CC)
U-1656-91-134	Sun City Water Company (Arizona RUCO)
U-2013-91-133	Havasu Water Company (Arizona RUCO)
91-174***	Central Maine Power Company (Department of the Navy and all Other Federal Executive Agencies)
U-1551-89-102	Southwest Gas Corporation - Rebuttal and PGA Audit (Arizona Corporation Commission)
& U-1551-89-103	Hawaiian Electric Company (Hawaii PUC)
Docket No. 6998	Intrastate Access Charge Methodology, Pool and Rates
TC-91-040A and	Local Exchange Carriers Association and South Dakota Independent Telephone Coalition
TC-91-040B	General Development Utilities - Port Malabar and West Coast Divisions (Florida PSC)
9911030-WS &	The Peoples Natural Gas Company (Pennsylvania PUC)
911-67-WS	Hawaiian Nonpension Postretirement Benefits (Hawaiian PUC)
922180	
7233 and 7243	
R-00922314	
& M-920313C006	Metropolitan Edison Company (Pennsylvania PUC)
R00922428	Pennsylvania American Water Company (Pennsylvania PUC)
E-1032-92-083 &	
U-1656-92-183	Citizens Utilities Company, Agua Fria Water Division (Arizona Corporation Commission)
92-09-19	Southern New England Telephone Company (Connecticut PUC)
E-1032-92-073	Citizens Utilities Company (Electric Division), (Arizona CC)
UE-92-1262	Puget Sound Power and Light Company (Washington UTC))
92-345	Central Maine Power Company (Maine PUC)
R-932667	Pennsylvania Gas & Water Company (Pennsylvania PUC)
U-93-60**	Matanuska Telephone Association, Inc. (Alaska PUC)
U-93-50**	Anchorage Telephone Utility (Alaska PUC)
U-93-64	PTI Communications (Alaska PUC)
7700	Hawaiian Electric Company, Inc. (Hawaii PUC)
E-1032-93-111 &	Citizens Utilities Company - Gas Division (Arizona Corporation Commission)
U-1032-93-193	Pennsylvania American Water Company (Pennsylvania PUC)
R-00932670	Sale of Assets CC&N from Contel of the West, Inc. to Citizens Utilities Company (Arizona Corporation Commission)
U-1514-93-169/	Hawaiian Electric Company, Inc. (Hawaii PUC)
E-1032-93-169	The East Ohio Gas Company (Ohio PUC)
7766	Consolidated Edison Company (New York DPS)
93-2006- GA-AIR*	Inter-State Water Company (Illinois Commerce Commission)
94-E-0334	Citizens Utilities Company, Kauai Electric Division (Hawaii PUC)
94-0270	Application for Transfer of Local Exchanges (North Dakota PSC)
94-0097	Pacific Gas & Electric Company (California PUC)
PU-314-94-688	UGI Utilities, Inc. - Gas Division (Pennsylvania PUC)
94-12-005-Phase I	Southern New England Telephone Company (Connecticut PUC)
R-953297	Consumer Illinois Water, Kankakee Water District (Illinois CC)
95-03-01	Ohio Power Company (Ohio PUC)
95-0342	South Carolina Electric & Gas Company (South Carolina PSC)
94-996-EL-AIR	
95-1000-E	

Non-Docketed	Citizens Utility Company - Arizona Telephone Operations
Staff Investigation	(Arizona Corporation Commission)
E-1032-95-473	Citizens Utility Co. - Northern Arizona Gas Division (Arizona CC)
E-1032-95-433	Citizens Utility Co. - Arizona Electric Division (Arizona CC)
	Collaborative Ratemaking Process Columbia Gas of Pennsylvania
	(Pennsylvania PUC)
GR-96-285	Missouri Gas Energy (Missouri PSC)
94-10-45	Southern New England Telephone Company (Connecticut PUC)
A.96-08-001 et al.	California Utilities' Applications to Identify Sunk Costs of Non-
	Nuclear Generation Assets, & Transition Costs for Electric Utility
	Restructuring, & Consolidated Proceedings (California PUC)
96-324	Bell Atlantic - Delaware, Inc. (Delaware PSC)
96-08-070, et al.	Pacific Gas & Electric Co., Southern California Edison Co. and
	San Diego Gas & Electric Company (California PUC)
97-05-12	Connecticut Light & Power (Connecticut PUC)
R-00973953	Application of PECO Energy Company for Approval of its
	Restructuring Plan Under Section 2806 of the Public Utility Code
	(Pennsylvania PUC)
97-65	Application of Delmarva Power & Light Co. for Application of a
	Cost Accounting Manual and a Code of Conduct (Delaware PSC)
16705	Entergy Gulf States, Inc. (Cities Steering Committee)
E-1072-97-067	Southwestern Telephone Co. (Arizona Corporation Commission)
Non-Docketed	Delaware - Estimate Impact of Universal Services Issues
Staff Investigation	(Delaware PSC)
PU-314-97-12	US West Communications, Inc. Cost Studies (North Dakota PSC)
97-0351	Consumer Illinois Water Company (Illinois CC)
97-8001	Investigation of Issues to be Considered as a Result of Restructuring of Electric
	Industry (Nevada PSC)
U-0000-94-165	Generic Docket to Consider Competition in the Provision
	of Retail Electric Service (Arizona Corporation Commission)
98-05-006-Phase I	San Diego Gas & Electric Co., Section 386 costs (California PUC)
9355-U	Georgia Power Company Rate Case (Georgia PUC)
97-12-020 - Phase I	Pacific Gas & Electric Company (California PUC)
U-98-56, U-98-60,	Investigation of 1998 Intrastate Access charge filings
U-98-65, U-98-67	(Alaska PUC)
(U-99-66, U-99-65,	Investigation of 1999 Intrastate Access Charge filing
U-99-56, U-99-52)	(Alaska PUC)
Phase II of	
97-SCCC-149-GIT	Southwestern Bell Telephone Company Cost Studies (Kansas CC)
PU-314-97-465	US West Universal Service Cost Model (North Dakota PSC)
Non-docketed	Bell Atlantic - Delaware, Inc., Review of New Telecomm.
Assistance	and Tariff Filings (Delaware PSC)
Contract Dispute	City of Zeeland, MI - Water Contract with the City of Holland, MI
	(Before an arbitration panel)
Non-docketed Project	City of Danville, IL - Valuation of Water System (Danville, IL)
Non-docketed Project	Village of University Park, IL - Valuation of Water and
	Sewer System (Village of University Park, Illinois)

E-1032-95-417	Citizens Utility Co., Maricopa Water/Wastewater Companies et al. (Arizona Corporation Commission)
T-1051B-99-0497	Proposed Merger of the Parent Corporation of Qwest Communications Corporation, LCI International Telecom Corp., and US West Communications, Inc. (Arizona CC)
T-01051B-99-0105	US West Communications, Inc. Rate Case (Arizona CC)
A00-07-043	Pacific Gas & Electric - 2001 Attrition (California PUC)
T-01051B-99-0499	US West/Quest Broadband Asset Transfer (Arizona CC)
99-419/420	US West, Inc. Toll and Access Rebalancing (North Dakota PSC)
PU314-99-119	US West, Inc. Residential Rate Increase and Cost Study Review (North Dakota PSC)
98-0252	Ameritech - Illinois, Review of Alternative Regulation Plan (Illinois CUB)
00-108	Delmarva Billing System Investigation (Delaware PSC)
U-00-28	Matanuska Telephone Association (Alaska PUC)
Non-Docketed	Management Audit and Market Power Mitigation Analysis of the Merged Gas System Operation of Pacific Enterprises and Enova Corporation (California PUC)
00-11-038	Southern California Edison (California PUC)
00-11-056	Pacific Gas & Electric (California PUC)
00-10-028	The Utility Reform Network for Modification of Resolution E-3527 (California PUC)
98-479	Delmarva Power & Light Application for Approval of its Electric and Fuel Adjustments Costs (Delaware PSC)
99-457	Delaware Electric Cooperative Restructuring Filing (Delaware PSC)
99-582	Delmarva Power & Light dba Conectiv Power Delivery Analysis of Code of Conduct and Cost Accounting Manual (Delaware PSC)
99-03-04	United Illuminating Company Recovery of Stranded Costs (Connecticut OCC)
99-03-36	Connecticut Light & Power (Connecticut OCC)
Civil Action No.	
98-1117	West Penn Power Company vs. PA PUC (Pennsylvania PSC)
Case No. 12604	Upper Peninsula Power Company (Michigan AG)
Case No. 12613	Wisconsin Public Service Commission (Michigan AG)
41651	Northern Indiana Public Service Co Overearnings investigation (Indiana UCC)
13605-U	Savannah Electric & Power Company – FCR (Georgia PSC)
14000-U	Georgia Power Company Rate Case/M&S Review (Georgia PSC)
13196-U	Savannah Electric & Power Company Natural Gas Procurement and Risk Management/Hedging Proposal, Docket No. 13196-U (Georgia PSC)
Non-Docketed	Georgia Power Company & Savannah Electric & Power FPR Company Fuel Procurement Audit (Georgia PSC)
Non-Docketed	Transition Costs of Nevada Vertically Integrated Utilities (US Department of Navy)
Application No.	Post-Transition Ratemaking Mechanisms for the Electric Industry
99-01-016,	Restructuring (US Department of Navy)
Phase I	
99-02-05	Connecticut Light & Power (Connecticut OCC)
01-05-19-RE03	Yankee Gas Service Application for a Rate Increase, Phase I-2002-IERM (Connecticut OCC)
G-01551A-00-0309	Southwest Gas Corporation, Application to amend its rate Schedules (Arizona CC)
00-07-043	Pacific Gas & Electric Company Attrition & Application for a rate increase (California PUC)

97-12-020	Pacific Gas & Electric Company Rate Case (California PUC)
Phase II	United Illuminating Company (Connecticut OCC)
01-10-10	Georgia Power FCR (Georgia PSC)
13711-U	Verizon Delaware § 271(Delaware DPA)
02-001	Blue Valley Telephone Company Audit/General Rate Investigation (Kansas CC)
02-BLVT-377-AUD	S&T Telephone Cooperative Audit/General Rate Investigation (Kansas CC)
02-S&TT-390-AUD	Sunflower Telephone Company Inc., Audit/General Rate Investigation (Kansas CC)
01-SFLT-879-AUD	Bluestem Telephone Company, Inc. Audit/General Rate Investigation (Kansas CC)
01-BSTT-878-AUD	
P404, 407, 520, 413	
426, 427, 430, 421/	
CI-00-712	Sherburne County Rural Telephone Company, dba as Connections, Etc. (Minnesota DOC)
U-01-85	ACS of Alaska, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-34	ACS of Anchorage, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-83	ACS of Fairbanks, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-87	ACS of the Northland, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
96-324, Phase II	Verizon Delaware, Inc. UNE Rate Filing (Delaware PSC)
03-WHST-503-AUD	Wheat State Telephone Company (Kansas CC)
04-GNBT-130-AUD	Golden Belt Telephone Association (Kansas CC)
Docket 6914	Shoreham Telephone Company, Inc. (Vermont BPU)
Docket No.	
E-01345A-06-009	Arizona Public Service Company (Arizona Corporation Commission)
Case No.	
05-1278-E-PC-PW-42T	Appalachian Power Company and Wheeling Power Company both d/b/a American Electric Power (West Virginia PSC)
Docket No. 04-0113	Hawaiian Electric Company (Hawaii PUC)
Case No. U-14347	Consumers Energy Company (Michigan PSC)
Case No. 05-725-EL-UNC	Cincinnati Gas & Electric Company (PUC of Ohio)
Docket No. 21229-U	Savannah Electric & Power Company (Georgia PSC)
Docket No. 19142-U	Georgia Power Company (Georgia PSC)
Docket No.	
03-07-01RE01	Connecticut Light & Power Company (CT DPUC)
Docket No. 19042-U	Savannah Electric & Power Company (Georgia PSC)
Docket No. 2004-178-E	South Carolina Electric & Gas Company (South Carolina PSC)
Docket No. 03-07-02	Connecticut Light & Power Company (CT DPUC)
Docket No. EX02060363,	
Phases I&II	Rockland Electric Company (NJ BPU)
Docket No. U-00-88	ENSTAR Natural Gas Company and Alaska Pipeline Company (Regulatory Commission of Alaska)
Phase 1-2002 IERM,	
Docket No. U-02-075	Interior Telephone Company, Inc. (Regulatory Commission of Alaska)
Docket No. 05-SCNT-1048-AUD	South Central Telephone Company (Kansas CC)
Docket No. 05-TRCT-607-KSF	Tri-County Telephone Company (Kansas CC)
Docket No. 05-KOKT-060-AUD	Kan Okla Telephone Company (Kansas CC)
Docket No. 2002-747	Northland Telephone Company of Maine (Maine PUC)

