

# HUNTER·SMITH·DAVIS

SINCE 1916

LLP

S. Morris Hadden  
William C. Bovender  
William C. Argabrite  
Jimmie Carpenter Miller  
Mark S. Dessauer  
Gregory K. Haden  
Michael L. Forrester  
Stephen M. Darden  
Edward J. Webb, Jr.  
James N. L. Humphreys  
Suzanne Sweet Cook  
Michael S. Lattier  
Scott T. Powers

**Respond to:**  
**Kingsport Office**  
William C. Bovender  
423-378-8858  
bovender@hstdlaw.com

**Kingsport Office**  
1212 North Eastman Road  
P.O. Box 3740  
Kingsport, TN 37664  
Phone (423) 378-8800  
Fax (423) 378-8801

**Johnson City Office**  
100 Med Tech Parkway  
Suite 110  
Johnson City, TN 37604  
Phone (423) 283-6300  
Fax (423) 283-6301

Leslie Tentler Ridings  
Christopher D. Owens  
Chad W. Whitfield  
Jason A. Creech  
Meredith Bates Humbert  
Joseph B. Harvey  
Rachel Ralston Mancl  
Caroline Ross Williams  
Marcy E. Walker  
Karen L. Kane  
Teresa Mahan Lesnak \*  
Michael A. Eastridge \*  
Jeannette Smith Tysinger\*

*\*Of Counsel*

[www.hstdlaw.com](http://www.hstdlaw.com)

KPOW.92585

July 8, 2016

**VIA EMAIL & FEDEX:**

Herbert Hilliard, Chairman  
c/o Sharla Dillon, Dockets & Records Manager  
Tennessee Regulatory Authority  
502 Deaderick Street, 4th Floor  
Nashville, TN 37243

Re: Petition of Kingsport Power Company d/b/a AEP Appalachian Power General Rate Case  
TRA Docket No.: 16-00001

Dear Chairman Hilliard:

On behalf of Kingsport Power Company, we transmit herewith the following:

1. Interrogatory Requests and Requests for Production of Kingsport Power Company d/b/a AEP Appalachian Power Directed to the Consumer Protection and Advocate Division of the Office of the Attorney General; and
2. Interrogatory Requests and Requests for Production of Kingsport Power Company d/b/a AEP Appalachian Power Directed to the Solar Intervenors: TenneSEIA, TASC and the Counsel for Energy Freedom Coalition of America, LLC.


The originals and four (4) copies are being sent via Federal Express.

Sharla Dillon, Docket Manager  
Page 2  
July 8, 2016

Please contact the writer with any questions.

Very sincerely yours,

**HUNTER, SMITH & DAVIS, LLP**



William C. Bovender

Enclosures

c: Monica L. Smith-Ashford, Esq.  
David Foster  
Charles Welch, Jr., Esq.  
Henry Walker, Esq.  
Thad B. Culley, Esq.  
Michael J. Quinan, Esq.  
Wayne Irvin, Esq.  
James R. Bacha, Esq.  
Hector Garcia, Esq.  
Noelle Coates, Esq.  
William Castle  
Larry Foust  
Brian West  
Joseph B. Harvey, Esq.

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**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

**INTERROGATORY REQUESTS AND REQUESTS FOR PRODUCTION OF  
KINGSPORT POWER COMPANY d/b/a AEP APPALACHIAN POWER DIRECTED  
TO THE SOLAR INTERVENORS: TENNESEIA, TASC AND THE COUNSEL FOR  
ENERGY FREEDOM COALITION OF AMERICA, LLC**

Comes Petitioner, Kingsport Power Company d/b/a AEP Appalachian Power and submits the following Interrogatory Requests and/or Requests for Production to the Solar Intervenors, TenneSEIA, TASC and the Counsel for Energy Freedom Coalition of America, LLC, to be responded to in accordance with the applicable Tennessee Rules of Civil Procedure, with responses due on or before July 20, 2016:

**REQUEST NO. 1:** Please provide Ms. Sanders' qualifications as an expert witness, including education and experience, particularly with respect to electric utility rate making.

**RESPONSE:**

**REQUEST NO. 2:** Please provide a listing of all cases, including the docket number and state, where Ms. Sanders has testified. For any case in which the testimony is not readily available electronically on a website, please provide a copy.

