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August 4, 2016

via UPS Overnight

Chairman, Tennessee Regulatory Authority
c/o Sharla Dillon
Dockets and Records Manager
502 Deaderick St.
Nashville, TN 37243

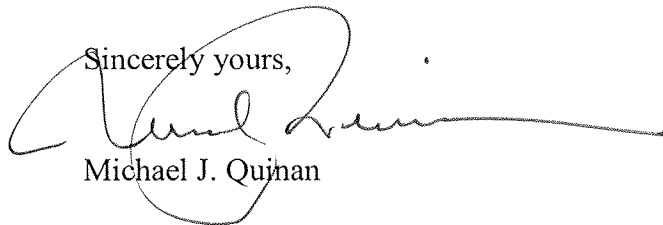
In Re: Petition of Kingsport Power Company
d/b/a AEP Appalachian Power
General Rate Case
Docket No. 16-00001

Dear Ms. Dillon:

Enclosed please find an original and four copies of Witness and Exhibit List of East Tennessee Energy Consumers in the above referenced docket.

Thank you for your kind attention to this request.

Sincerely yours,



Michael J. Quinan

MJQ
Enclosure

cc: Ms. Monica Smith-Ashford, Hearing Officer
Service List

#2001385

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

In Re:

**PETITION OF KINGSPORT POWER
COMPANY d/b/a AEP APPALACHIAN
POWER GENERAL RATE CASE**

DOCKET No. 16-00001

**WITNESS AND EXHIBIT LIST OF
EAST TENNESSEE ENERGY CONSUMERS**

Comes East Tennessee Energy Consumers and submits the following as its
Witness and Exhibit List in this proceeding:

WITNESS: Stephen J. Baron

PREFILED EXHIBITS:

Stephen J. Baron Prefiled Testimony

SJB-1 List of Regulatory Appearance

SJB-2 CCOSS/Subsidy Analysis

SJB-3 Revenue Request by Rate Class

SJB-4 Proposed IP Rates

ADDITIONAL EXHIBITS:

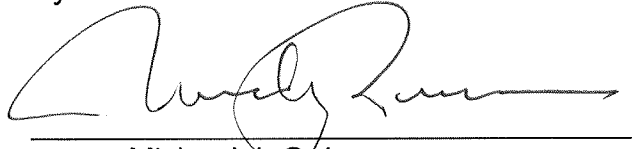
CPAD's Responses to KgPCo's Interrogatories and Requests for
Production, Requests and Responses 2 and 5 through 22 (copy
attached).

CPAD's Responses to KgPCo's Interrogatories and Requests for Production in TRA Docket No. 15-00024 (copy attached).

ETEC Correction of CPAD Comparative Margin Summary (copy attached).

Respectfully submitted this 4th day of August, 2016.

By Counsel:

A handwritten signature in black ink, appearing to read "Michael J. Quinan", written over a horizontal line.

Michael J. Quinan
(Tenn. Sup. Ct. No. 11104)
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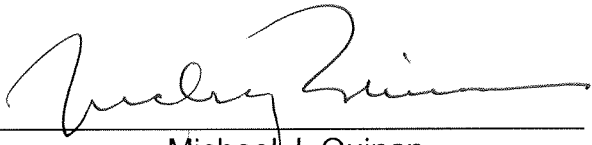
Counsel for East Tennessee Energy
Consumers

CERTIFICATE OF SERVICE

I hereby certify that, on August 4, 2016, the foregoing Witness and Exhibit List of East Tennessee Energy Consumers was served by hand-delivery, facsimile, overnight delivery service, or first class mail, postage prepaid, to all parties of record at their addresses shown below

William C. Bovender Joseph B. Harvey HUNTER, SMITH & DAVIS, LLP P.O. Box 3704 Kingsport, TN 37664	William K. Castle Director, Regulatory Services VA/TN Appalachian Power Company Three James Center Suite 1100, 1051 E. Cary St. Richmond, VA 23219-4029
James R. Bacha Hector Garcia American Electric Power Service Corp. P.O. Box 16637 Columbus, OH 43216	David Foster Chief, Utilities Division Tennessee Regulatory Authority 502 Deaderick St. Nashville, TN 37243
Kelly Cashman-Grams General Counsel Tennessee Regulatory Authority 502 Deaderick St. Nashville, TN 37243	Monica Smith-Ashford Hearing Officer Tennessee Regulatory Authority 502 Deaderick St. Nashville, TN 37243
Herbert H. Slatery, III Attorney General and Reporter State Of Tennessee 425 Fifth Ave., North P.O. Box 20207 Nashville, TN 37202-0207	Charles B. Welch, Jr. Farris Bobango, PLC Bank of America Plaza 414 Union Street, Suite 1105 Nashville, TN 37219
Henry Walker Bradley Arant Boult Cummings LLP 1600 Division Street, Suite 700 Nashville, TN 37203	Beren Argetsinger 401 Harrison Oaks Blvd, Suite 100 Cary, NC 27513
James M. Van Nostrand 275 Orchard Dr. Pittsburgh, PA 15228	