Docket No. 2003-34	Sidney Telephone Company (Maine PUC)
Docket No. 2003-35	Maine Telephone Company (Maine PUC)
Docket No. 2003-36	China Telephone Company (Maine PUC)
Docket No. 2003-37	Standish Telephone Company (Maine PUC)
Docket Nos. U-04-022, U-04-023	Anchorage Water and Wastewater Utility (Regulatory Commission of Alaska)
Case 05-116-U/06-055-U	Entergy Arkansas, Inc. EFC (Arkansas Public Service Commission)
Case 04-137-U	Southwest Power Pool RTO (Arkansas Public Service Commission)
Case No. 7109/7160	Vermont Gas Systems (Department of Public Service)
Case No. ER-2006-0315	Empire District Electric Company (Missouri PSC)
Case No. ER-2006-0314	Kansas City Power & Light Company (Missouri PSC)
Docket No. U-05-043,44	Golden Heart Utilities/College Park Utilities (Regulatory Commission of Alaska)
A-122250F5000	Equitable Resources, Inc. and The Peoples Natural Gas Company, d/b/a Dominion Peoples (Pennsylvania PUC)
E-01345A-05-0816	Arizona Public Service Company (Arizona CC)
Docket No. 05-304	Delmarva Power & Light Company (Delaware PSC)
05-806-EL-UNC	Cincinnati Gas & Electric Company (Ohio PUC)
U-06-45	Anchorage Water Utility (Regulatory Commission of Alaska)
03-93-EL-ATA, 06-1068-EL-UNC	Duke Energy Ohio (Ohio PUC)
PUE-2006-00065	Appalachian Power Company (Virginia Corporation Commission)
G-04204A-06-0463 et. al	UNS Gas, Inc. (Arizona CC)
U-06-134	Chugach Electric Association, Inc. (Regulatory Commission of Alaska)
Docket No. 2006-0386	Hawaiian Electric Company, Inc (Hawaii PUC)
E-01933A-07-0402	Tucson Electric Power Company (Arizona CC)
G-01551A-07-0504	Southwest Gas Corporation (Arizona CC)
Docket No. UE-072300	Puget Sound Energy, Inc. (Washington UTC)
PUE-2008-00009	Virginia-American Water Company (Virginia SCC)
PUE-2008-00046	Appalachian Power Company (Virginia SCC)
E-01345A-08-0172	Arizona Public Service Company (Arizona CC)
A-2008-2063737	Babcock & Brown Infrastructure Fund North America, LP. and The Peoples Natural Gas Company, d/b/a Dominion Peoples (Pennsylvania PUC)
08-1783-G-42T	Hope Gas, Inc., dba Dominion Hope (West Virginia PSC)
08-1761-G-PC	Hope Gas, Inc., dba Dominion Hope, Dominion Resources, Inc., and Peoples Hope Gas Companies (West Virginia PSC)
Docket No. 2008-0083	Hawaiian Electric Company, Inc. (Hawaii PUC)
Docket No. 2008-0266	Young Brothers, Limited (Hawaii PUC)
G-04024A-08-0571	UNS Gas, Inc. (Arizona CC)
Docket No. 09-29	Tidewater Utilities, Inc. (Delaware PSC)
Docket No. UE-090704	Puget Sound Energy, Inc. (Washington UTC)
09-0878-G-42T	Mountaineer Gas Company (West Virginia PSC)
2009-UA-0014	Mississippi Power Company (Mississippi PSC)
Docket No. 09-0319	Illinois-American Water Company (Illinois CC)
Docket No. 09-414	Delmarva Power & Light Company (Delaware PSC)
R-2009-2132019	Aqua Pennsylvania, Inc. (Pennsylvania PUC)
Docket Nos. U-09-069, U-09-070	ENSTAR Natural Gas Company (Regulatory Commission of Alaska)
Docket Nos. U-04-023, U-04-024	Anchorage Water and Wastewater Utility - Remand (Regulatory Commission of Alaska)
W-01303A-09-0343 & SW-01303A-09-0343	Arizona-American Water Company (Arizona CC)
09-872-EL-FAC & 09-873-EL-FAC	Financial Audits of the FAC of the Columbus Southern Power Company and the Ohio Power Company - Audit I (Ohio PUC)

2010-00036	Kentucky-American Water Company (Kentucky PSC)
E-04100A-09-0496	Southwest Transmission Cooperative, IHnc. (Arizona CC)
E-01773A-09-0472	Arizona Electric Power Cooperative, Inc. (Arizona CC)
R-2010-2166208,	
R-2010-2166210,	
R-2010-2166212, &	
R-2010-2166214	Pennsylvania-American Water Company (Pennsylvania PUC)
PSC Docket No. 09-0602	Central Illinois Light Company D/B/A AmerenCILCO; Central Illinois Public Service Company D/B/A AmerenCIPS; Illinois Power Company D/B/A AmerenIP (Illinois CC)
10-0713-E-PC	Allegheny Power and FirstEnergy Corp. (West Virginia PSC)
Docket No. 31958	Georgia Power Company (Georgia PSC)
Docket No. 10-0467	Commonwealth Edison Company (Illinois CC)
PSC Docket No. 10-237	Delmarva Power & Light Company (Delaware PSC)
U-10-51	Cook Inlet Natural Gas Storage Alaska, LLC (Regulatory Commission of Alaska)
10-0699-E-42T	Appalachian Power Company and Wheeling Power Company (West Virginia PSC)
10-0920-W-42T	West Virginia-American Water Company (West Virginia PSC)
A.10-07-007	California-American Water Company (California PUC)
A-2010-2210326	TWP Acquisition (Pennsylvania PUC)
09-1012-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit 1 (Ohio PUC)
10-268-EL FAC et al.	Financial Audit of the FAC of the Columbus Southern Power Company and the Ohio Power Company – Audit II (Ohio PUC)
Docket No. 2010-0080	Hawaiian Electric Company, Inc. (Hawaii PUC)
G-01551A-10-0458	Southwest Gas Corporation (Arizona CC)
10-KCPE-415-RTS	Kansas City Power & Light Company – Remand (Kansas CC)
PUE-2011-00037	Virginia Appalachian Power Company (Commonwealth of Virginia SCC)
R-2011-2232243	Pennsylvania-American Water (Pennsylvania PUC)
U-11-100	Power Purchase Agreement between Chugach Association, Inc. and Fire Island Wind, LLC (Regulatory Commission of Alaska)
A.10-12-005	San Diego Gas & Electric Company (California PUC)
PSC Docket No. 11-207	Artesian Water Company, Inc. (Delaware PSC)
Cause No. 44022	Indiana-American Water Company, Inc. (Indiana Utility Regulatory Commission)
PSC Docket No. 10-247	Management Audit of Tidewater Utilities, Inc. Affiliate Transactions (Delaware Public Service Commission)
G-04204A-11-0158	UNS Gas, Inc. (Arizona Corporation Commission)
E-01345A-11-0224	Arizona Public Service Company (Arizona CC)
UE-111048 & UE-111049	Puget Sound Energy, Inc. (Washington Utilities and Transportation Commission)
Docket No. 11-0721	Commonwealth Edison Company (Illinois CC)
11AL-947E	Public Service Company of Colorado (Colorado PSC)
U-11-77 & U-11-78	Golden Heart Utilities, Inc. and College Utilities Corporation (The Regulatory Commission of Alaska)
Docket No. 11-0767	Illinois-American Water Company (Illinois CC)
PSC Docket No. 11-397	Tidewater Utilities, Inc. (Delaware PSC)
Cause No. 44075	Indiana Michigan Power Company (Indiana Utility Regulatory Commission)
Docket No. 12-0001	Ameren Illinois Company (Illinois CC)
11-5730-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit 2 (Ohio PUC)
PSC Docket No. 11-528	Delmarva Power & Light Company (Delaware PSC)
11-281-EL-FAC et al.	Financial Audit of the FAC of the Columbus Southern Power Company and the Ohio Power Company – Audit III (Ohio PUC)

Cause No. 43114-IGCC-4S1	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
Docket No. 12-0293	Ameren Illinois Company (Illinois CC)
Docket No. 12-0321	Commonwealth Edison Company (Illinois CC)
12-02019 & 12-04005	Southwest Gas Corporation (Public Utilities Commission of Nevada)
Docket No. 2012-218-E	South Carolina Electric & Gas (South Carolina PSC)
Docket No. E-72, Sub 479	Dominion North Carolina Power (North Carolina Utilities Commission)
12-0511 & 12-0512	North Shore Gas Company and The Peoples Gas Light and Coke Company (Illinois CC)
E-01933A-12-0291	Tucson Electric Power Company (Arizona CC)
Case No. 9311	Potomac Electric Power Company (Maryland PSC)
Cause No. 43114-IGCC-10	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
Docket No. 36498	Georgia Power Company (Georgia PSC)
Case No. 9316	Columbia Gas of Maryland, Inc. (Maryland PSC)
Docket No. 13-0192	Ameren Illinois Company (Illinois CC)
12-1649-W-42T	West Virginia-American Water Company (West Virginia PSC)
E-04204A-12-0504	UNS Electric, Inc. (Arizona CC)
PUE-2013-00020	Virginia and Electric Power Company (Virginia SCC)
R-2013-2355276	Pennsylvania-American Water Company (Pennsylvania PUC)
Formal Case No. 1103	Potomac Electric Power Company (District of Columbia PSC)
U-13-007	Chugach Electric Association, Inc. (The Regulatory Commission of Alaska)
12-2881-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit 3 (Ohio PUC)
Docket No. 36989	Georgia Power Company (Georgia PSC)
Cause No. 43114-IGCC-11	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
UM 1633	Investigation into Treatment of Pension Costs in Utility Rates (Oregon PUC)
13-1892-EL FAC	Financial Audit of the FAC and AER of the Ohio Power Company – Audit I (Ohio PUC)
14-255-EL RDR	Regulatory Compliance Audit of the 2013 DIR of Ohio Power Company (Ohio PUC)
U-14-001	Chugach Electric Association, Inc. (The Regulatory Commission of Alaska)
U-14-002	Alaska Power Company (The Regulatory Commission of Alaska)
PUE-2014-00026	Virginia Appalachian Power Company (Commonwealth of Virginia SCC)
14-0117-EL-FAC	Financial, Management, and Performance Audit of the FAC and Purchased Power Rider for Dayton Power and Light – Audit 1 (Ohio PUC)
14-0702-E-42T	Monongahela Power Company and The Potomac Edison Company (West Virginia PSC)
Formal Case No. 1119	Merger of Exelon Corporation, Pepco Holdings, Inc., Potomac Electric Power Company, Exelon Energy Delivery Company, LLC, and New Special Purpose Entity, LLC (District of Columbia PSC)
R-2014-2428742	West Penn Power Company (Pennsylvania PUC)
R-2014-2428743	Pennsylvania Electric Company (Pennsylvania PUC)
R-2014-2428744	Pennsylvania Power Company (Pennsylvania PUC)
R-2014-2428745	Metropolitan Edison Company (Pennsylvania PUC)
Cause No. 43114-IGCC-12/13	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
14-1152-E-42T	Appalachian Power Company and Wheeling Power Company (West Virginia PSC)
WS-01303A-14-0010	EPCOR Water Arizona, Inc. (Arizona CC)
2014-000396	Kentucky Power Company (Kentucky PSC)
15-03-45^	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Connecticut PURA)
A.14-11-003	San Diego Gas & Electric Company (California PUC)
U-14-111	ENSTAR Natural Gas Company (Regulatory Commission of Alaska)
2015-UN-049	Atmos Energy Corporation (Mississippi PSC)
15-0003-G-42T	Mountaineer Gas Company (West Virginia PSC)