**RESPONSE:**

**REQUEST NO. 3:** Please identify the address of all customers of Lightwave in Tennessee, including any and all Lightwave customers in the Kingsport area.

**RESPONSE:**

**REQUEST NO. 4:** Refer to Ms. Sanders' testimony at page 4, lines 3-4, regarding demand rate options for residential customers. Please identify the 18 regulated utilities who offer a demand rate option for residential customers.

**RESPONSE:**

**REQUEST NO. 5:** Refer to Ms. Sanders' testimony at page 4, lines 11-13, regarding proposed mandatory demand rates for DG customers. Please provide all documents in Ms. Sanders' possession, custody or control regarding proposed mandatory demand rates for DG customers.

**RESPONSE:**

**REQUEST NO. 6:** Refer to Ms. Sanders' testimony at page 4, lines 11-13, regarding proposed mandatory demand rates for DG customers. Please provide a listing, including the date, docket number and state, in which these proposals have been made.

**RESPONSE:**

**REQUEST NO. 7:** Refer to Ms. Sanders' testimony at page 8, lines 1-13, and Figure 2. (a) Is the sole source of the data presented on the website [www.arizonagoessolar.com](http://www.arizonagoessolar.com)? (b) If not, please identify and provide any additional sources.

**RESPONSE:**

**REQUEST NO. 8:** Please provide the data underlying Figure 2 in Ms. Sanders' testimony. Identify the specific page on the website where the data was obtained.

**RESPONSE:**

**REQUEST NO. 9:** Please confirm that the website referenced in footnote 18 at page 8 of Ms. Sanders' testimony should be [www.arizonagoessolar.org](http://www.arizonagoessolar.org).

**RESPONSE:**

**REQUEST NO. 10:** Please identify the location within the website referenced in footnotes 18-21 at pages 8 and 9 of Ms. Sanders' testimony from which the data was obtained.

**RESPONSE:**

**REQUEST NO. 11:** Did Ms. Sanders personally prepare or review the data that was presented on pages 8 and 9 of her testimony?

**RESPONSE:**

**REQUEST NO. 12:** Please provide any files, in electronic format if that was how they were prepared, used to summarize the data provided in Figure 2 at page 9 of Ms. Sanders' testimony.

**RESPONSE:**

Respectfully submitted,

**KINGSPORT POWER COMPANY d/b/a  
AEP APPALACHIAN POWER**

By: 

William C. Bovender, Esq. (BPR #000751) Joseph B.

Harvey (BPR #028891) **HUNTER, SMITH &**

**DAVIS, LLP**

1212 N. Eastman Road

P. O. Box 3740

Kingsport, TN 37664

(423) 378-8858; Fax: (423) 378-8801

Email: [bovender@hdsdlaw.com](mailto:bovender@hdsdlaw.com)

Email: [jharvey@hdsdlaw.com](mailto:jharvey@hdsdlaw.com)

OF COUNSEL: James R. Bacha, Esq. Hector Garcia, Esq.

American Electric Power Service Corporation

1 Riverside Plaza

Columbus, OH 43215

(615) 716-1615; Fax: (614) 716-2950

Email: [jrbacha@aep.com](mailto:jrbacha@aep.com)

Email: [hgarcia1@aep.com](mailto:hgarcia1@aep.com)

Noelle J. Coates, Esq.

American Electric Power Service Corporation

1051 East Cary Street, Suite 1100

Richmond, Virginia 23219

(804) 698-5541

Email: [njcoates@aep.com](mailto:njcoates@aep.com)

*Attorneys for Kingsport Power  
Company d/b/a AEP Appalachian  
Power*

## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and exact copy of the foregoing **INTERROGATORY REQUESTS AND REQUESTS FOR PRODUCTION OF KINGSFORT POWER COMPANY d/b/a AEP APPLACHIGN POWER DIRECTED TO THE SOLAR INTERVENORS: TENNESEIA, TASC AND THE COUNSEL FOR ENERGY FREEDOM COALATION OF AMERICA, LLC** has been served upon the following by emailing a true and accurate copy on this the 8<sup>th</sup> day of July, 2016:

Monica L. Smith-Ashford, Counsel  
Tennessee Regulatory Authority  
502 Deaderick Street, 4<sup>th</sup> Floor  
Nashville, TN 37243  
Email: [monica.smith-ashford@tn.gov](mailto:monica.smith-ashford@tn.gov)

Michael J. Quinan, Esq. (BPR #11104)  
Christian & Barton, LLP  
909 East Main St., Ste 1200  
Richmond, VA 23219  
Email: [mquinan@cblaw.com](mailto:mquinan@cblaw.com)  
*Counsel for East Tennessee Energy Consumers*

David Foster, Chief – Utilities Division  
Tennessee Regulatory Authority  
502 Deaderick Street, 4<sup>th</sup> Floor  
Nashville, TN 37243  
Email: David. [Foster@tn.gov](mailto:Foster@tn.gov)

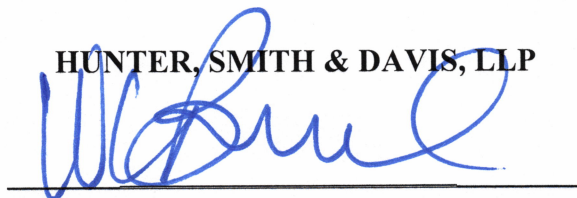
Charles B. Welch, Jr., Esq. (BPR #5593)  
Farris Bobango, PLC  
Bank of America Plaza  
414 Union St., Ste 1105  
Nashville, TN 37219  
Email: [cwelch@farris-law.com](mailto:cwelch@farris-law.com)  
*Counsel for Energy Freedom Coalition of America, LLC*

Wayne M. Irvin (BPR #30946)  
Assistant Attorney General  
Consumer Advocate and Protection Division  
Office of the Tennessee Attorney General  
P.O. Box 20207  
Nashville, TN 37202-0207  
E-mail: [wayne.irvin@ag.tn.gov](mailto:wayne.irvin@ag.tn.gov)

James R. Bacha, Esq.  
Hector Garcia, Esq.  
American Electric Power Service Corporation  
1 Riverside Plaza  
Columbus, OH 43215  
(615) 716-1615; Fax: (614) 716-2950  
Email: [jrbacha@aep.com](mailto:jrbacha@aep.com)  
Email: [hgarcia1@aep.com](mailto:hgarcia1@aep.com)

Henry Walker, Esq. (BPR #000272)  
Bradley Arant Boult Cummings, LLP  
1600 Division St., Ste 700  
Nashville, TN 37203  
Email: [hwalker@babbc.com](mailto:hwalker@babbc.com)  
*Counsel for TenneSEIA and TASC*

**HUNTER, SMITH & DAVIS, LLP**



William C. Bovender

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**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

**INTERROGATORY REQUESTS AND REQUESTS FOR PRODUCTION OF  
KINGSPORT POWER COMPANY d/b/a AEP APPALACHIAN POWER DIRECTED  
TO THE CONSUMER PROTECTION AND ADVOCATE DIVISION OF THE OFFICE  
OF THE ATTORNEY GENERAL**

Comes Petitioner, Kingsport Power Company d/b/a AEP Appalachian Power and submits the following Interrogatory Requests and/or Requests for Production to the Consumer Protection and Advocate Division, to be responded to in accordance with the applicable Tennessee Rules of Civil Procedure, with responses due on or before July 20, 2016:

**REQUEST NO. 1:** To the extent not previously provided, please provide a copy of the CPAD's Exhibits, schedules, and all workpapers that the CPAD and its witnesses used to produce such Exhibits and schedules filed by the CPAD and its witnesses in this TRA docket in Microsoft Excel format with formulas intact.

**RESPONSE:**

**REQUEST NO. 2:** (a) Please provide a list, including the docket number and state, of each electric utility rate case in which Mr. Novak and Dr. Klein have submitted testimony. (b) For each such case, please indicate whether the testimony addresses class cost of service or rate



of return issues. (c) For any case in which the testimony is not readily available electronically on a website, please provide a copy.

**RESPONSE:**

**REQUEST NO. 3:** Please provide a list, including the docket number and state, of the direct and rebuttal testimony submitted by Mr. Novak during the past 5 years in any regulatory proceeding. For any case in which the testimony is not readily available electronically on a website, please provide a copy.

