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June 14, 2017

via E-MAIL and OVERNIGHT MAIL

David Foster, Chief – Utilities Division
c/o Sharla Dillon
Dockets and Records Manager
Tennessee Public Utility Commission
502 Deaderick St.
Nashville, TN 37243

In Re: PETITION OF KINGSPORT POWER COMPANY d/b/a AEP
APPALACHIAN POWER FOR APPROVAL OF ITS TARGETED RELIABILITY
PLAN, AND ITS TRP & MS RIDER, AN ALTERNATIVE RATE MECHANISM,
AND MOTION FOR PROTECTIVE ORDER (Docket No. 17-00032)

Dear Ms. Dillon:

Enclosed please find an original and 4 copies of East Tennessee Energy Consumers' Discovery Requests to Kingsport Power Company (First Set) to be filed on behalf 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
Enclosures

cc: Ms. Kelly Grams
Mr. James R. Bacha
Mr. William C. Bovender
Mr. Joseph B. Harvey
Ms. Noelle J. Coates
Mr. William K. Castle
Mr. David Foster
Hon. Herbert H. Slatery, III
Mr. Wayne M. Irvin

**BEFORE THE
TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

In Re:

**PETITION OF KINGSPORT POWER
COMPANY d/b/a AEP APPALACHIAN
POWER FOR APPROVAL OF ITS
TARGETED RELIABILITY PLAN, AND ITS
TRP & MS RIDER, AN ALTERNATIVE RATE
MECHANISM, AND MOTION FOR
PROTECTIVE ORDER**

DOCKET No. 17-00032

**EAST TENNESSEE ENERGY CONSUMERS'
DISCOVERY REQUESTS TO KINGSPORT POWER COMPANY (First Set)**

Comes East Tennessee Energy Consumers ("ETEC"), by counsel, and propounds the following discovery requests to Kingsport Power Company d/b/a AEP Appalachian Power ("Kingsport" or "Company") pursuant to Rule 1220-1-2-.11 of the Rules of Practice and Procedure of the Tennessee Public Utility Commission ("TPUC.") and Rules 26, 33 and 34 of the Tennessee Rules of Civil Procedure. Responses are requested no later than Wednesday, June 21, 2017.

Discovery Requests

ETEC-1. Please provide copies of all discovery responses and information provided by the Company in this case to the Staff, Attorney General or other party. This should be considered a continuing request covering all such Kingsport responses.

ETEC-2. Please provide electronic copies, in excel format with all formulas intact, of each exhibit, figure and table contained in the testimony of each of the Company's witnesses.

ETEC-3. Please provide all supporting workpapers used to develop the exhibits and tables contained in the testimony of each of the Company's witnesses.

ETEC-4. With regard to the vegetation management program, please provide, for each planned expenditure included in the Company's 10-year cost projection presented in Mr. Wright's testimony (Figure 7), an estimated breakdown of such expenditure by circuit voltage (secondary, primary), by year.

ETEC-5. With regard to the system improvement program, please provide, for each planned expenditure included in the Company's 10-year cost projection presented in Mr. Wright's testimony (Figure 7), an estimated breakdown of such expenditure by circuit voltage (secondary, primary), by year.

ETEC-6. Please explain how vegetation management expenses were functionalized and allocated to rate schedules (e.g., MGS Secondary, MGS Primary, LGS Secondary, LGS Primary) in the Company's class cost of service study prepared in Docket No. 16-00001.

ETEC-7. With regard to the Major Storm Expenses for the years 2009 to 2016

shown in Mr. Wright's Figure 8, please provide an estimated breakdown of these expenses by distribution voltage (secondary, primary).

ETEC-8. Please explain how major storm expenses were functionalized and allocated to rate schedules (e.g., MGS Secondary, MGS Primary, LGS Secondary, LGS Primary) in the Company's class cost of service study prepared in Docket No. 16-00001.

ETEC-9. Please provide a description of the methodology used in Virginia and West Virginia to recover vegetation management program ("VMP") expenditures (capital and expenses) for Appalachian Power Company. Include the following information for each jurisdiction in the response:

- a. An explanation of whether the VMP costs are recovered in a rider or in base rates.
- b. If VMP costs are recovered in a rider, please explain how these costs are recovered from specific rate classes (i.e., how are the costs allocated to rate classes?).

ETEC-10. With regard to Mr. Castle's testimony at page 6, lines 15-16, please confirm that no Alternative Regulatory Mechanism ("Rider") costs would be allocated to transmission voltage customers (IP-Transmission) on a cost of service basis (i.e., following cost of service principles). If this cannot be confirmed, please provide an explanation.