PUE-2015-00027	Virginia Electric and Power Company (Commonwealth of Virginia SCC)
Docket No. 2015-0022	Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., Maui Electric Company Limited, and NextEra Energy, Inc. (Hawaii PUC)
15-0676-W-42T	West Virginia-American Water Company (West Virginia PSC)
15-07-38^^	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Connecticut PURA)
15-26^^	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Massachusetts DPU)
15-042-EL-FAC	Management/Performance and Financial Audit of the FAC and Purchased Power Rider for Dayton Power and Light (Ohio PUC)
2015-UN-0080	Mississippi Power Company (Mississippi PSC)
Docket No. 15-00042	B&W Pipeline, LLC (Tennessee Regulatory Authority)
WR-2015-0301/SR-2015-0302	Missouri American Water Company (Missouri PSC)
U-15-089, U-15-091, & U-15-092	Golden Heart Utilities, Inc. and College Utilities Corporation (The Regulatory Commission of Alaska)

* Testimony filed, examination not completed

** Issues stipulated

*** Company withdrew case

^ Testimony filed, case withdrawn after proposed decision issued

^^ Issues stipulated before testimony was filed

Kingsport Power Company
Docket No. 16-00001
Exhibit RCS-1
Adjustment Schedules
Accompanying the Direct Testimony of Ralph C. Smith

Schedule	Description	No. of Pages	Confidential?	Exhibit Page No.
	Adjusted Utility Operating Expenses			
A	Summary of CPAD Adjusted Operating Expenses	1	No	2
B	Summary of CAPD Adjustments to Operating Expenses	1	No	3
C	Allocation Factors Used	1	No	4
D	Comparison of CPAD Adjusted and Company Requested Operating Expenses	2	No	5-6
E	Comparison of CPAD Adjusted and Company Requested Donations and Customer Deposit Interest Expense	1	No	7
	CPAD Adjustments			
1	Update Test Year Operations and Maintenance Expense to 2015	2	No	8-9
2	Update Test Year Taxes Other Than Income Taxes Expense to 2015	2	No	10
3	Major Storm Expense	1	No	11
4	Tennessee Reliability Strategy (Vegetation Management and Circuit Improvement)	1	No	12
5	Rate Case Expense	1	No	13
6	Payroll Expense	1	No	14
7	Employee Benefits - Directly Payroll Related - Savings Plan Expense	1	No	15
8	Employee Benefits - Pension Expense	1	No	16
9	Employee Benefits - Other Post-Employment Benefits Expense	1	No	17
10	Employee Benefits - Group Medical, Dental, Long-Term Disability & Life Insurance	1	No	18
11	Incentive Compensation and Stock-Based Compensation	3	No	19-21
12	Supplemental Executive Retirement Plan Expense	2	No	22-23
13	RTO Demand Response - Amortization of Regulatory Asset	1	No	24
14	RTO Demand Response - Ongoing Annual Expense	1	No	25
15	Affiliate Service Company Charges for AEP Corporate Aviation Department	1	No	26
16	Taxes Other Than Income Taxes - Payroll Taxes	1	No	27
17	Taxes Other Than Income Taxes - Property Taxes	1	No	28
18	Pole Attachment Expense	1	No	29
19	Other Operating Revenue - Pole Attachment Revenue	1	No	30
20	Miscellaneous Expenses	1	No	31
Total Pages (including Contents pages)		32		

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Exhibit RCS - 1
Schedule A
Page 1 of 1

Kingsport Power Company
Summary of CPAD Adjusted Operating Expenses
Test Year Ended December 31, 2015 (per CPAD), Attrition Period 2017

Line No.	Description	2015 Test Year Recorded Amount (A)	CPAD Adjustments (B)	Adjusted Attrition Period (C)	Allocation Factor (D)	Adjusted Distribution Expenses (E)
1	Distribution Expenses	\$ 4,035,037	\$ 294,422	\$ 4,329,459	1.00000	\$ 4,329,459
2	Customer Accounts Expenses	\$ 1,446,346	\$ (139,725)	\$ 1,306,621	1.00000	\$ 1,306,621
3	Customer Service and Information Expenses	\$ 112,194	\$ 368,159	\$ 480,353	1.00000	\$ 480,353
4	Sales Expenses	\$ 12,330	\$ -	\$ 12,330	1.00000	\$ 12,330
5	Administrative & General Expenses	\$ 2,132,640	\$ (475,500)	\$ 1,657,140	0.86736	\$ 1,437,335
5a	Rate Case Expense	\$ 792,632	\$ (691,411)	\$ 101,221	1.00000	\$ 101,221
6	"Other O&M" Affiliate Accounts Receivable Factoring	\$ 669,319	\$ (669,319)	\$ -	1.00000	\$ -
7	Subtotal	\$ 9,200,498	\$ (1,313,374)	\$ 7,887,124		\$ 7,667,320
8	Taxes Other Than Income Taxes	\$ 6,601,635	\$ 60,747	\$ 6,662,382	0.93883	\$ 6,254,872
9	Total	\$ 15,802,133	\$ (1,252,626)	\$ 14,549,507		\$ 13,922,192

Notes and Source

Col A:

Lines 1-5: Schedule 1

Breakout of A&G Expense showing Rate Case Expense Separately

Total A&G Expense

Rate Case Expense recorded in 2015

A&G Expense Excluding Rate Case Expense

Line 7: Schedule 2

Col B: Schedule B

Col C: Col A + Col B

Col D: Schedule C

Col E: Col C x Col D

Schedule 1
KgPCo Response to Data Request CPAD 2-069

\$ 2,925,272
\$ 792,632
\$ 2,132,640

Kingsport Power Company
CPAD Adjustments to 2015 Recorded Operating Expenses

[illegible]

Notes and Source:
Total amounts on this Schedule are carried forward to Schedule A, column B

Kingsport Power Company
Allocation Factors Used

16-00001
 Exhibit RCS - I
 Schedule C
 Page 1 of 1

Line No.	Description	Reference	Distribution Expenses (A)	Customer Accounts Expenses (B)	Customer Service and Information Expenses (C)	Sales Expenses (D)	Administrative & General Expenses (E)	Other O&M Expense (F)	Taxes Other Than Income Taxes (G)
I. Calculated Allocation Factors Removing Transmission									
1	Total 2014 Amounts Per KgPCo Before Adjustment	Note A	\$ 3,692,799	\$ 1,491,768	\$ 57,432	\$ 14,584	\$ 1,907,672	\$ 730,469	\$ 6,117,775
2	PJM Transmission Owner Allocation	Note A	\$ -	\$ -	\$ -	\$ -	\$ 253,036	\$ -	\$ 374,199
3	Remaining Amounts for Electric Distribution Utility Function	Note A (Line 1 - Line 2)	\$ 3,692,799	\$ 1,491,768	\$ 57,432	\$ 14,584	\$ 1,654,636	\$ 730,469	\$ 5,743,576
4	Distribution Allocation	Line 3 / Line 1	1.00000	1.00000	1.00000	1.00000	0.86736	1.00000	0.93883

Notes and Source

Allocation Factors on this Schedule are carried forward to Schedule A, column D

Note A:

Lines 1-3: KgPCo Jurisdictional Cost of Service Study
 Twelve Months Ending December 31, 2014

[Staff Informal 1-24 KgPCo BC - COS Rev Alloc - 2015 - DRB Exhibit 1-5 - FINAL.xdml]2-a JCOS

Note B: To Schedule A, column D

Kingsport Power Company
Comparison of CPAD Adjusted and Company Requested Operating Expenses
Test Year Ended December 31, 2014 (per Company filing) Updated by CPAD to December 31, 2015
Attrition Year of 2017 Used by CPAD

16-00001
Exhibit RCS - 1
Schedule D
Page 1 of 2

Line No.	Components of Other Taxes	2014 Recorded (A)	2015 Recorded (B)	Difference (C) = B - A	Company Adjustments (D)	Company Adjusted (E) = A + D	CPAD Adjustments (F)	CPAD Adjusted (G) = B + F	Differences (H) = G - F
1	Distribution Expenses	\$ 3,692,799	\$ 4,035,037	\$ 342,238	\$ 3,120,050	\$ 6,812,849	\$ 294,422	\$ 4,329,459	\$ (2,483,390)
2	Customer Accounts Expenses	\$ 1,491,768	\$ 1,446,346	\$ (45,422)	\$ -	\$ 1,491,768	\$ (139,725)	\$ 1,306,621	\$ (185,147)
3	Customer Service and Information Expenses	\$ 57,432	\$ 112,194	\$ 54,762	\$ -	\$ 688,659	\$ 368,159	\$ 480,353	\$ (208,306)
4	Sales Expenses	\$ 14,584	\$ 12,330	\$ (2,254)	\$ -	\$ 14,584	\$ -	\$ 12,330	\$ (2,254)
5	Administrative & General Expenses	\$ 1,907,672	\$ 2,132,640	\$ 224,968	\$ (93,019)	\$ 1,814,653	\$ (475,500)	\$ 1,657,140	\$ (157,513)
5a	Rate Case Expense		[1]	\$ 792,632	\$ 101,221	\$ 101,221	\$ (691,411)	\$ 101,221	\$ (0)
6	"Other O&M" Affiliate Accounts Receivable Factoring	\$ 730,469	\$ 669,319	\$ (61,150)	\$ -	\$ 730,469	\$ (669,319)	\$ -	\$ (730,469)
7	Subtotal O&M Expenses	\$ 7,894,724	\$ 9,200,498	\$ 1,305,774	\$ 3,759,479	\$ 11,654,203	\$ (1,313,374)	\$ 7,887,124	\$ (3,767,078)