This 4th day of August 2016.



Michael J. Quinan

#2001386

ADDITIONAL EXHIBIT

CPAD's Responses to KgPCo's Interrogatories and Requests for Production,
Requests and Responses 2 and 5 through 22

IN THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE

IN RE:

PETITION OF KINGSPORT POWER)
COMPANY d/b/a AEP APPALACHIAN) DOCKET NO. 16-00001
POWER GENERAL RATE CASE AND)
MOTION FOR PROTECTIVE ORDER)

CONSUMER ADVOCATE'S REPOSSES TO 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 the Consumer Protection and Advocate Division ("Consumer Advocate" or
"CPAD") in the above-referenced Tennessee Regulatory Authority ("TRA") docket and hereby
responds to the *Interrogatory Requests and Requests for Production of Kingsport Power Company
d/b/a AEP Appalachian Power ("Company") Directed to the Consumer Protection and Advocate
Division of the Office of the Attorney General.*

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:

- a. Please refer to Attachment WHN-1 that was included with Mr. Novak's testimony for a list of selected cases that Mr. Novak has been involved with. No other list is presently available. Please refer to Exhibit 1 of Dr. Klein's pre-filed testimony for the list of cases in which Dr. Klein has been involved.
- b. Please refer to the CPAD's response of August 6, 2015 in TRA Docket 15-00024 – Petition of Kingsport Power Company D/B/A AEP Appalachian Power for Approval of Storm Damage Rider Tariff. This response provides a comprehensive listing of all dockets that Mr. Novak has been involved with that included a class cost of service study. Dr. Klein has testified in the following electric utility rate case dockets, all of which occurred in Tennessee and involve the rate of return for Kingsport Power Company:

Kingsport Power Co. (92-04425) October 1992.

Kingsport Power Company (90-05736) Nov. 1990.

Kingsport Power Co. (89-02126) March 1989.

Kingsport Power Co. (U-86-7472) May 1987.

c. As far as Mr. Novak and Dr. Klein are aware, virtually all of the referenced testimony before the TRA is available electronically on a website or otherwise from the TRA.

RESPONSIBLE WITNESSES: Dr. Klein and Mr. Novak

and state of the

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

RESPONSE: The complete text of Mr. Novak's testimony relating to "throughput"

referred to in the request reads as follows: "I could easily justify allocating many of these same costs based upon the total throughput of each customer class which would then allocate a majority of the costs to industrial customers." Webster's dictionary defines "throughput" as "the amount of material, data, etc., that enters and goes through something (such as a machine or system)." As used by Mr. Novak in the testimony quoted above, "throughput" means the electric usage for each customer class.

RESPONSIBLE WITNESS: Mr. Novak

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.

RESPONSE: To Mr. Novak's knowledge, the TRA has never, as a matter of policy in the context of rate design, set rates based on a class cost of service study. Since Mr. Novak has not proposed to allocate costs to the different customer classes through the use of a class cost of service study, he does not in connection with his testimony take a position on what may or may not constitute "authoritative sources" for cost allocators that the Company has requested. With that said, however, "throughput" is certainly a method that can be used to allocate cost to different customer classes. In fact, Mr. Novak notes that the Company has used energy, or throughput, as one of the allocators in its own class cost of service study.

RESPONSIBLE WITNESS: Mr. Novak

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: To Mr. Novak's knowledge, the TRA has never, as a matter of policy in the context of rate design, set rates based on a class cost of service study. Since Mr. Novak has not provided, in his testimony, a critique of each component of the Company's class cost of service study, he does not in connection with his testimony take a position on what may or may not constitute a Company methodology in this context – or provide a specific critique of same. Instead, Mr. Novak's testimony supports the long-standing policy of the TRA to allocate rate increases to each customer class on the basis of existing margin.