ETEC-11. With regard to Mr. Castle's testimony at page 6, lines 15-16, please

confirm that no Rider costs would be allocated to transmission voltage customers (IP-Transmission) using the Company's class cost of service methodology that was filed by the Company in the most recent base rate case. If this cannot be confirmed, please provide an explanation.

ETEC-12. With regard to Mr. Castle's testimony at page 6, lines 15-16, please confirm that the types of vegetation management and storm damage costs associated with distribution facilities (for example, primary and secondary lines) that would be recovered in the Rider would not be allocated to a transmission voltage rate class (e.g., the Company's IP-Transmission class) using:

- a. any class cost of service study that an AEP Operating Company has ever supported in a regulatory proceeding.
- b. any class cost of service methodology discussed in the NARUC Electric Utility Cost Allocation Manual.

If either Part (a) or Part (b) cannot be confirmed, please provide an explanation.

ETEC-13. With regard to Mr. Castle's testimony at page 6, lines 15-20, does Mr. Castle agree that the Company's proposal to allocate Rider costs will have the effect of moving the rates of each of the Company's rate classes further away from cost of service? If not, please provide a complete explanation for your response.

ETEC-14. In the Company's base rate case filing in the last rate case (Docket No. 16-00001), the Company stated that its objective with regard to the allocation of the revenue increase to customer rate classes was to "gradually equalize the class rates of

return” by realigning base rates over a six-year period (Castle Direct Testimony at page 4, Docket No. 16-00001). Please reconcile this objective with the Company’s proposed allocation of Rider costs in this case.

ETEC-15. With regard to each capital and expense amount for Year 1 and Year 2 shown in Mr. Wright’s Figure 7 for Vegetation Management and System Improvement, please provide a breakdown of such amount by FERC account (for capital costs, provide the plant-in-service account number).

ETEC-16. Mr. Castle’s testimony on page 6 at lines 16-20 states as follows: “However, given that the parties in the Company’s recent base rate case agreed to allocate other distribution reliability and major storm costs among all customers, in future true-up filings, the Company proposes to allocate Rider costs to customers in the same manner that costs were allocated in its base rate case (Docket No. 16-00001).” With regard to that statement:

- a. Please provide the citation to the phrase “in future true-up filings” in the settlement agreement in Docket No. 16-00001.
- b. Explain whether it is Kingsport’s position that this current case (Docket No. 17-00032) is a “true-up filing.”

ETEC-17. With regard to Mr. Castle’s testimony on page 6 at lines 16-20, is it the Company’s position in this current case that the parties to the settlement in Docket No. 16-00001 have previously agreed to the Company’s proposed allocation of Rider costs?

Please provide all support for the response.

ETEC-18. With regard to the capital and expense amounts for Years 1 through 10 shown in Mr. Wright's Figure 7 for Vegetation Management and System Improvement, please provide the following:

- a. The total Rider revenue requirement for each of the years 1 through 10, based on such capacity and expense amounts.
- b. The allocated Rider revenue requirement by rate class for each of the years 1 through 10 corresponding to the total Rider revenue requirement provided in response to (a) above.
- c. Provide excel spreadsheets, with formulas intact, for each of the responses to parts (a) and (b) above.

Respectfully submitted this 14th day of June, 2017,

By Counsel:

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

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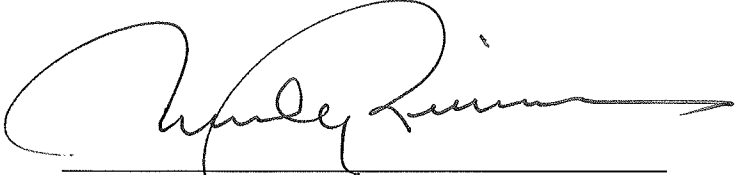
Counsel for East Tennessee Energy
Consumers

CERTIFICATE OF SERVICE

I hereby certify that, on June 14, 2017, the foregoing discovery requests were 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 American Electric Power Service Corp. P.O. Box 16637 Columbus, OH 43216	Noelle J. Coates Appalachian Power Company Service Corp Three James Center Suite 1100, 1051 E. Cary St. Richmond, VA 23219-4029
Kelly Grams General Counsel Tennessee Public Utility Commission 502 Deaderick St. Nashville, TN 37243	David Foster Chief - Utilities Division Tennessee Public Utility Commission 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	Wayne M. Irvin Assistant Attorney General Consumer Advocate and Protection Division. 425 Fifth Ave., North P.O. Box 20207 Nashville, TN 37202-0207

This 14th day of June, 2017.


Michael J. Quinan, Esq.