Notes and Source

Col.A: Schedule 1

[1] Per KgPCo's Response to Data Request CPAD 2-069, no rate case expense was recorded in 2014
Col.B: Schedule A, column A, and Schedule 1

Col.D: Company Adjustments - per KgPCo Exhibit No. 3 (AWA), pages 1 and 2 of 2
See summary on page 2 of 2 of this schedule

Kingsport Power Company

16-00001
Exhibit RCS - 1
Schedule D
Page 2 of 2

**Comparison of CPAD Adjusted and Company Requested Operating Expenses
Test Year Ended December 31, 2014 (per Company filing) Updated by CPAD to December 31, 2015
Attrition Year of 2017 Used by CPAD**

**Company Adjustments to O&M Expenses
Summarized By Category**

Line No.	Description	KgPCO Adj # (A)	Account (B)	KGPCo Adjustments Amount (C)	Function [1]
1	Tennessee Reliability Strategy adjustment	OM-8	583,584,593,594	2,087,140	Distribution
2	Capitalize AEPSC billings to KGPCo for software costs	OM-9	588	762,096	Distribution
3	Rate Case expenses	OM-10	928	101,221	Rate Case Exp.
4	Pole Attachment Rental expenses	OM-11	589	(55,790)	Distribution
5	Major Storm expenses	OM-12	593	406,528	Distribution
6	Energy Efficiency and Residential Load Control Programs	OM-13	908	300,000	Cust Svc & Info
7	Annualize wage and salary using the pay period ending 3/13/15	OM-17	Various	(76,079)	Distribution
8	Provide for wage and salary increases through rate year ending 12/31/16	OM-18	Various	83,363	Distribution
9	Savings Plan expense	OM-19	926	291	A&G
10	Other Post-Retirement Benefits expense	OM-20	926	36,258	A&G
11	Pension expense	OM-21	926	(84,659)	A&G
12	Group Life Insurance expense	OM-22	926	(1,672)	A&G
13	Group Medical Insurance	OM-23	926	(46,264)	A&G
14	Group Long-Term Disability Insurance expense	OM-24	926	(67)	A&G
15	Group Dental Insurance expense	OM-25	926	3,094	A&G
16	Incentive Compensation Plan Expense	OM-26	Various	(87,208)	Distribution
17	RTO Demand Response Regulatory Asset over 5 years	OM-27	908	66,690	Cust Svc & Info
18	On-going annualized level of RTO Demand Response expense	OM-28	908	264,537	Cust Svc & Info
19	Total			<u>3,759,479</u>	
By Function					
20	Distribution Expenses			\$ 3,120,050	[1]
21	Customer Accounts Expenses				
22	Customer Service and Information Expenses			\$ 631,227	[1]
23	Sales Expenses				
24	Administrative & General Expenses			\$ (93,019)	[1]
25	Rate Case Expense			\$ 101,221	[1]
26	"Other O&M" Affiliate Accounts Receivable Factoring				
27	Total			<u>\$ 3,759,479</u>	

Notes and Source

KgPCo Exhibit No. 3 (AWA), pages 1 and 2 of 2

[1] Summarized by indicated category for ease of comparison with Company's 2014 recorded amounts

Kingsport Power Company

Comparison of CPAD Adjusted and Company Requested Donations and Customer Deposit Interest Expense

Test Year Ended December 31, 2014 (per Company filing) Updated by CPAD to December 31, 2015

Attrition Year of 2017 Used by CPAD

16-00001
Exhibit RCS - 1
Schedule E
Page 1 of 1

Line No.	Component	Account	2014 Recorded (A)	2015 Recorded (B)	Difference (C) = B - A	Company Adjustments (D)	Company Adjusted (E) = A + D	CPAD Adjustments (F) = G-B	CPAD Adjusted (G)	Differences (H) = G - F
1	Charitable Contributions	4261000	\$ 9,821 [1]	\$ 9,447	\$ (374)	\$ (259)	\$ 9,562	\$ (9,447)	\$ -	\$ (9,562)
2	Other Income /Deductions (Incl AFUDC)									
3	Other Interest Expense	4310001	\$ 2,062	\$ 7,461	\$ 5,399		\$ 2,062	\$ (2,700)	\$ 4,762 [4]	\$ 2,700
4	Customer Deposits Interest	4310002	\$ 238,216	\$ 247,113	\$ 8,897		\$ 238,216	\$ 40,088	\$ 287,201 [3]	\$ 48,985
5	AFUDC Borrowed Funds	4320000	\$ (5,692)	\$ (17,430)	\$ (11,738)	\$ 206	\$ (5,486)	\$ 5,869	\$ (11,561) [4]	\$ (6,075)
6	Unidentified Difference		\$ 271		\$ (271)		\$ 271		\$ -	\$ (271)
	Other Income /Deductions (Incl AFUDC)		\$ 234,315 [2]	\$ 237,144	\$ 2,287	\$ 206	\$ 235,063	\$ 43,257	\$ 280,401	\$ 45,338

Notes and Source

Col.A: KgPCo Exhibit No. 1 (AWA), page 5 of 5

Also see, KgPCo response to CPAD 1-005, Attachment 13 (December 2014 Trial Balance)

[1] KgPCo Exhibit No. 1-b (DRB), page 1, line 19, column 2

[2] KgPCo Exhibit No. 1-b (DRB), page 1, line 20, column 2

Col.B: KgPCo response to CPAD 1-005, Attachment 1 (December 2015 Trial Balance)

Col.D: KgPCo Exhibit No. 1-b (DRB), page 1, column 2 - Company removes amounts attributed to street lighting

Col.F: CPAD has removed donations

CPAD has removed Other Income / Expense items other than Customer Deposit Interest

Col.G:

[3] CPAD forecast Interest on Customer Deposits - Rate Base worksheet RB2531.00 (CPAD witness Hal Novak)

[4] Average of 2014 and 2015 used

[5] Charitable Contributions are removed from the cost of providing regulated utility service for the reasons explained in testimony

Kingsport Power Company
Update Test Year Operations and Maintenance Expense to 2015
Test Year Ended December 31, 2014 (per Company filing) Updated by CPAD to December 31, 2015

Line No	Account	Description	Per Company (Based on 2014) (A)	CPAD Updated (Based on 2015) (B)	CPAD Adjustment C=B-A (C)	CPAD Used 2015 Recorded Amount Before Pro Forma Adjustments (D)
		POWER PRODUCTION EXPENSES				
1	555	Other Power Supply Expenses				
2	556	Purchased Power	\$ 141,721,465	\$ 132,144,874	\$ (9,576,591)	
3	557	System Control and Load Dispatching				
4		Other Expenses		\$ (7)	\$ (7)	
5		TOTAL Power Production Expenses	\$ 141,721,465	\$ 132,144,867	\$ (9,576,598)	
6		TRANSMISSION EXPENSES				
7	560	Operation Supervision and Engineering	\$ 84,095	\$ 53,853	\$ (30,242)	
8	561.1	Load Dispatch-Reliability	\$ 322	\$ 238	\$ (84)	
9	561.2	Load Dispatch-Monitor and Operate Transmission	\$ 43,945	\$ 33,570	\$ (10,375)	
10	561.3	Load Dispatch-Transmission Service and Scheduling				
11	561.4	Scheduling, System Control and Dispatch Services	\$ 199	\$ (46)	\$ (245)	
12	561.5	Reliability, Planning and Standards Development	\$ 5,525	\$ 6,607	\$ 1,082	
13	561.6	Transmission Service Studies		\$ 5	\$ 5	
14	561.7	Generation Interconnection Studies				
15	561.8	Reliability, Planning and Standards Development Services				
16	562	Station Expenses	\$ 117,018	\$ 41,583	\$ (75,435)	
17	563	Overhead Lines Expenses	\$ 4,424	\$ 214	\$ (4,210)	
18	564	Underground Lines Expenses				
19	565	Transmission of Electricity by Others				
20	566	Miscellaneous Transmission Expenses	\$ (34,185)	\$ 180,517	\$ 214,702	
21	567	Rents				
22	568	Maintenance Supervision and Engineering	\$ 3,840	\$ 2,489	\$ (1,351)	
23	569	Maintenance of Structures	\$ 2,734	\$ 6,362	\$ 3,628	
24	569.1	Maintenance of Computer Hardware	\$ 1,461	\$ (3)	\$ (1,464)	
25	569.2	Maintenance of Computer Software	\$ 20,483	\$ 4,349	\$ (16,134)	
26	569.3	Maintenance of Communication Equipment	\$ 983	\$ 133	\$ (850)	
27	569.4	Maintenance of Miscellaneous Regional Transmission Plant				
28	570	Maintenance of Station Equipment	\$ 213,424	\$ 122,244	\$ (91,180)	
29	571	Maintenance of Overhead Lines	\$ 81,621	\$ 59,223	\$ (22,398)	
30	572	Maintenance of Underground Lines	\$ 3	\$ 8	\$ 5	
31	573	Maintenance of Miscellaneous Transmission Plant	\$ 51,095	\$ 45,563	\$ (5,532)	
32		TOTAL Transmission Expenses	\$ 596,987	\$ 556,909	\$ (40,078)	
33		DISTRIBUTION EXPENSES				
34		Operation Supervision and Engineering	\$ 273,955	\$ 134,088	\$ (139,867)	
35	580	Load Dispatching	\$ 6,792	\$ 1,187	\$ (5,605)	
36	581	Station Expenses	\$ 62,457	\$ 33,328	\$ (29,129)	
37	582	Overhead Line Expenses	\$ (25,158)	\$ (21,737)	\$ (3,421)	
38	583	Underground Line Expenses	\$ 50,171	\$ 52,571	\$ 2,400	
39	584	Street Lighting and Signal System Expenses	\$ 37,014	\$ 55,749	\$ 18,735	
40	585	Meter Expenses	\$ 30,240	\$ (39,464)	\$ (69,704)	
41	586	Customer Installations Expenses	\$ 85,684	\$ 75,734	\$ (9,950)	
42	587	Miscellaneous Expenses	\$ 5,119	\$ 782,903	\$ 777,784	
43	588	Rents	\$ 510,875	\$ 368,971	\$ (141,904)	
44	589	Maintenance Supervision and Engineering	\$ 11,305	\$ 10,205	\$ (1,100)	
45	590	Maintenance of Structures	\$ 15,564	\$ 19,203	\$ 3,639	
46	591	Maintenance of Station Equipment	\$ 137,002	\$ 152,736	\$ 15,734	
47	592	Maintenance of Overhead Lines	\$ 1,863,190	\$ 1,961,591	\$ 98,401	
48	593	Maintenance of Underground Lines	\$ 110,038	\$ 80,207	\$ (29,831)	
49	594	Maintenance of Line Transformers	\$ 176,430	\$ 117,002	\$ (59,428)	
50	595	Maintenance of Street Lighting and Signal Systems	\$ 120,005	\$ 36,407	\$ (83,598)	
51	596	Maintenance of Meters	\$ 591	\$ 754	\$ 163	
52	597	Maintenance of Miscellaneous Distribution Plant	\$ 221,525	\$ 213,602	\$ (7,923)	
53	598	TOTAL Distribution Expenses	\$ 3,692,799	\$ 4,035,037	\$ 342,238	\$ 4,035,037