RESPONSIBLE WITNESS: Mr. Novak

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: To Mr. Novak's knowledge, the TRA has never, as a matter of policy in the context of rate design, set rates based on a class cost of service study. Adoption of the NARUC Electric Utility Cost Allocation Manual by state public utility commissions is not a requirement for setting rates, and, to Mr. Novak's knowledge, the TRA has never adopted such Manual. In addition, in Mr. Novak's experience, it is exceedingly rare to find any public utility commission that completely sets rates in accordance with any such Manual or any specific class cost of service study.

RESPONSIBLE WITNESS: Mr. Novak

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

RESPONSE: As used in Mr. Novak's testimony, "margin" refers to current distribution revenues only. Alternatively, "margin" can also refer to total revenues less purchased power costs.

RESPONSIBLE WITNESS: Mr. Novak

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: Please refer to Page 25 of Mr. Novak's testimony which states that "...an across-the-board increase to all customer classes more equitably spreads the burden of any increase in rates and is preferable to the Company's CCOSS results."

RESPONSIBLE WITNESS: Mr. Novak

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: As the Company is well aware, Kingsport Power Company is the only electric utility of significant size regulated by the TRA. Since this docket represents the first rate case in approximately 24 years for Kingsport Power Company, it would naturally stand to reason that the TRA has not had to rule recently on a rate increase allocation for an electric utility. However, it is Mr. Novak's opinion that the TRA has adopted an across-the-board rate design philosophy in most, if not all, of the

litigated and settled rate cases for energy and water utilities under its jurisdiction in recent memory.

RESPONSIBLE WITNESS: Mr. Novak

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: The Consumer Advocate objects to this request on the ground that it is overly burdensome and requires clarification before a complete and accurate response may be considered. Without waiving the objection, Mr. Novak would respectfully point out that a margin method was used in a recent general rate case before the TRA in docket 14-00146, which is readily available on the TRA's website.

RESPONSIBLE WITNESS: Mr. Novak

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: Please refer to page 25 of Mr. Novak's testimony which states that ". . . an across-the-board increase to all customer classes more equitably spreads the burden of any increase in rates and is preferable to the Company's CCOSS results."

RESPONSIBLE WITNESS: Mr. Novak

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

RESPONSE: Mr. Novak would respectfully point out that the full text of Mr. Novak's

statement related to “value of service” appears on Page 23 of his pre-filed direct testimony and reads as follows:

Finally, other factors beyond just the cost of service need to also be considered in allocating costs. These other factors include value of service, product marketability, encouragement of efficient use of facilities, broad availability of service functions, and a fair distribution of charges among users. Since it is impossible to properly consider each of these other factors, it follows that no mechanical or mathematical formula can ever be applied to the cost of service that would translate it directly into rates.

As the term “value of service” is used in Mr. Novak’s testimony, it generally refers to the difference in value that different customer groups place on electric service as a measure for cost allocation. Mr. Novak would further respectfully point out the inherent challenge of calculating a “value of service” that would by its nature be intrinsic and unique to every customer. Thus, Mr. Novak uses the term “value of service” as just one factor to consider beyond a cost of service study in allocating costs.

RESPONSIBLE WITNESS: Mr. Novak

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: Mr. Novak would respectfully point out the inherent challenge of calculating a “value of service” that would by its nature be intrinsic and unique to every customer. Please also see the response to Request 14, which is incorporated herein by reference.

RESPONSIBLE WITNESS: Mr. Novak

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: As the Company is well aware, Kingsport Power Company is the only electric utility of significant size regulated by the TRA. Since this docket represents the first rate case in approximately 24 years for Kingsport Power Company, it would naturally stand to reason that the TRA has not had to rule recently on a rate increase allocation for an electric utility.

RESPONSIBLE WITNESS: Mr. Novak

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.

RESPONSE: The Consumer Advocate objects to this request on the ground that it is overly burdensome, requires clarification before a complete and accurate response may be considered, and seeks information that would require potentially inaccurate or unwarranted speculation at this point in this case. Without waiving the objection, Mr. Novak would respectfully point out the inherent challenge of calculating a "value of service" that would by its nature be intrinsic and unique to every customer.

