

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION  
AT NASHVILLE, TENNESSEE**

<b>IN RE:</b>	)	
	)	
<b>PETITION OF KINGSPORT POWER</b>	)	
<b>COMPANY d/b/a AEP APPALACHIAN</b>	)	
<b>POWER FOR APPROVAL OF ITS</b>	)	
<b>TARGETED RELIABILITY PLAN,</b>	)	<b>Docket No. 17-00032</b>
<b>AND ITS TRP &amp; MS RIDER, AN</b>	)	
<b>ALTERNATIVE RATE MECHANISM AND</b>	)	
<b>MOTION FOR A PROTECTIVE ORDER</b>	)	

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**FIRST DISCOVERY REQUEST OF THE  
CONSUMER PROTECTION AND ADVOCATE DIVISION  
TO EAST TENNESSEE ENERGY CONSUMERS**

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To: Michael J. Quinan, Esq.  
(Tenn. Sup. Ct. No.11104)  
Counsel for East Tennessee Energy Consumers  
CHRISTIAN & BARTON, LLP  
909 East Main St., Suite 1200  
Richmond, VA 23219

This First Discovery Request is hereby served upon East Tennessee Energy Consumers (ETEC), pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. The Consumer Protection and Advocate Division of the Attorney General's Office (Consumer Advocate) requests that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Protection and Advocate Division, 315 Deaderick Street, 20<sup>th</sup> Floor, Nashville, Tennessee 37243, c/o Wayne M. Irvin, on or before 4:00 p.m. (CDT), July 24, 2017.

## **PRELIMINARY MATTERS AND DEFINITIONS**

These discovery requests are to be considered continuing in nature, and are to be supplemented from time to time as information is received by ETEC and any ETEC affiliate which would make a prior response inaccurate, incomplete, or incorrect.

To the extent that the data or information requested is incorporated or contained in a document, please identify the document.

Provide all responses in the format in which they are created or maintained, for example, Microsoft Word or Microsoft Excel format with all cells and formulas intact and in working order. If a document (including without limitation a financial or other spreadsheet or work paper) is not created or maintained in Microsoft Excel format, convert the document to Microsoft Excel format or provide the document in a format that enables or permits functionality like or similar to Microsoft Excel (including without limitation the functionality of working cells and formulas), or provide the software program(s) that will enable the Consumer Advocate to review and analyze the data and information in the same manner as would be enabled or permitted if the document were provided in Microsoft Excel format.

If any objections to this discovery are raised on the basis of privilege or immunity, include in your response a complete explanation concerning the privilege or immunity asserted. If you claim a document is privileged, identify the document and state the basis for the privilege or immunity asserted. If you contend that you are entitled to refuse to fully answer any of this discovery, please state the exact legal basis for each such refusal.

The following terms shall be defined as set forth for this discovery request:

- (a) "Affiliate" shall mean any entity that controls, is controlled by, or is under common control with ETEC. For the avoidance of doubt, any member or entity

that would be considered to have a financial, ownership, or other interest in ETEC, and any other direct or indirect subsidiary, joint venture, corporation, firm, company, sole proprietorship, partnership, business, unincorporated association, or other entity of any sort whatsoever in which ETEC has at least a 50% interest in, or otherwise controls by agreement or other means or method, shall be deemed an affiliate.

- (b) “And” and “or” shall be construed conjunctively or disjunctively as necessary to make the discovery request inclusive rather than exclusive
- (c) “Communication” shall mean any transmission of information by oral, graphic, written, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, meetings and personal conversations, or otherwise.
- (d) “Document” shall have the broadest possible meaning under applicable law. “Document” shall mean any medium upon which intelligence or information can be recorded or retrieved, such as any written, printed, typed, drawn, filmed, taped, or recorded medium in any manner, however produced or reproduced, including but not limited to any writing, drawing, graph, chart, form, letter, note, report, electronic mail, memorandum (including memoranda, electronic mail, report, or note of a meeting or communication), workpaper, spreadsheet, photograph, videotape, audio tape, computer disk or record, or any other data compilation in any form without limitation, which is in your possession, custody or control. If

any such document was, but no longer is, in your possession, custody or control, please state what disposition was made of the document and when it was made.

(e) “Identify” with respect to:

- i. Any document, shall mean to state the type of document (e.g., letter), the title, the subject matter, the date the document bears and the date it was written any legal person, business entity or association, shall mean to state the full name, telephone number, e-mail address, and last known physical and mailing address of such person or entity;
- ii. Any person, shall mean to state the full name, telephone number, e-mail address, and the last known physical and mailing address of the business of the person and that person’s relationship, whether business, commercial, professional, or personal with you; and
- iii. Any oral communication, shall mean to state the date when and the place where it was made, the name and physical and mailing address of the person who made it, the name and physical and mailing address of the person or persons who were present or who heard it, and the substance of such oral communication.

(f) “Including” shall be construed to mean including but not limited to.