Kingsport Power Company
Update Test Year Operations and Maintenance Expense to 2015
Test Year Ended December 31, 2014 (per Company filing) Updated by CPAD to December 31, 2015

Line No	Account	Description	Per Company (Based on 2014)	CPAD Updated (Based on 2015)	CPAD Adjustment C=B-A	CPAD Used 2015 Recorded Amount Before Pro Forma Adjustments
55						
56		CUSTOMER ACCOUNT EXPENSES				
57	901	Supervision	\$ 65,775	\$ 91,494	\$ 25,719	
58	902	Meter Reading Expenses	\$ 146,269	\$ 136,340	\$ (9,929)	
59	903	Customer Records and Collection Expenses	\$ 1,274,952	\$ 1,215,067	\$ (59,885)	
60	904	Uncollectible Accounts	\$ 1,734	\$ 12	\$ (1,722)	
61	905	Miscellaneous Customer Accounts Expenses	\$ 3,038	\$ 3,433	\$ 395	
62		TOTAL Customer Accounts Expenses	\$ 1,491,768	\$ 1,446,346	\$ (45,422)	\$ 1,446,346
63						
64		CUSTOMER SERVICE AND INFORMATIONAL EXPENSES				
65	907	Supervision	\$ 14,885	\$ 13,200	\$ (1,685)	
66	908	Customer Assistance Expenses	\$ 41,907	\$ 46,636	\$ 4,729	
67	909	Informational and Instructional Expenses		\$ 50,008	\$ 50,008	
68	910	Miscellaneous Customer Service and Informational Expenses	\$ 640	\$ 2,350	\$ 1,710	
69		TOTAL Customer Service and Information Expenses	\$ 57,432	\$ 112,194	\$ 54,762	\$ 112,194
70						
71		SALES EXPENSES				
72	911	Supervision		\$ 113	\$ 113	
73	912	Demonstrating and Selling Expenses	\$ 14,584	\$ 12,217	\$ (2,367)	
74	913	Advertising Expenses				
75	916	Miscellaneous Sales Expenses				
76		TOTAL Sales Expenses	\$ 14,584	\$ 12,330	\$ (2,254)	\$ 12,330
77						
78		ADMINISTRATIVE AND GENERAL EXPENSES				
79	920	Administrative and General Salaries	\$ 735,773	\$ 830,190	\$ 94,417	
80	921	Office Supplies and Expenses	\$ 44,450	\$ 46,846	\$ 2,396	
81	922	Administrative Expenses Transferred-Credit	\$ (474,230)	\$ (422,116)	\$ 52,114	
82	923	Outside Services Employed	\$ 198,535	\$ 211,129	\$ 12,594	
83	924	Property Insurance	\$ 189,747	\$ 147,842	\$ (41,905)	
84	925	Injuries and Damages	\$ 172,136	\$ 251,090	\$ 78,954	
85	926	Employee Pensions and Benefits	\$ 241,738	\$ 143,481	\$ (98,257)	
86	927	Franchise Requirements				
87	928	Regulatory Commission Expenses	\$ 259	\$ 1,010,467	\$ 1,010,208	
88	929	Duplicate Charges-Cr.				
89	930.1	General Advertising Expenses	\$ 3,918	\$ 5,172	\$ 1,254	
90	930.2	Miscellaneous General Expenses	\$ 108,340	\$ 126,400	\$ 18,060	
91	931	Rents	\$ 345,184	\$ 341,621	\$ (3,563)	
92	935	Maintenance of General Plant	\$ 341,822	\$ 233,150	\$ (108,672)	
93		TOTAL Administrative & General Expenses	\$ 1,907,672	\$ 2,925,272	\$ 1,017,600	\$ 2,925,272
94		TOTAL Electric Operation and Maintenance Expense	\$ 149,482,707	\$ 141,232,955	\$ (8,249,752)	
95						
96		OTHER O&M (Note 1)	\$ 730,469	\$ 669,319	\$ (61,150)	\$ 669,319
97		TOTAL Electric Operation and Maintenance Expense (Note 1)	\$ 150,213,176 [2]	\$ 141,902,274	\$ (8,310,902)	
98						
99		Total of Adjustments to Distribution Related Expenses (before allocation)			\$ 1,305,774	

Notes and Source:

Cols A & B: 2015 FERC Form 1, pages 320-323

Col. C = Col.B - Col.A

Col.D amounts are carried forward to Schedule A, column A

Note 1: The "Other O&M" amount on line 96 is a Company reconciling item to get from the December 31, 2014 Trial Balance and FERC Form 1 to the amount of Total Electric O&M Expense in KgPCo witness Allen's Direct Testimony Exhibit
The \$730,469 "Other O&M" amount was also identified in the Company's response to CPAD 1-005, Attachment 1
Per KgPCo Exhibit No. 1 (AWA), at page 2 of 5, the \$730,469 "Other O&M" expense amount is comprised of the following accounts:

Account	Description	2014 Amount	Comparable 2015 Amount
4265009	Factored Customer A/R Expense Affiliate	\$ 312,264	\$ 302,054
4265010	Factored Customer A/R Bad Debts - Affiliate	\$ 418,205	\$ 367,265
	"Other O&M" Expense	\$ 730,469	\$ 669,319

Note 2: The Total Operations and Maintenance Expense amount for 2014 appears at KgPCo Exhibit No. 1 (AWA), page 4 of 5

Kingsport Power Company

Update Test Year Taxes Other Than Income Taxes Expense to 2015

Test Year Ended December 31, 2014 (per Company filing) Updated by CPAD to December 31, 2015

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Line No	Account	Description	Amount for	Amount for	CPAD	CPAD Used
			Previous Year (2014) (A)	Current Year (2015) (B)	Adjustment C=B-A (C)	2015 Recorded Amount Before Pro Forma Adjustments (D)
1	4081002	FICA	\$ 336,454	\$ 323,592	\$ (12,862)	
2	4081003	Federal Unemployment Tax	\$ 2,448	\$ 2,484	\$ 36	
3	408100513	Real Personal Property Taxes	\$ 6,280		\$ (6,280)	
4	408100514	Real Personal Property Taxes	\$ 1,159,000	\$ 32,655	\$ (1,126,345)	
5	408100515	Real Personal Property Taxes		\$ 1,261,876	\$ 1,261,876	
6	408100613	State Gross Receipts Tax	\$ 1,926,580		\$ (1,926,580)	
7	408100614	State Gross Receipts Tax	\$ 2,046,162	\$ 2,046,162	\$ -	
8	408100615	State Gross Receipts Tax		\$ 2,240,271	\$ 2,240,271	
9	4081007	State Unemployment Tax	\$ 198	\$ 1,091	\$ 893	
10	408100807	State Franchise Taxes		\$ (91,775)	\$ (91,775)	
11	408100811	State Franchise Taxes		\$ (19,102)	\$ (19,102)	
12	408100813	State Franchise Taxes	\$ 29,186		\$ (29,186)	
13	408100814	State Franchise Taxes	\$ 120,100	\$ 151,694	\$ 31,594	
14	408100815	State Franchise Taxes		\$ 131,000	\$ 131,000	
15	408101713	St Lic Rgstrtion Tax-Fees	\$ 20		\$ (20)	
16	408101714	St Lic Rgstrtion Tax-Fees	\$ 3,422		\$ (3,422)	
17	408101715	St Lic-Rgstrtion Tax-Fees		\$ 2,005	\$ 2,005	
18	408101814	St Publ Serv Comm Tax-Fees	\$ 654,642		\$ (654,642)	
19	408101815	St Publ Serv Comm Tax-Fees		\$ 687,431	\$ 687,431	
20	408101913	State Sales and Use Taxes			\$ (212)	
21	408101914	State Sales and Use Taxes	\$ 212	\$ 165	\$ (1,325)	
22	408101915	State Sales and Use Taxes	\$ 1,490	\$ 1,376	\$ 1,376	
23	4081033	Fringe Benefit Loading - FICA		\$ (167,293)	\$ (2,130)	
24	4081034	Fringe Benefit Loading - FUT	\$ (165,163)	\$ (1,260)	\$ 157	
25	4081035	Fringe Benefit Loading - SUT	\$ (1,417)	\$ (737)	\$ 1,103	
26		Taxes Other Than Income Taxes	\$ (1,840)	\$ 6,601,635	\$ 483,861	\$ 6,601,635
			Note 1			

Notes and Source

Col A: KgPCo Exhibit No. 1 (AWA), page 4

Col B: CPAD 1-005 Attachment 1 (2015 Trial Balance)

Col A, Line 26: 2015 FERC Form 1, page 114

Col B, Line 26: 2015 FERC Form 1, page 114

Col D amounts are carried forward to Schedule A, column A

Note 1: The Taxes Other than Income Taxes Expense amount for 2014 appears at KgPCo Exhibit No. 1 (AWA), page 4 of 5

Kingsport Power Company

Update Test Year Taxes Other Than Income Taxes Expense to 2015

Test Year Ended December 31, 2014 (per Company filing) Updated by CPAD to December 31, 2015

Attrition Year of 2017 Used by CPAD

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Exhibit RCS - 1
Schedule 2
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Line No.	Components of Other Taxes	2014 Recorded (A)	2015 Recorded (B)	Difference (C) = B - A	Company Adjustments (D)	Company Adjusted (E) = A + D	CPAD Adjustments (F)	CPAD Adjusted (G) = B + F	Differences (H) = G - F
1	Payroll Taxes	\$ 170,680	\$ 157,877	\$ (12,803)	\$ 600	\$ 171,280	\$ 8,350	\$ 166,227	\$ (5,053)
2	Property Taxes	\$ 1,165,280	\$ 1,294,531	\$ 129,251	\$ 141,247	\$ 1,306,527	\$ 52,398	\$ 1,346,929	\$ 40,402
3	Gross Receipts Tax	\$ 3,972,742	\$ 4,286,433	\$ 313,691		\$ 3,972,742		\$ 4,286,433	\$ 313,691
4	Franchise Taxes	\$ 171,817	\$ 171,817	\$ 22,531		\$ 149,286		\$ 171,817	\$ 22,531
5	Licenses, Registrations and Public Service Commission Fees	\$ 658,084	\$ 689,436	\$ 31,352		\$ 658,084		\$ 689,436	\$ 31,352
6	Sales and Use Taxes	\$ 1,702	\$ 1,541	\$ (161)		\$ 1,702		\$ 1,541	\$ (161)
7	Total Taxes Other Than Income Taxes	\$ 6,117,774	\$ 6,601,635	\$ 483,861	\$ 141,847	\$ 6,259,621	\$ 60,747	\$ 6,662,382	\$ 402,761
					See below		See below		

Notes and Source

Cols. A, B and C: Schedule 2, page 1, sums by type of taxes

Col.E: Company Adjustments - per KgPCo Exhibit No. 3 (AWA), page 2 of 2

Description	KgPCo Adj #	Amount
8 Payroll taxes Social Security	OT-31	\$ 451
9 Payroll taxes Medicare	OT-32	\$ 106
10 Payroll taxes Social Security	OT-33	\$ 43
11 Total Company adjustment No		\$ 600
12		
13 Property taxes	OT-34	\$ 141,247
14		
15 Total Company Adjustments to Taxes Other Than Income		\$ 141,847

Col.G: CPAD Adjustments to recorded 2015 Other Taxes

Description	Reference	Amount
16 Taxes Other Than Income Taxes - Payroll Taxes	Schedule 16	\$ 8,350
17 Taxes Other Than Income Taxes - Property Taxes	Schedule 17	\$ 52,398
18 Total		\$ 60,747

Kingsport Power Company
Major Storm Expense

16-00001
Exhibit RCS - 1
Schedule 3
Page 1 of 1

Line No	Recorded Major Storm Expense	Per Company (A)	Per CPAD (B)	CPAD Adjustment (C)
	Year			
1	2010	\$ 579,075	\$ 579,075	
2	2011	\$ 892,759	\$ 892,759	
3	2012	\$ 406,124	\$ 406,124	
4	2014	\$ 83,949	\$ 83,949	
5	2015		\$ -	
6	Average	\$ 490,477	\$ 392,381	
7				
8	Test Year Recorded:			
9	2014 Per Company	\$ 83,949		
10	2015 Per CPAD		\$ -	
11				
12	Company Adjustment	\$ 406,528		
13	CPAD Adjustment		\$ 392,381	\$ 392,381

Notes and Source

Col A: KgPCo Direct Testimony of Philip Wright, page 7 of 12

Col B: KgPCo Direct Testimony of Philip Wright, page 7 of 12, Figure 3 for amounts for 2010 through 2014. Company response to CPAD 2-088 for 2015 amount.