RESPONSIBLE WITNESS: Mr. Novak

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: Mr. Novak would respectfully point out that the full text of Mr. Novak's statement related to "value of service" appears on Page 23 of his pre-filed direct testimony and reads as follows:

Finally, other factors beyond just the cost of service need to also be considered in allocating costs. These other factors include value of service, product marketability, encouragement of efficient use of facilities, broad availability of service functions, and a fair distribution of charges among users. Since it is impossible to properly consider each of these other factors, it follows that no mechanical or mathematical formula can ever be applied to the cost of service that would translate it directly into rates.

As the term "value of service" is used in Mr. Novak's testimony, it generally refers to the difference in value that different customer groups place on electric service as a measure for cost allocation. Mr. Novak would further respectfully point out the inherent challenge of calculating a "value of service" that would by its nature be intrinsic and unique to every customer. Thus, Mr. Novak uses the term "value of service" as just one factor to consider beyond a cost of service study in allocating costs.

RESPONSIBLE WITNESS: Mr. Novak

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: The Consumer Advocate objects to this request on the ground that it is overly burdensome, requires clarification before a complete and accurate response may be considered, and seeks information that would require potentially inaccurate or unwarranted speculation at this point in this case. Without waving the objection,

Mr. Novak would respectfully point out that the full text of Mr. Novak's statement related to "peak day consumption" appears on Page 23 of his pre-filed direct testimony and reads as follows:

The assignment of 40 individual allocation factors to each element of the Company's cost of service is inherently judgmental, and the Company has not introduced any evidence to fully explain its rationale for each individual allocation assignment. For example, the Company has allocated a significant portion of its costs based upon peak day consumption, meaning that almost all of these costs will be allocated to residential and commercial customers without any discussion or evidence as to why such an allocation is appropriate. I could easily justify allocating many of these same costs based upon the total throughput of each customer class which would then allocate a majority of the costs to industrial customers. Since the Company has not provided any rationale for its individual allocation choices it is impossible to determine its rationale for cost allocation.

In view of Mr. Novak's rejection of the use of the Company's class cost of service study, it is inappropriate for him to speak to how individual allocation factors may or not be applied by the Company.

RESPONSIBLE WITNESS: Mr. Novak

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: Since rates are being set for a future attrition year, Mr. Novak calculates the "current margin" for each rate class as the difference between the attrition year pro forma revenues and the fuel and purchased power expenses paid by each class in the attrition year. The use of a test period current margin would defeat the purpose of the attrition period concept.

RESPONSIBLE WITNESS: Mr. Novak

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: Mr. Novak agrees 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.

RESPONSIBLE WITNESS: Mr. Novak

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: The Consumer Advocate objects to this request on the ground that it requires clarification before a complete and accurate response may be considered and seeks information that would require potentially inaccurate or unwarranted speculation at this point in this case.

RESPONSIBLE WITNESS: Mr. Novak

ADDITIONAL EXHIBIT

CPAD's Responses to KgPCo's Interrogatories and
Requests for Production in TRA Docket No. 15-00024

BEFORE THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE

IN RE: PETITION OF KINGSFORT POWER)
COMPANY d/b/a AEP APPALACHIAN) Docket No. 15-00024
POWER FOR APPROVAL OF)
A STORM DAMAGE RIDER TARIFF)

CONSUMER ADVOCATE'S RESPONSE TO KINGSFORT POWER COMPANY'S
REQUESTS FOR PRODUCTION OF DOCUMENTS

The Consumer Advocate and Protection Division of the Office of the Attorney General, pursuant to the Authority's Order Amending Procedural Schedule entered on July 28, 2015, hereby submits its responses to Kingsfort Power Company's *Requests for Production of Documents*, including corresponding attachments.

1. Produce all class cost of service, cost allocation and rate design studies in all electric utility cases, prepared by or participated in by Mr. Novak, during his tenure with WHN Consulting (September, 2004 to present).

RESPONSE:

The CAPD objects to the question on the grounds that it is overbroad and unduly burdensome. Nearly every project that Mr. Novak has ever undertaken during his tenure with WHN Consulting has involved some type of cost allocation or rate design. Therefore, we interpret this question to request only those projects involving a class cost of service study for electric utilities.

As stated on Page 1 of Attachment 1 to his direct testimony, Mr. Novak has been involved with the following cases involving class cost of service studies for electric utilities during his tenure with WHN Consulting.

Client	Utility	Docket
Bristol TN Essential Services	Bristol TN Essential Services	05-00251

The data supporting the analysis for the class cost of service study mentioned above is subject to individual confidentiality agreements between WHN Consulting and the utility listed above. Therefore, Mr. Novak is unable to release the details of the individual class cost of service study.