(g) “KgPCo” or “Kingsport Power Company” shall mean Kingsport Power Company d/b/a AEP Appalachian Power.

(h) “Person” shall mean any natural person, corporation, firm, company, proprietorship, partnership, business, unincorporated association, or other business or legal entity of any sort whatsoever.

(i) “Relates to” shall mean constitutes, contains, records, discusses, summarizes, discloses, and/or refers to, in whole or in part.

(j) “You” or “your” or “ETEC” shall mean East Tennessee Energy Consumers and all affiliates, employees, agents, attorneys, representatives or any other person acting or purporting to act on its behalf.

(k) The singular shall include the plural, and vice-versa, where appropriate.

### **FIRST DISCOVERY REQUESTS**

1. Refer to Attachment-1 to this Discovery Request which reflects the average rate for industrial customers (cents / kWh) for 2015 for Kingsport Power Company as well as the “Tennessee Peer Group” contained in Mr. Novak’s direct testimony. This information is compiled from data provided to the Energy Information Administration. Please confirm that the average industrial rate for Kingsport Power Company (5.66 cents per kWh) is less than the Tennessee Peer Group averages (7.10 cents per kWh). If ETEC is unable to confirm, explain fully and with specificity.

#### **RESPONSE:**

2. Refer to Attachment-1 to this Discovery Request. Confirm that the average industrial rate for Kingsport Power Company (5.66 cents per kWh) is less than any other utility in the Tennessee Peer Group. If ETEC is unable to confirm, explain fully and with specificity.

#### **RESPONSE:**

3. Confirm that the class cost of service study filed in Tennessee Public Utility Commission (TPUC) Docket No. 16-00001 was not the basis upon which rates were allocated in that docket. If ETEC is unable to confirm, explain fully and with specificity.

#### **RESPONSE:**

4. Confirm that the class cost of service study filed in TPUC Docket No. 16-00001 was not adopted or approved by the TPUC in that docket. If ETEC is unable to confirm, explain fully and with specificity.

#### **RESPONSE:**

5. Confirm that, to the knowledge of ETEC, the TPUC has never adopted or approved a class cost of service study in any rate case brought by Kingsport Power Company. If ETEC is unable to confirm, explain fully and with specificity and, further, provide the docket number in which the TPUC adopted or approved each such class cost of service study.

**RESPONSE:**

6. Confirm that, to the knowledge of ETEC, the TPUC has never adopted or approved a class cost of service study in any rate case for any utility. If ETEC is unable to confirm, explain fully and with specificity and, further, provide the name of each such utility and each docket number in which the TPUC adopted or approved each such class cost of service study.

**RESPONSE:**

7. Refer to Page 9 of ETEC witness Baron's testimony which reads as follows:

**Q. Do you oppose the underlying vegetation management and distribution system improvement programs requested by the Company?**

A. No. However, as I will discuss, I do oppose the Company's basic proposal to recover the costs of those programs through an ARM, rather than through a base rate case.

State whether or not it is ETEC's position that Kingsport Power Company has the right to seek cost recovery outside of a general rate case so long as KgPCo satisfies the requirements of Tenn. Code Ann. § 65-5-103(d). If ETEC is unable to confirm, explain fully and with specificity.

**RESPONSE:**

8. Refer to Page 9 of ETEC witness Baron's testimony (beginning at line 13 and following) which addresses "single issue ratemaking." Explain fully and with specificity each similarity and each difference between "single issue ratemaking" and the ratemaking authorized under Tenn. Code Ann. § 65-5-103(d).

**RESPONSE:**

9. Identify each affiliate of and financial contributor and/or donor to ETEC.

**RESPONSE:**

10. Provide all organizational documents of ETEC and any other documents related to the governance and decision-making process of ETEC, including all meeting minutes or similar documents.

**RESPONSE:**

11. Identify all customers of ETEC (or customers of each affiliate of ETEC) that purchase power for business or personal use through KgPCo's distribution system.

**RESPONSE:**

12. Identify all employees of ETEC (or employees of each affiliate of ETEC) who purchase power for business or personal use through KgPCo's distribution system.

**RESPONSE:**

13. Confirm that both the customers and employees of ETEC (or each affiliate of ETEC) would benefit from maintaining KgPCo's primary and secondary distribution lines and other distribution facilities. If ETEC is unable to confirm, explain fully and with specificity.

**RESPONSE:**

14. Confirm that both the customers and employees of ETEC (or each affiliate of ETEC) would benefit from the costs incurred through the TRP & MS Rider that would assist in maintaining KgPCo's primary and secondary distribution lines and other distribution facilities. If ETEC is unable to confirm, explain fully and with specificity.

**RESPONSE:**

15. Identify any building or other facility owned or used by ETEC (or any affiliate of ETEC) that purchases power through KgPCo's distribution system.

**RESPONSE:**

16. Identify each of the tariffs for Kingsport Power Company under which customers and/or employees of ETEC (or any affiliate of ETEC) purchase power.