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Exhibit RCS - 1
Schedule 4
Page 1 of 1

Kingsport Power Company
Tennessee Reliability Strategy (Vegetation Management and Circuit Improvement)

Line No	Component of Reliability Expense	Per Company (A)	Per CPAD (B)	CPAD Adjustment (C)
1	Vegetation Management Program	\$ 1,672,942		
2	Circuit Inspections and Maintenance Program	\$ 322,274		
3	Circuit Improvements Program	\$ 91,924		
4	Subtotal - Company Proposed TRS Base Adjustment (OM-8)	\$ 2,087,140	\$ -	
5				
6				
7	Test Year Recorded:			
8	2014 Per Company	\$ 903,372		
9	2015 Per CPAD		\$ 906,202	
10				
11	Company Adjusted Going Level Expense			
12	CPAD Adjusted	\$ 2,990,512	\$ 906,202	
13				
14	CPAD Adjustment to 2015 Recorded Expense			\$ -

Notes and Source

Col A: KgPCo Direct Testimony of Philip Wright, pages 5 and 6

Col B: KgPCo response to CPAD 2-088, Attachment 1

Kingsport Power Company
Rate Case Expense

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Exhibit RCS - 1
Schedule 5
Page 1 of 1

Line No.	Component/Description	Per Company (A)	Per CPAD (B)
1	Public Notice	\$ 2,500	
2	Company Expense & travel	\$ 422,522	
3	External Attorney Expense	\$ 59,582	
4	Postage and Printing	\$ 5,500	
5	Outside Witness	\$ 16,000	
6	Total	\$ 506,104	\$ 506,104 [1]
7	Amortization Period in Years	5	5
8	Annual Expense	\$ 101,221	\$ 101,221
9	Expense Recorded in 2015		\$ 792,632 [2]
10	CPAD Adjustment to 2015 Recorded Expense		\$ (691,411)

Notes and Source

Col. A: TRA Staff Informal 1-24, AWA Attachment 3, Page 1 of 1

[1] CPAD has reflected KgPCo's requested amount

[2] 2015 amount from the response to CPAD 2-069

Account 928

Kingsport Power Company
Payroll Expense

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Exhibit RCS - 1
Schedule 6
Page 1 of 1

Test Year Ended December 31, 2015 (per CPAD), Attrition Year 2017 (per CPAD)

Line No.	Description	2016		2017		2017		CPAD Adjustment* (H=G-A)
		Recorded 2015 Direct Payroll Distribution (A)	Merit Increase Percentage (B)	2016 Merit Increase (C)	Pro Forma 2016 Direct Payroll Distribution (D=A+C)	Merit Increase Percentage (E)	2017 Merit Increase (F)	Pro Forma 2017 Direct Payroll Distribution (G=D+F)
1	Transmission	\$ 1,358	3%	\$ 41	\$ 1,399	3%	\$ 42	\$ 1,441
2	Distribution	\$ 1,364,001	3%	\$ 40,920	\$ 1,404,921	3%	\$ 42,148	\$ 1,447,069
3	Customer Accounts	\$ 351,627	3%	\$ 10,549	\$ 362,176	3%	\$ 10,865	\$ 373,041
4	Customer Service & Informational	\$ 59,335	3%	\$ 1,780	\$ 61,115	3%	\$ 1,833	\$ 62,948
5	Administrative & General	\$ (92,375)	3%	\$ (2,771)	\$ (95,146)	3%	\$ (2,854)	\$ (98,000)
6	Total O&M Payroll Expense	\$ 1,683,946		\$ 50,519	\$ 1,734,465		\$ 52,034	\$ 1,786,499

Notes and Source

Col. A: Amounts from Kingsport's 2015 FERC Form 1, pages 354-355

* Transmission related payroll expense not included in revenue requirement

Kingsport Power Company
Savings Plan Expense

16-00001
Exhibit RCS - 1
Schedule 7
Page 1 of 1

Test Year Ended December 31, 2015 (per CPAD), Attrition Year 2017 (per CPAD)

Line No.	Description	Amount (A)	Reference
1	CPAD Adjustment to 2015 Recorded O&M Payroll Expense	\$ 102,470	Schedule 6
2	Savings Plan Loading Rate	4.00%	KGPCo Adj. OM-19
3	CPAD Adjustment to Savings Plan Expense	\$ 4,099	L1 x L2
4	A&G Allocation Factor	0.867359	Schedule A
5	Other Taxes Expense Adjustment to Schedule B	\$ 4,726	Line 3/ Line 4

Test Year Ended December 31, 2015 (per CPAD), Attrition Year 2017 (per CPAD)

Line No.	Description	Amount (A)	Reference
1	Attrition Year Pension Expense - Account 9260003	\$ -	A
2	2015 Pension Expense - Account 9260003	\$ 387,697	CPAD 2-094(k)
3	Less Transfers to Non O&M Accounts - Account 9260050*	\$ (225,303)	CPAD 1-005, Att. 1, p7
4	Net 2015 Pension Expense	\$ 162,394	
5	CPAD Adjustment to Pension Expense	\$ (162,394)	L1 - L4

Notes and Source

A: The recommended pension expense is being sponsored in the Direct Testimony of CPAD witness William H. Novak

* KGPCo's OPEB Adjustment No. OM-20 referenced Account 9260050 for Transfers to Construction, Retirements and Other Non-O&M accounts

Test Year Ended December 31, 2015 (per CPAD), Attrition Year 2017 (per CPAD)

Line No.	Description	Amount (A)	Reference
1	Attrition Year OEPB Expense	\$ -	A
2	2015 OPEB Expense - Account 9260021	\$ (372,977)	CPAD 2-094(h)
3	2015 OPEB Expense - Medicare Part D Subsidy - Account 9260057	\$ 42,714	CPAD 2-094(h)
4	Total 2015 OPEB Expense	\$ (330,263)	L4 + L5
5	Less Transfers to Non-O&M Accounts - Account 9260053*	\$ 133,695	CPAD 1-005, Att. 1, p7
6	Net 2015 OPEB Expense	\$ (196,568)	
7	CPAD Adjustment to OPEB Expense	\$ 196,568	L1 - L6

Notes and Source

A: The recommended OPEB expense is being sponsored in the Direct Testimony of CPAD witness William H. Novak

* KGPCo's OPEB Adjustment No. OM-20 referenced Account 9260053 for Transfers to Construction, Retirements and Other Non-O&M accounts

Kingsport Power Company
Employee Benefits - Other

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Schedule 10
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Test Year Ended December 31, 2015 (per CPAD), Attrition Year 2017 (per CPAD)

Line No.	Description	Amount (A)	Reference
Group Medical Insurance Expense			
1	Projected 2017 Group Medical Insurance Expense - Account 9260005	\$ 587,727	CPAD 2-094(o)
2	KGPCo O&M Factor (2015 FERC Form 1, pages 354 & 355)	41.73%	A
3	Projected 2017 O&M Group Medical Insurance Expense	\$ 245,265	L1 x L2
4	2015 Group Medical Insurance Expense - Account 9260005	\$ 567,822	CPAD 2-094(n)
5	KGPCo O&M Factor (2015 FERC Form 1, pages 354 & 355)	41.73%	A
6	2015 O&M Group Medical Insurance Expense	\$ 236,959	L4 x L5
7	CPAD Adjustment to O&M Group Medical Expense	\$ 8,306	L3 - L6
Group Dental Insurance Expense			
8	Projected 2017 Group Dental Expense - Account 9260009	\$ 31,628	CPAD 2-094(s)
9	KGPCo O&M Factor (2015 FERC Form 1, pages 354 & 355)	41.73%	A
10	Projected 2017 O&M Group Dental Expense	\$ 13,199	L8 x L9
11	2015 Group Dental Expense - Account 9260009	\$ 28,727	CPAD 2-094(r)
12	KGPCo O&M Factor (2015 FERC Form 1, pages 354 & 355)	41.73%	A
13	2015 O&M Group Dental Expense	\$ 11,988	L11 x L12
14	CPAD Adjustment to O&M Group Dental Expense	\$ 1,211	L10 - L13
Long-Term Disability Expense			
15	Projected 2017 Long Term Disability Expense - Account 9260007	\$ 20,313	CPAD 2-094(q)
16	KGPCo O&M Factor (2015 FERC Form 1, pages 354 & 355)	41.73%	A
17	Projected 2017 O&M Long Term Disability Expense	\$ 8,477	L15 x L16
18	2015 Long Term Disability Expense - Account 9260007	\$ 1,676	CPAD 2-094(p)
19	KGPCo O&M Factor (2015 FERC Form 1, pages 354 & 355)	41.73%	A
20	2015 O&M Long Term Disability Expense	\$ 699	L18 x L19
21	CPAD Adjustment to O&M Long Term Disability Expense	\$ 7,778	L17 - L20
Life Insurance Expense			
22	Pro Forma Life Insurance Expense Per Filing	\$ 11,292	KGPCo Adj. OM-22
23	KGPCo O&M Factor (2015 FERC Form 1, pages 354 & 355)	41.73%	A
24	Pro Forma O&M Life Insurance Expense	\$ 4,712	L22 x L23
25	2015 Life Insurance Expense - Account 9260004	\$ 12,310	CPAD 1-005, Att. 1, p. 7
26	KGPCo O&M Factor (2015 FERC Form 1, pages 354 & 355)	41.73%	A
27	2015 O&M Life Insurance Expense	\$ 5,137	L25 x L26
28	CPAD Adjustment to O&M Life Insurance Expense	\$ (425)	L24 - L27
29	Overall CPAD Adjustment to Employee Benefits - Other	\$ 16,870	L7 + L14 + L21 + L28

Notes and Source

A: Calculation of O&M Factor from 2015 FERC Form 1 (pp. 354-355) and calculated below:

	Amount
30 Total O&M Payroll Expense	\$ 1,838,902
31 Total Salaries and Wages	\$ 4,406,545
32 O&M Factor	41.73%

Kingsport Power Company
Annual Incentive Plan and Stock-Based Compensation

Test Year Ended December 31, 2015 (per CPAD), Attrition Year 2017 (per CPAD)