**RESPONSE:**

**REQUEST NO. 4:** Refer to Mr. Novak's testimony, page 4, lines 8-9, regarding "the Minimum Filing Requirement Guidelines." Please produce a written dated copy of such Guidelines applicable to electric utility companies in a rate case.

**RESPONSE**

**REQUEST NO. 5:** Please provide Mr. Novak's definition of "throughput" as used on page 23, line 13 of his testimony.

**RESPONSE:**

**REQUEST NO. 6:** (a) Is it Mr. Novak's position that "throughput" is a recognized cost causation factor associated with distribution facilities in FERC Accounts 360 through 370? (b) Please provide each authoritative source that Mr. Novak believes supports the use of "throughput" to allocate costs in a Kingsport Power Company class cost of service study, as discussed on page 23 at line 13 of his testimony.

**REQUEST NO. 7:** (a) Please identify each methodology that is used in the Kingsport Power Company's class cost of service study with which Mr. Novak disagrees. (b) For each such methodology, please provide an explanation of why he disagrees with it.

**RESPONSE:**

**REQUEST NO. 8:** Does Mr. Novak believe that the methodology used in Kingsport Power Company's class cost of service study is inconsistent with, or contrary to, generally accepted class cost allocation methods, as identified in the NARUC Electric Utility Cost Allocation Manual?

**RESPONSE:**

**REQUEST NO. 9:** Please provide Mr. Novak's definition of "margin" as used in his testimony and exhibits.

**REQUEST NO. 10:** Please explain why Mr. Novak believes that the approved increase should be allocated to rate classes on the basis of "margins."

**RESPONSE:**

**REQUEST NO. 11:** (a) Is Mr. Novak aware of any TRA order that uses Mr. Novak's "margin" method to allocate the approved rate increase for an electric utility? (b) If so, please provide a citation to each such order, indicating the docket number. (c) For any case in which the order is not readily available electronically on the TRA website, please provide a copy.

**RESPONSE:**

**REQUEST NO. 12:** (a) Is Mr. Novak aware of any regulatory commission order from any state commission that uses Mr. Novak's "margin" method to allocate the approved rate increase for an electric utility? (b) If so, please provide a citation to such order, indicating the docket number and state. (c) For any case in which the order is not readily available electronically on a website, please provide a copy.

**RESPONSE:**

**REQUEST NO. 13:** Is there any class cost of service methodology that Mr. Novak believes would be appropriate to use to allocate Kingsport's costs to rate classes in this case?

**RESPONSE:**

**REQUEST NO. 14:** Please provide Mr. Novak's definition of "value of service" as he uses the term in his testimony.

**RESPONSE:**

**REQUEST NO. 15:** (a) Please provide a description of how Mr. Novak would measure or calculate "value of service" for each rate class of Kingsport Power Company. (b) Please provide any such analysis performed in this case.

**RESPONSE:**

**REQUEST NO. 16:** (a) With regard to Mr. Novak's testimony at page 23, line 19, is Mr. Novak aware of any TRA order in which "value of service" has been used to set electric utility rates? (b) If so, please provide a citation to such order, indicating the docket number. (c) For any case in which the order is not readily available electronically on the TRA website, please provide a copy.

**RESPONSE:**

**REQUEST NO. 17:** (a) With regard to Mr. Novak's testimony at page 23, line 19, has Mr. Novak identified any regulatory commission order that uses "value of service" to set electric utility rates? (b) If so, please provide a citation to such order, indicating the docket number and state. (c) For any case in which the order is not readily available electronically on a website, please provide a copy.

**REQUEST NO. 18:** Please explain why Mr. Novak believes that "value of service" is an appropriate basis for allocating costs in an electric utility rate case.

**RESPONSE:**

**REQUEST NO. 19:** Please explain Mr. Novak's understanding of how "peak day" consumption is used in Kingsport Power Company's class cost of service study to allocate costs (refer to Mr. Novak's testimony at page 23, line 10).

**RESPONSE:**

**REQUEST NO. 20:** Please explain why Mr. Novak has not calculated the "current margin" for each rate class as the difference between test year revenues and the fuel and purchased power expenses paid by each class in the test year?