**RESPONSE:**

17. Explain fully and with specificity the creation and development of the IP tariff of Kingsport Power Company, and, further, state and explain fully whether this was done through or as a result of a class cost of service study. If the IP tariff of KgPCo was created or developed through or as a result of a class cost of service study, provide a copy of such study and a reference to the docket in which it was adopted or approved.

**RESPONSE:**

18. Refer to the testimony of ETEC witness Baron on page 14, lines 1-5, which state in part:

**Q. Is it reasonable to allocate the Rider costs to rate classes on the same basis used to assign the revenue increase to rate classes and agreed to by Parties in the settlement of Kingsport's recent base rate case?**

A. No. Such an allocation would be unfair and unreasonable, and the Commission should reject it. Kingsport witness Wright makes clear that the proposed TRP is associated only with the Company's distribution facilities. He states on page 9 of his testimony: "The Company's proposed TRP would implement two key changes to its current *distribution*



operations in order to improve reliability, as measured by SAIDI and SAIFI, and provide benefits to its customers.” [emphasis in original]

Explain fully and with specificity the reasons that ETEC settled Docket No. 16-00001 with respect to the costs and expenses proposed to be implemented in the TRP & MS Rider, but in this Docket No. 17-00032 opposes the allocation of those same costs in the same manner as Docket No. 16-00001.

**RESPONSE:**

19. Confirm that the Virginia and West Virginia cases cited by Mr. Baron in his testimony in this Docket are not precedent in dockets before the TPUC and, in addition, such cases have no binding effect in Tennessee. If ETEC is unable to confirm, explain fully and with specificity.

**RESPONSE:**

20. Confirm that it would be reasonable to allocate the costs and expenses proposed to be implemented in the TRP & MS Rider in the same manner in which those costs and expenses were allocated in Docket No. 16-00001. If ETEC is unable to confirm, explain fully and with specificity.

**RESPONSE:**

21. State the percentage and the actual monetary increase (from the rates proposed by KgPCo in this Docket No. 17-00032) for each Residential Class customer for each allocation proposed by Mr. Baron in his testimony.

**RESPONSE:**

22. Explain fully and with specificity how the Outdoor Lighting class would be treated under each allocation proposed by Mr. Baron in his testimony.

**RESPONSE:**

23. Confirm that the Consumer Advocate also represents the entities who are affiliates of ETEC (who are purchasers of power from KgPCo), as well as all other KgPCo customers in rate classes other than those customers purchasing power under the IP tariff. If ETEC is unable to confirm, explain fully and with specificity.

**RESPONSE:**

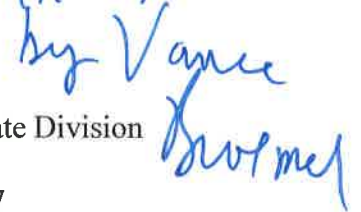
24. If the IP tariff was eliminated, and all current IP customers were reverted to non-IP rates that do not differentiate between transmission and distribution power, what type of cost allocation study would ETEC find acceptable?

**RESPONSE:**

RESPECTFULLY SUBMITTED,



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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:

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This the 17<sup>th</sup> day of July, 2017.

  
Wayne M. Irvin

## 2015 Utility Bundled Retail Sales- Industrial

Entity	State	Ownership	Customers	Sales (MWH)	Revenues (Thousands Dollars)	Average Price (cents/kWh)
City of Bristol - (TN)	TN	Municipal	12	119,534	9,125.0	7.63
City of Cleveland - (TN)	TN	Municipal	17	286,382	18,922.0	6.61
City of Clinton - (TN)	TN	Municipal	9	222,575	14,519.0	6.52
Duck River Elec Member Corp	TN	Cooperative	9	307,747	18,451.0	6.00
Fort Loudoun Electric Coop	TN	Cooperative	5	31,853	2,185.0	6.86
City of Greeneville - (TN)	TN	Municipal	20	330,173	21,889.0	6.63
Johnson City - (TN)	TN	Municipal	18	139,037	10,761.0	7.74
<b>Kingsport Power Co</b>	<b>TN</b>	<b>Investor Owned</b>	<b>164</b>	<b>980,953</b>	<b>55,513.6</b>	<b>5.66</b>
Knoxville Utilities Board	TN	Municipal	35	714,299	40,662.0	5.69
City of LaFollette	TN	Municipal	3	24,187	2,224.0	9.20
Powell Valley Electric Coop	TN	Cooperative	3	32,267	2,644.0	8.19
City of Pulaski - (TN)	TN	Municipal	10	156,892	11,682.0	7.45
City of Rockwood - (TN)	TN	Municipal	4	38,993	2,707.0	6.94
Sequachee Valley Electric Coop	TN	Cooperative	7	94,759	7,822.0	8.25
Tri-County Elec Member Corp	TN	Cooperative	4	29,232	2,079.0	7.11
<b>Average</b>				<b>233,926</b>	<b>14,746</b>	<b>7.10</b>