Line No.	Description	KGPCo Direct Charged Amount (A)	AEPS Billings to KGPCo (B)	Total (C)	Reference
Annual Incentive Plan					
1	Distribution Expenses	\$ (190,257)	\$ (48,167)	\$ (238,424)	Page 2
2	Customer Accounts Expenses	\$ (40,229)	\$ (88,192)	\$ (128,421)	Page 2
3	Customer Service & Information Expenses	\$ (6,754)	\$ (1,995)	\$ (8,749)	Page 2
4	Administrative & General Expenses	\$ (4,879)	\$ (322,149)	\$ (327,028)	Page 2
5	Adjustment to Remove 2015 O&M Annual Incentive Plan Expense	\$ (242,119)	\$ (460,503)	\$ (702,622)	
Stock-Based Compensation					
6	Distribution Expenses	\$ (3,251)	\$ (14,956)	\$ (18,207)	Page 3
7	Customer Accounts Expenses	\$ (722)	\$ (26,279)	\$ (27,001)	Page 3
8	Customer Service & Information Expenses	\$ (190)	\$ (603)	\$ (793)	Page 3
9	Administrative & General Expenses	\$ -	\$ (186,670)	\$ (186,670)	Page 3
10	Adjustment to Remove 2015 O&M Stock-Based Compensation Expense	\$ (4,163)	\$ (228,509)	\$ (232,672)	
Annual Incentive Plan and Stock-Based Compensation Expense					
11	Distribution Expenses	\$ (193,508)	\$ (63,123)	\$ (256,631)	L1 + L6
12	Customer Accounts Expenses	\$ (40,951)	\$ (114,471)	\$ (155,422)	L2 + L7
13	Customer Service & Information Expenses	\$ (6,944)	\$ (2,599)	\$ (9,543)	L3 + L8
14	Administrative & General Expenses	\$ (4,879)	\$ (508,820)	\$ (513,699)	L4 + L9
15	Adjustment to Remove 2015 O&M AIP and Stock-Based Compensation Expense	\$ (246,282)	\$ (689,012)	\$ (935,294)	

Notes and Source

Lines 1-5: See page 2

Lines 6-10: See page 3

Kingsport Power Company
Annual Incentive Plan Expense

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Exhibit RCS - 1
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Test Year Ended December 31, 2015 (per CPAD), Attrition Year 2017 (per CPAD)

Line No.	Description	FERC Account	AIP Expense Direct Charged to Kingsport (A)	AEPSC Incentive Billings to Kingsport (B)
1	Distribution Expenses	5800	\$ 4,033	\$ 9,913
2		5810		\$ 131
3		5820	\$ 93	\$ 3,786
4		5830	\$ 10,790	\$ 37
5		5840	\$ 46	\$ 152
6		5850	\$ 8	\$ -
7		5860	\$ 15,426	\$ 2,045
8		5870	\$ 5,811	\$ -
9		5880	\$ 41,616	\$ 14,751
10		5900	\$ 1,521	\$ 17
11		5910	\$ -	\$ 208
12		5920	\$ -	\$ 15,020
13		5930	\$ 84,337	\$ 912
14		5940	\$ 2,497	\$ 2
15		5950	\$ 6,967	\$ -
16		5960	\$ 1,111	\$ 12
17		5970	\$ 61	\$ 4
18		5980	\$ 15,940	\$ 1,176
19	Total Distribution AIP Expense		\$ 190,257	\$ 48,167
20	Customer Accounts Expenses	9010	\$ -	\$ 505
21		9020	\$ 16,546	\$ 1,786
22		9030	\$ 23,683	\$ 85,613
23		9050	\$ -	\$ 288
24	Total Customer Accounts AIP Expense		\$ 40,229	\$ 88,192
25	Customer Service & Information Expenses	9070	\$ -	\$ 1,469
26		9080	\$ 6,754	\$ 511
27		9100	\$ -	\$ 15
28	Total Customer Service & Informational AIP Expense		\$ 6,754	\$ 1,995
29	Administrative & General Expenses	9200	\$ 3,788	\$ 171,278
30		9210	\$ 258	\$ 0
31		9230	\$ -	\$ 1,111
32		9250	\$ -	\$ 42
33		9260	\$ 16	\$ 286
34		9280	\$ -	\$ 142,691
35		9301	\$ -	\$ 224
36		9302	\$ 817	\$ 3,111
37		9350	\$ -	\$ 3,406
38	Total Administrative & General AIP Expense		\$ 4,879	\$ 322,149
39	Total Annual Incentive Plan Expense		\$ 242,119	\$ 460,503

Notes and Source

Col. A: Amounts from the response to CPAD 2-073, Attachment 1

Col. B: Amounts from the response to CPAD 2-073, Attachment 2

Kingsport Power Company
Stock-Based Compensation Expense

16-00001
Exhibit RCS - 1
Schedule 11
Page 3 of 3

Test Year Ended December 31, 2015 (per CPAD), Attrition Year 2017 (per CPAD)

Line No.	Description	FERC Account	Stock-Based Compensation Direct Charged to Kingsport (A)	AEPS Stock-Based Compensation Charged to Kingsport (B)
1	Distribution Expenses	5800	\$ 51	\$ 2,909
2		5810		\$ 22
3		5820		\$ 618
4		5830	\$ 129	\$ 4
5		5840	\$ 6	\$ 50
6		5850		\$ -
7		5860	\$ 232	\$ 579
8		5870	\$ 81	\$ -
9		5880	\$ 615	\$ 6,671
10		5900	\$ 24	\$ 7
11		5910		\$ 37
12		5920		\$ 3,450
13		5930	\$ 1,333	\$ 247
14		5940	\$ 169	\$ 0
15		5950	\$ 243	\$ -
16		5960	\$ 1	\$ 1
17		5970		\$ 1
18		5980	\$ 367	\$ 360
19	Total Distribution Stock-Based Compensation Expense		\$ 3,251	\$ 14,956
20	Customer Accounts Expenses	9010	\$ -	\$ 186
21		9020	\$ 314	\$ 534
22		9030	\$ 408	\$ 25,469
23		9050	\$ -	\$ 89
24	Total Customer Accounts Stock-Based Compensation Expense		\$ 722	\$ 26,279
25	Customer Service & Information Expenses	9070	\$ -	\$ 450
26		9080	\$ 92	\$ 151
27		9081	\$ 98	
28		9100	\$ -	\$ 3
29	Total Customer Service & Information Stock-Based Compensation Expense		\$ 190	\$ 603
30	Administrative & General Expenses	9200		\$ 119,168
31		9210		\$ 0
32		9230		\$ 377
33		9250		\$ 28
34		9260		\$ 112
35		9280		\$ 61,250
36		9301		\$ 73
37		9302		\$ 4,742
38		9350	\$ -	\$ 921
39	Total Administrative & General Stock-Based Compensation Expense		\$ -	\$ 186,670
40	Total Stock-Based Compensation Expense		\$ 4,163	\$ 228,509

Notes and Source

Col. A: Amounts from the response to CPAD 1-120 (amounts are as of December 31, 2014)

Col. B: Amounts from the response to CPAD 2-073, Attachment 2

Kingsport Power Company
Supplemental Executive Retirement Plan Expense (SERP)

16-00001
Exhibit RCS - 1
Schedule 12
Page 1 of 2

Test Year Ended December 31, 2015 (per CPAD), Attrition Year 2017 (per CPAD)

Line No.	Description	AEPS SERP Billed to KGPCo for 2015 (A)	Reference
1	Adjustment to Remove SERP Expense	\$ (9,416)	A

Notes and Source

A: Amount of SERP expense calculated below with an additional breakout on page 2

	FERC Account	Amount
2	Distribution Expenses	\$ (630)
3		\$ (7)
4		\$ (34)
5		\$ (12)
6		\$ (184)
7		\$ (1,831)
8		\$ (3)
9		\$ (5)
10		\$ (519)
11		\$ (41)
12		\$ (1)
13		\$ (46)
14	Total Distribution SERP Expense	\$ (3,313)
15	Customer Accounts Expenses	\$ (36)
16		\$ (112)
17		\$ (5,554)
18		\$ (14)
19	Total Customer Accounts SERP Expense	\$ (5,717)
20	Customer Service & Information Expenses	\$ (106)
21		\$ (33)
22		\$ (0)
23	Total Customer Service & Information SERP Expense	\$ (140)
24	Administrative & General Expenses	\$ (6,697)
25		\$ (0)
26		\$ (119)
27		\$ (3)
28		\$ (16)
29		\$ (12)
30		\$ (74)
31		\$ (21)
32	Total Administrative & General SERP Expense	\$ (245)
33	Total SERP Expense	\$ (9,416)

Kingsport Power Company
Supplemental Executive Retirement Plan Expense (SERP)

16-00001
Exhibit RCS - 1
Schedule 12
Page 2 of 2

Test Year Ended December 31, 2015 (per CPAD), Attrition Year 2017 (per CPAD)

Line No.	FERC Account	AEPSC SERP Billings as of 12/31/2014		Ratio	AEPSC SERP Billings as of 12/31/2015*	
		(A)			(C)	
1	5000	\$	2	0.01%	\$	2
2	5010	\$	0	0.00%	\$	0
3	5060	\$	0	0.00%	\$	0
4	5100	\$	1	0.01%	\$	2
5	5280	\$	0	0.00%	\$	0
6	5300	\$	0	0.00%	\$	0
7	5390	\$	0	0.00%	\$	0
8	5560	\$	1	0.00%	\$	1
9	5570	\$	3	0.02%	\$	4
10	5600	\$	377	2.78%	\$	528
11	5611	\$	1	0.01%	\$	2
12	5612	\$	244	1.80%	\$	341
13	5615	\$	29	0.22%	\$	41
14	5620	\$	24	0.18%	\$	33
15	5630	\$	1	0.00%	\$	1
16	5660	\$	298	2.20%	\$	417
17	5680	\$	18	0.13%	\$	25
18	5691	\$	9	0.06%	\$	12
19	5692	\$	77	0.57%	\$	108
20	5693	\$	4	0.03%	\$	6
21	5700	\$	702	5.18%	\$	982
22	5710	\$	5	0.04%	\$	8
23	5730	\$	237	1.75%	\$	332
24	5800	\$	450	3.32%	\$	630
25	5810	\$	5	0.03%	\$	7
26	5820	\$	24	0.18%	\$	34
27	5840	\$	9	0.06%	\$	12
28	5860	\$	132	0.97%	\$	184
29	5880	\$	1,309	9.66%	\$	1,831
30	5900	\$	2	0.02%	\$	3
31	5910	\$	4	0.03%	\$	5
32	5920	\$	371	2.74%	\$	519
33	5930	\$	29	0.22%	\$	41
34	5970	\$	1	0.01%	\$	1
35	5980	\$	33	0.24%	\$	46
36	9010	\$	26	0.19%	\$	36
37	9020	\$	80	0.59%	\$	112
38	9030	\$	3,971	29.30%	\$	5,554
39	9050	\$	10	0.08%	\$	14
40	9070	\$	76	0.56%	\$	106
41	9080	\$	24	0.18%	\$	33
42	9100	\$	0	0.00%	\$	0
43	9200	\$	4,787	35.33%	\$	6,697
44	9210	\$	0	0.00%	\$	0
45	9230	\$	85	0.63%	\$	119
46	9250	\$	2	0.02%	\$	3
47	9260	\$	11	0.08%	\$	16
48	9301	\$	8	0.06%	\$	12
49	9302	\$	53	0.39%	\$	74
50	9350	\$	15	0.11%	\$	21
51	Grand Total	\$	13,551	100.00%	\$	18,956