2. Produce all testimony (in any forum) of Mr. Novak related to any class cost of service, cost allocation, and rate design issues sponsored or offered in all electric utility cases, during his tenure with WHN Consulting (September, 2004 to present).

RESPONSE:

As stated on Page 1 of Attachment 1 to his direct testimony, Mr. Novak has been involved with the following cases involving class cost of service studies for electric utilities during his tenure with WHN Consulting.

Client	Utility	Testimony
Bristol TN Essential Services	Bristol TN Essential Services	Attachment-WHN3

The testimony referred to above is included as a separate attachment to this response.

3. To the extent not provided in your responses to Request 1, produce all class cost of service, cost allocation, and rate design studies prepared by or participated in by Mr. Novak, as discussed in his curriculum vitae in Attachment 1, Page 1, during his tenure with WHN Consulting (September, 2004 to present). This request is specifically directed to gas and water proceedings.

RESPONSE:

The CAPD objects to the question on the grounds that it is overbroad and unduly burdensome. Nearly every project that Mr. Novak has ever undertaken during his tenure with WHN Consulting has involved some type of cost allocation or rate design. Therefore, we interpret this question to request only those projects involving a class cost of service study for gas and water utilities.

As stated on Page 1 of Attachment 1 to his direct testimony, Mr. Novak has been involved with the following cases involving class cost of service studies for gas and water utilities during his tenure with WHN Consulting.

Client	Utility	Docket
Ohio Consumers' Counsel	Ohio-American Water Company	09-391-WS-AIR
Tennessee CAPD	Tennessee-American Water Company	10-00189
Tennessee CAPD	Tennessee-American Water Company	12-00049
Tennessee CAPD	Piedmont Natural Gas Company	11-00144
Ohio Consumers' Counsel	Vectren Energy Delivery of Ohio	07-1080-GA-AIR
Tennessee CAPD	Lynwood Utility	11-00198
Texas Attorney General	CenterPoint Energy	GUD 9902
PSS Legal Fund	Aqua North Carolina	W-218, Sub 319

The data supporting the analysis for each and every one of the class cost of service studies mentioned above is subject to individual confidentiality agreements between the client and the utility listed above. Therefore, Mr. Novak is unable to release the details of the individual class cost of service study.

4. To the extent not provided in your responses to Request 2, produce all testimony (in any forum) of Mr. Novak related to any class cost of service, cost allocation, and rate design issues sponsored or offered by Mr. Novak as discussed in his curriculum vitae, Attachment 1, Page 1, during his tenure with WHN Consulting (September, 2004 to present). This request is specifically directed to gas and water proceedings.

RESPONSE:

As stated on Page 1 of Attachment 1 to his direct testimony, Mr. Novak has been involved with the following cases involving class cost of service studies for gas and water utilities during his tenure with WHN Consulting.

Client	Utility	Testimony
Ohio Consumers' Counsel	Ohio-American Water Company	Attachment-WHN1
Tennessee CAPD	Tennessee-American Water Company	Attachment-WHN2
Tennessee CAPD	Tennessee-American Water Company	Attachment-WHN4
Tennessee CAPD	Piedmont Natural Gas Company	Attachment-WHN5
Ohio Consumers' Counsel	Vectren Energy Delivery of Ohio	Attachment-WHN6
Tennessee CAPD	Lynwood Utility	Attachment-WHN7
Texas Attorney General	CenterPoint Energy	Attachment-WHN8
PSS Legal Fund	Aqua North Carolina	Attachment-WHN9

The testimony referred to above is included as a separate attachment to this response.

5. Produce all class cost of service, cost allocation, and rate design studies prepared by or participated in by Mr. Novak during his employment with the Tennessee Regulatory Authority.

RESPONSE:

The CAPD objects to the question on the grounds that it is overbroad and unduly burdensome. Nearly every project that Mr. Novak had ever undertaken during his employment with the Tennessee Regulatory Authority involved some type of cost allocation or rate design. Therefore, we interpret this question to request only those projects involving a class cost of service study.

To the best of Mr. Novak's knowledge and belief, the Tennessee Regulatory Authority has never adopted a class cost of service study for any utility. Furthermore, to the extent that any class cost of service study was ever presented for consideration by the TRA during Mr. Novak's employment, those records have not been retained by Mr. Novak.