**RESPONSE:**

**REQUEST NO. 21:** (a) Does Mr. Novak agree that the "margin" for each rate class, calculated on the basis of total revenues less fuel and purchased power expenses, reflects the net revenues paid by the rate class in the test year for all costs (e.g., distribution, customer billing, etc.) that are not fuel and purchased power costs from Appalachian Power Company passed

through to Kingsport Power Company? (b) If not, please explain each of the reasons why such a calculation is not the “margin” paid by the rate class.

**RESPONSE:**

**REQUEST NO. 22:** (a) Does Mr. Novak agree that customers who take service at sub-transmission voltage and above do not cause any distribution costs associated with primary lines, secondary lines, poles, distribution substations, overhead and underground line transformers (FERC Account 368)? (b) If not, please provide each reason why Mr. Novak cannot agree with this statement.

**RESPONSE:**

**REQUEST NO. 23:** (a) Please provide a list of all rate filings in which Mr. Novak or Mr. Smith have adjusted ADIT using “linear regression” analysis related to plant-in-service. (b) Please provide a citation to the case, including docket number and state. (c) For any case in which the testimony is not readily available electronically on a website, please provide a copy.

**RESPONSE:**

**REQUEST NO. 24:** (a) Please indicate Mr. Novak’s understanding of the IRS Normalization Rules regarding ADIT in Forecast Periods. (b) Please include in the discussion the consequences of a normalization violation. (c) Provide citations to or all documents relied upon in answering this question.

**RESPONSE:**

**REQUEST NO. 25:** Please provide a list of all cases, including the docket number and state, in which Mr. Novak has offered testimony with regards to tax normalization issues in other

rate proceedings. For any case in which the testimony is not readily available electronically on a website, please provide a copy.

**RESPONSE:**

**REQUEST NO. 26:** Is it Mr. Novak's contention that the Company's proposed DSM programs only benefit participants? Please explain.

**RESPONSE:**

**REQUEST NO. 27:** (a) Please explain how the heating degree days and cooling degree days used by Mr. Novak were computed. (b) What temperature is used for the degree day basis for heating and cooling degree days? (c) Is the average daily temperature used in the degree day calculation the average of 24 hourly values for each day, the average of the minimum and maximum temperature for each day, or something else?

**RESPONSE:**

**REQUEST NO. 28:** Refer to Dr. Klein's testimony at page 8, lines 9-22, regarding the TRA and TPSC applying "the so-called double leverage approach to capital structures for regulated subsidiaries of parent companies." (a) Please provide the name or style, date of filing, and docket number for every TRA or TPSC matter in which a double leverage analysis was applied by the TRA or TPSC in a case where the parent company had two or more subsidiaries. (b) In addition, please identify each and every regulated public utility to which the TRA and TPSC have applied the so-called double-leverage approach.

**RESPONSE:**

**REQUEST NO. 29:** In reference to Dr. Klein's Exhibit 1, please provide the formulas for calculating the parent debt percentages and costs included in Exhibit 1, Double Leverage Capital Structure.

**REQUEST NO. 30:** Refer to Mr. Smith's testimony at pages 18-22; please provide a list, including the docket number and state, of all testimony in regulatory proceedings involving AEP electric operating companies in which Mr. Smith has recommended the exclusion from base rates of accounts receivable factoring expenses inclusive of customer uncollectible accounts expense. For any case in which the testimony is not readily available electronically on a website, please provide a copy.

**RESPONSE:**

**REQUEST NO. 31:** Refer to Mr. Novak's testimony at page 11; does Mr. Novak acknowledge that he excluded the Company's prepaid pension asset from rate base in his recommended level of prepayments in contrast to the Company's petition that includes prepaid pension asset in rate base?

**RESPONSE:**

**REQUEST NO. 32:** Refer to Mr. Novak's testimony at page 13; please explain how accrued interest on customer deposits provides the Company with a source of non-investor supplied funds.

**RESPONSE:**

Respectfully submitted,

**KINGSPORT POWER COMPANY d/b/a  
AEP APPALACHIAN POWER**

By: 

William C. Bovender, Esq. (BPR #000751) Joseph B.  
Harvey (BPR #028891) **HUNTER, SMITH &  
DAVIS, LLP**

1212 N. Eastman Road

P. O. Box 3740

Kingsport, TN 37664

(423) 378-8858; Fax: (423) 378-8801

Email: [bovender@hdsdlaw.com](mailto:bovender@hdsdlaw.com)

Email: [jharvey@hdsdlaw.com](mailto:jharvey@hdsdlaw.com)

OF COUNSEL: James R. Bacha, Esq. Hector Garcia, Esq.