Notes and Source

Col. A: Amounts from the response to CPAD 1-121

* 2015 AEPSC SERP billings to Kingsport as of 12/31/2015:

\$ 18,956 Per CPAD 1-121

KINGSPORT POWER COMPANY
DISTRIBUTION FUNCTION
RTO Demand Response - Amortization of Regulatory Asset

16-00001
Exhibit RCS - 1
Schedule 13
Page 1 of 1

Line No.	Description	Per CPAD (A)	Reference
1	Estimated RTO Demand Response Regulatory Asset at January 1, 2017	\$ 572,386	[1]
2	Amortization Period, in Years	5	[2]
3	Annual Amortization	\$ 114,477	
4	CPAD Adjustment to 2015 Recorded Operating Expense	\$ 114,477	[3]

Notes and Source

- [1] Company response to CPAD 2-096
Estimated RTODR balance at January 1, 2017 is shown in response to CPAD 2-096(d). Details are contained in Attachment 1 provided in response to CPAD 2-096(e)
- [2] Five years is the same amortization period proposed by Kingsport. See, e.g, Allen Direct Testimony page 9
- [3] Per the Company's response to CPAD 2-096(b) no amortization was recorded in 2015

KINGSPORT POWER COMPANY
DISTRIBUTION FUNCTION
RTO Demand Response - Ongoing Annual Expense

16-00001
Exhibit RCS - 1
Schedule 14
Page 1 of 1

Line No.	Description	Per CPAD (A)	Reference
1	Estimated RTO Demand Response monthly expense	\$ 21,646	[1]
2	Number of Months, for deriving estimated 2017 ongoing expense	12	
3	Annual Expense	\$ 259,752	
4	CPAD Adjustment to 2015 Recorded Operating Expense	\$ 259,752	[2]

Notes and Source

- [1] Company response to CPAD 2-096
Attachment 1 provided in response to CPAD 2-096(e) shows an estimated expense of \$21,646 per month for each month June 2016 through December 2016.
- [2] Per the Company's response to CPAD 2-096 all RTODR costs in 2015 were recorded into a regulatory asset account
Per the Company's response to TRA Staff Informal 1-24, Attachment 12, (Witness AWA), ongoing expenses for RTODR would be recorded in account 908

KINGSPORT POWER COMPANY
DISTRIBUTION FUNCTION

Affiliate Service Company Charges for AEP Corporate Aviation Department

16-00001
Exhibit RCS - 1
Schedule 15
Page 1 of 1

Line No.	Account	Description	Per CPAD (A)	Reference
1	5600	Affiliated Charges for AEP Corporate Aviation	\$ 1,186	[1]
2	5660	Affiliated Charges for AEP Corporate Aviation	\$ 149	[1]
3	9210	Affiliated Charges for AEP Corporate Aviation	10,875	[1]
4	9302	Affiliated Charges for AEP Corporate Aviation	108	[1]
5		Total affiliate charged expense for 2015 for AEP Corporate Aviation	<u>\$ 12,318</u>	[1]
6		CPAD Adjustment to 2015 Recorded Operating Expense	<u>\$ 12,318</u>	
7		By Function		
8		Transmission	\$ 1,335	[2]
9		Administrative and General	\$ 10,983	[3]
		Total	<u>\$ 12,318</u>	
10		CPAD Adjustment (A&G Expense)	<u>(10,983)</u>	[4]

Notes and Source

- [1] Company response to CPAD 2-072
[2] Transmission Expense is not included in the current KgPCo rate case
[3] An allocated portion of Administrative and General Expense is included in the KgPCo rate case
[4] CPAD Adjustment is carried forward to Schedule B

Kingsport Power Company
Payroll Tax Expense

16-00001
Exhibit RCS - 1
Schedule 16
Page 1 of 1

Test Year Ended December 31, 2015 (per CPAD), Attrition Year 2017 (per CPAD)

Line No.	Description	Amount (A)	Reference
1	CPAD Adjustment to 2015 Recorded O&M Payroll Expense	\$ 102,470	Schedule 6
2	Social Security Tax Rate	6.20%	
3	CPAD Adjustment to Social Security Taxes	\$ 6,353	L1 x L2
4	Medicare Tax Rate	1.45%	
5	CPAD Adjustment to Medicare Taxes	\$ 1,486	L1 x L4
6	Total CPAD Adjustment to Payroll Tax Expense	\$ 7,839	L3 + L5
7	Taxes Other Than Income Allocation Factor	0.938834	Schedule A
8	Other Taxes Expense Adjustment to Schedule B	\$ 8,350	Line 6 / Line 7

Line No.	Description	Per CPAD (A)	Reference
Adjusted Utility Plant Balances for 2017 Attrition Period (CPAD)			
1	Utility Plant in Service	\$ 161,469,371	[1]
2	Property Held for Future Use		[1]
3	Accumulated Depreciation	\$ (60,051,552)	[1]
4	Utility Plant Property Tax Base	\$ 101,417,819	
5			
Calculation of Property Tax Expense Adjustment			
6	Utility Plant Property Tax Base	\$ 101,417,819	Line 4
7	Effective Property Tax Rate	1.2469%	[2]
8			
9			
10	Property Tax Expense on Attrition Period Net Plant	\$ 1,264,543	Line 7 x Line 8
11	Distribution Allocation for Taxes Other Than Income	0.938834	[3]
12	Equivalent per Book Property Tax Expense	\$ 1,346,929	Line 10 / Line 11
13			
14	2015 Test Year Recorded Property Tax Expense	\$ 1,294,531	[4]
15			
16	Increase to 2015 Test Year Recorded Property Tax Expense	\$ 52,398	Line 12 - Line 14

Notes and Source	
[1]	Amounts are from CPAD witness Hal Novak corresponding to attrition year rate base after removing the PJM transmission owner allocated amounts See CPAD Exhibit __ (HN-1), Schedule 2.
[2]	TRA Staff Informal 1-24, Attachment 15, Page 1 of 1, Witness: AWA
[3]	CPAD Exhibit RCS-1, Schedule C
[4]	2015 Property Tax Expense recorded amount: Exhibit RCS-1, Schedule 2

KINGSPORT POWER COMPANY
DISTRIBUTION FUNCTION
Pole Attachment Expense

16-00001
Exhibit RCS - 1
Schedule 18
Page 1 of 1

Line No.	Description	Per CPAD (A)	Reference
<u>Pole Attachment Expense</u>			
1	Amount recorded in the 2015 test year	\$ 350,474	[1]
2	Remove prior period adjustment	\$ (78,917)	[2]
3	Adjusted pole attachment expense	<u>\$ 429,391</u>	Line 1 - Line 2
4	Compare 2017 budget for Rents Nonassociated	<u>\$ 430,000</u>	[3]
5	CPAD adjustment to recorded 2015 expense	<u>\$ 78,917</u>	Line 3 - Line 1

Notes and Source

- [1] Company response to CPAD 2-091(a)
- [2] Company response to CPAD 2-091(b)
The prior period adjustment recorded in 2015 was a credit entry to account 5890001
- [3] Company response to CPAD 2-091(e) and (f)
The budget for Rents-Nonassociated primarily consists of pole rental expense.

16-00001
Exhibit RCS - 1
Schedule 19
Page 1 of 1

KINGSPORT POWER COMPANY
DISTRIBUTION FUNCTION
Other Operating Revenue - Pole Attachment Revenue

Line No.	Description	Per CPAD (A)	Reference
<u>Other Operating Revenue - Pole Attachment Revenue</u>			
1	Amount recorded in the 2015 test year	\$ 889,471	[1]
2	Remove prior period adjustment	\$ 154,304	[2]
3	Adjusted pole attachment expense	<u>\$ 1,043,775</u>	Line 1 + Line 2
Compare:			
4	Kingsport 2016 budget for Pole Attachment Rent Revenue	<u>\$ 1,100,000</u>	[3]
5	Kingsport 2017 budget for Pole Attachment Rent Revenue	<u>\$ 1,000,000</u>	[3]

Notes and Source

- [1] Company response to CPAD 2-090(a) and (b)
- [2] Company response to CPAD 2-090(c)
The prior period adjustment recorded in 2015 was a debit entry to account 4540005
- [3] Company response to CPAD 2-090(g)

KINGSPORT POWER COMPANY
DISTRIBUTION FUNCTION
Miscellaneous Expenses

16-00001
 Exhibit RCS - 1
 Schedule 20
 Page 1 of 1

Test Year Ended December 13, 2015 (Per CPAD)

Line No.	Account	Description	Amount (A)
1	9301000	General Advertising Expenses	\$ 25
2	9301009	Fairs, Shows, and Exhibits	\$ 460
3	9301010	Publicity	\$ 232
4		Total Miscellaneous Expense Disallowance	<u>\$ 718</u>
5		Total Miscellaneous Expense Disallowance	<u>\$ (718)</u>

Notes and Source:

CPAD 1-005 Attachment 1, Page 8 of 8 - Trial Balance For The Month Ended December 31, 2015
 CPAD 2-066

Comparative Information on Rate Case Expense
From Two Previous Appalachian Power Company
West Virginia General Rate Cases

Appalachian Power Company**Statement G-1****Detail of Adjustment 24-AG - Rate Case Expense Adjustment****Test Year Ended 12/31/2009****Reason, basis and derivation of adjustment:**

Estimated incremental rate case expenses for current filing based on estimated expenditures

Legal Expense	\$ 300,000.00	Expense associated with external legal fees
Consultant	\$ 125,000.00	Expense associated with external consultants
Publications	\$ 25,000.00	Expense for legal notices and other publications
Lodging	\$ 5,000.00	Expense for hotel during hearings and case preparation
Meals	\$ 2,500.00	Expense of meals during hearings and case preparation
Travel	\$ 3,000.00	Expense for travel during hearings and case preparation
Document Reproduction	\$ 2,500.00	Expense to reproduce documents for case filing
Contingencies	\$ 5,000.00	Cost for other expenses not listed above
Total Expenses	\$ 468,000.00	
Amortize over three years	3	
Annual Adjustment	\$ 156,000.00	

Case No. 14-1152-42T

Statement G-1
Adjustment 30-AG
Page 1 of 1

Statement G-1
Adjustment 30-AG
Page 1 of 1

Appalachian Power Company
Statement G-1
Detail of Adjustment 30-AG - Rate Case Expense Adjustment
Test Year Ended 12/31/2013

Reason, basis and derivation of adjustments		
Estimated incremental rate case expenses for current filing based on estimated		
Legal Expense	\$ 450,000.00	Expense associated with external legal fees
Consultant	\$ 180,000.00	Expense associated with external consultants
Publications	\$ 27,000.00	Expense for legal notices and other publications
Lodging	\$ 6,000.00	Expense for hotel during hearings and case preparation
Meals	\$ 3,000.00	Expense of meals during hearing and case preparation
Travel	\$ 4,000.00	Expense of travel during hearings and case preparation
Document Reproduction	\$ 3,000.00	Expense to reproduce documents for case filing
Contingencies	\$ 5,000.00	Cost for other expenses not listed above
Total Expense	\$ 678,000.00	
Amortize over three years	3	
Annual Adjustment	\$ 226,000.00	