6. Produce all testimony (in any forum) of Mr. Novak related to any class cost of service, cost allocation, and rate design issues sponsored or offered by Mr. Novak during his employment with the Tennessee Regulatory Authority.

RESPONSE:

The CAPD objects to the question as overbroad and unduly burdensome. Nearly every project that Mr. Novak had ever undertaken during his employment with the Tennessee Regulatory Authority involved some type of cost allocation or rate design. Therefore, we interpret this question to request only those projects involving a class cost of service study.

To the best of Mr. Novak's knowledge and belief, the Tennessee Regulatory Authority has never adopted a class cost of service study for any utility. Furthermore, to the extent that any testimony regarding a class cost of service study was ever presented to the TRA for consideration by Mr. Novak during his employment with the Tennessee Regulatory Authority, that testimony has not been retained by Mr. Novak.

7. Relative to documents produced in response to Requests 1-6, produce all work papers/calculations that support the ultimate numbers contained in said studies and testimony.

RESPONSE:

The data supporting the analysis for each and every one of the class cost of service studies mentioned in response to Items 1 through 6 is subject to individual confidentiality agreements between the client and the utility. Therefore, Mr. Novak is unable to release the work papers/calculations that support the ultimate numbers contained in the individual class cost of service studies.

RESPECTFULLY SUBMITTED,



ERIN MERRICK (BPR # 033883)

Assistant Attorney General

Consumer Advocate and Protection Division

425 Fifth Ave., North

P.O. Box 20207

Nashville, Tennessee 37202-0207

(615) 741-8722

erin.merrick@ag.tn.gov

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

William C. Bovender
Hunter Smith & Davis, LLP
1212 North Eastman Road
P.O. Box 3740
Kingsport, TN 37664-0740
423-378-8800

William K. Castle
Appalachian Power Company, Inc.
Three James Center, Suite 1100
1051 E. Cary Street
Richmond, VA 23219-4029

Hector Garcia, Esq.
Senior Counsel
American Electric Power Service Corp.
One Riverside Plaza, 29th Floor
Columbus, OH 43215

This the 10th day of August, 2015.


Erin Merrick

ADDITIONAL EXHIBIT

ETEC Correction of CPAD Comparative Margin Summary

KINGSPORT POWER COMPANY
ETEC Correction of CPAD Comparative Margin Summary
For the 12 Months Ending December 31, 2017

Line No.	Customer Class	CPAD As-Filed (CPAD Exhibit Schedules 5, 12)				Allocation of Base Non-Fuel PP Expense*		Corrected "Margin"	
		Revenues	CPAD Power Cost	CPAD Margin	CPAD Proposed Increase	Demand	Energy	CORRECTED Margin	CORRECTED Allocation of CPAD Increase
1	Residential Service	\$ 57,600,038	\$ 32,316,231	\$ 25,283,807	\$ 2,795,477	\$ 15,376,562	\$ 3,534,001	\$ 6,373,244	\$ 2,434,687
2	Small General Service	2,385,293	966,245	1,419,048	\$ 156,896	347,500	117,632	953,916	364,412
3	Medium General Service	11,040,457	5,469,195	5,571,262	\$ 615,981	2,188,044	617,096	2,766,122	1,056,705
4	Large General Service	19,663,638	11,433,209	8,230,429	\$ 909,989	3,628,149	1,267,154	3,335,126	1,274,074
5	Industrial Power Service	54,288,484	36,863,626	17,424,858	\$ 1,926,561	10,894,156	5,031,834	1,498,868	572,593
6	Church Service	947,307	465,853	481,454	\$ 53,231	192,704	51,133	237,616	90,774
7	Public School Service	2,121,121	1,196,907	924,214	\$ 102,185	629,902	142,294	152,018	58,074
8	Electric Heating General Service	2,472,814	1,132,125	1,340,689	\$ 148,232	464,294	128,429	747,966	285,736
9	Outdoor Lighting Service	738,080	46,983	691,097	\$ 76,410	945	23,008	667,144	254,860
10	Street Lighting Service	1,509,602	-	1,509,602	\$ 166,908	1,412	42,409	1,465,781	559,953
11	Total Electric Sales Revenue	\$ 152,766,834	\$ 89,890,374	\$ 62,876,460	\$ 6,951,868	\$ 33,723,666	\$ 10,954,991	\$ 18,197,803	\$ 6,951,868
12	Other Revenues	1,706,023	-	1,706,023	\$ 39,348	-	-	1,706,023	39,348
13	Total Revenues	\$ 154,472,857	\$ 89,890,374	\$ 64,582,483	\$ 6,991,216	\$ 33,723,666	\$ 10,954,991	\$ 19,903,826	\$ 6,991,216
14	CPAD Purchased power per Attachment WHN-4		\$ 134,569,031						