American Electric Power Service Corporation

1 Riverside Plaza

Columbus, OH 43215

(615) 716-1615; Fax: (614) 716-2950

Email: [jrbacha@aep.com](mailto:jrbacha@aep.com)

Email: [hgarcia1@aep.com](mailto:hgarcia1@aep.com)

Noelle J. Coates, Esq.

American Electric Power Service Corporation

1051 East Cary Street, Suite 1100

Richmond, Virginia 23219

(804) 698-5541

Email: [njcoates@aep.com](mailto:njcoates@aep.com)

*Attorneys for Kingsport Power  
Company d/b/a AEP Appalachian  
Power*



## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and exact copy of the foregoing **INTERROGATORY REQUESTS AND REQUESTS FOR PRODUCTION OF KINGSFORT POWER COMPANY d/b/a AEP APPLACHIGN POWER DIRECTED TO THE CONSUMER PROTECTION AND ADVOCATE DIVISION OF THE OFFICE OF THE ATTORNEY GENERAL** has been served upon the following by emailing a true and accurate copy on this the 8<sup>TH</sup> day of July, 2016:

Monica L. Smith-Ashford, Counsel  
Tennessee Regulatory Authority  
502 Deaderick Street, 4<sup>th</sup> Floor  
Nashville, TN 37243  
Email: [monica.smith-ashford@tn.gov](mailto:monica.smith-ashford@tn.gov)

David Foster, Chief – Utilities Division  
Tennessee Regulatory Authority  
502 Deaderick Street, 4<sup>th</sup> Floor  
Nashville, TN 37243  
Email: David. [Foster@tn.gov](mailto:Foster@tn.gov)

Wayne M. Irvin (BPR #30946)  
Assistant Attorney General  
Consumer Advocate and Protection Division  
Office of the Tennessee Attorney General  
P.O. Box 20207  
Nashville, TN 37202-0207  
E-mail: [wayne.irvin@ag.tn.gov](mailto:wayne.irvin@ag.tn.gov)

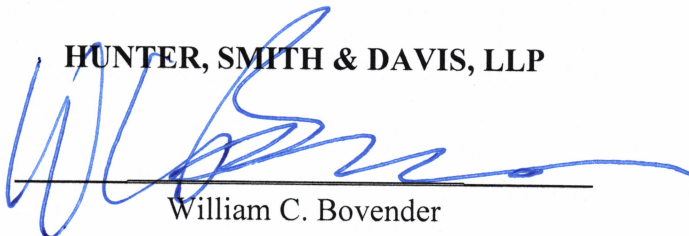
Henry Walker, Esq. (BPR #000272)  
Bradley Arant Boult Cummings, LLP  
1600 Division St., Ste 700  
Nashville, TN 37203  
Email: [hwalker@babbc.com](mailto:hwalker@babbc.com)  
*Counsel for TenneSEIA and TASC*

Michael J. Quinan, Esq. (BPR #11104)  
Christian & Barton, LLP  
909 East Main St., Ste 1200  
Richmond, VA 23219  
Email: [mquinan@cblaw.com](mailto:mquinan@cblaw.com)  
*Counsel for East Tennessee Energy Consumers*

Charles B. Welch, Jr., Esq. (BPR #5593)  
Farris Bobango, PLC  
Bank of America Plaza  
414 Union St., Ste 1105  
Nashville, TN 37219  
Email: [cwelch@farris-law.com](mailto:cwelch@farris-law.com)  
*Counsel for Energy Freedom Coalition of America, LLC*

James R. Bacha, Esq.  
Hector Garcia, Esq.  
American Electric Power Service Corporation  
1 Riverside Plaza  
Columbus, OH 43215  
(615) 716-1615; Fax: (614) 716-2950  
Email: [jrbacha@aep.com](mailto:jrbacha@aep.com)  
Email: [hgarcia1@aep.com](mailto:hgarcia1@aep.com)

**HUNTER, SMITH & DAVIS, LLP**



William C. Bovender