Base non-fuel Purchased Power that was left out of "CPAD Power Cost" Calculation (difference between line 14 and CPAD power cost)		\$ 44,678,657
Demand Related	75.48%	\$ 33,723,666
Energy Related	24.52%	\$ 10,954,991

EMBEDDED PPAR COST FROM 2015/2016 SURCHARGE FILING (see attached)			
	Total	Demand	Energy
KGP Embedded Revenues - Gen	31,207,518	21,207,510	10,000,008
KGP Embedded Revenues - Tra	9,576,353	9,576,353	-
Total Embedded Revenues	40,783,871	30,783,863	10,000,008
% of Total	100.00%	75.48%	24.52%

* Demand Costs allocated on 12 CP factors from Kingsport Class Cost of Service Study, adjusted to reflect change in metered energy in 2015 versus cost of service study test year. 2015 metered energy per CPAD Attachment WHN-5.

Kingsport Power Company 2015/2016 Purchased Power Adjustment Rider Surcharge
 Using 12 Months Ended June 30, 2015 for Transmission OATT Demand and Energy Charges - Using July 1, 2015 NITS & Schedule 1a Rat
 Calculated Using New AEP Transmission Agreement 12 CP methodology - Using Forecasted Year Ended June 201
 Reflects Creation of Phase-4 Agreement With ETEC

PPAR Revenue Requirement

	A	B	C=A x B	D	E=C+D	F=E/A	G	H=E-G
	2007 KGP Billing Determinants	2007 Rates	2007 KGP Expense (paid to APCo)	Proposed 2013 Increase / (Decrease) over 2007	Proposed 2014/2015 Gross PPAR Revenue Requirement	FERC Rates Per 2008 Settlement Agreement	Less: KGP Embedded 2007 Revenues	PPAR 2015 Net Revenue Requirement
Generation								
Demand (MW)	4,214,544	4.80	10,852,949	34,061,719	52,944,668	12.561	21,036,786	31,907,883
Non-Fuel Energy (MWh)	2,233,440,877	0.004275	9,868,559	1,800,000	11,668,559	0.0052334	10,000,008	1,868,551
Back-up Service Level A	21,000	0.347	87,444	70,827	158,271	0.628	87,444	70,827
Back-up Service Level B	10,000	0.694	83,280	67,454	150,734	1.256	83,280	67,454
Back-up Service Level C	45,000	0.694	31,230	0	0	0	0	0
Generation Total			21,374,283	36,093,000	64,543,233		31,207,510	33,335,723
Transmission								
Transmission Demand Revenues	4,214,544	2.272	9,576,353	8,121,389	17,697,741 (1)		9,576,353	8,121,389
2014/15 Transmission Owner's Revenue Credit				(4,067,342)	(4,067,342)			
2014/15 Transmission Owner's Revenue Credit								
2014/15 Transmission Owner's Revenue Credit								
Transmission Demand Revenue	4,214,544	0.004275	9,576,353	4,054,047	13,630,399		9,576,353	4,054,047
2013/2014 Transmission Energy Revenue	2,233,440,877	0.00000925	N/A	1,769,820	1,769,820		0	1,769,820
Transmission Total			9,576,353	5,823,867	15,410,210		9,576,353	5,843,887
Total O & T			30,948,636	41,916,867	80,058,443		40,783,863	39,274,582

Note (1)
 2014/2015 Transmission Demand Revenues - New 12 CP Transmission Agreement Method
 Y/E June 2015 AEP Zone 1 CP Demand Project (MW)

Y/E June 2015 AEP Zone 1 CP Demand Project (MW)	22,202,415	Actuals through June '15
Kingsport 12 CP's of AEP Zone-Estimated Y/E June '15	1,319	Uses actual through June 2015
OATT Demand rate (\$/MWh) July 1, 2015	3.453	Per AEP OATT filing. To be in effect from July 1, 2015 to June 30, 2016 when formula rate is updated.
Total Proposed 2015 Demand Revenues	17,897,741 (1)	

	Generation	Transmission
Demand	21,036,786	9,576,353
Energy	10,000,008	9,576,353
Total	31,036,794	19,152,706