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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

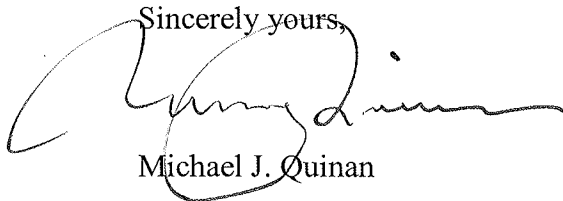
In Re: PETITION OF KINGSPORT POWER COMPANY d/b/a AEP
APPALACHIAN POWER FOR APPROVAL OF ITS TARGETED RELIABILITY
PLAN, AND ITS TRP & MS RIDER, AN ALTERNATIVE RATE MECHANISM,
AND MOTION FOR PROTECTIVE ORDER (Docket No. 17-00032)

Dear Ms. Dillon:

Enclosed for filing in this docket please find an original and four copies of the East Tennessee Energy Consumers Discovery Responses to the Consumer Protection and Advocate Division of the Attorney General's Office (First Set) submitted on behalf of East Tennessee Energy Consumers, an Intervenor in this matter.

Thank you for your kind attention to this request.

Sincerely yours,



Michael J. Quinan

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 RESPONSES
TO CONSUMER PROTECTION AND ADVOCATE DIVISION OF THE ATTORNEY
GENERAL'S OFFICE (First Set)**

Intervenor East Tennessee Energy Consumers ("ETEC") provides the following responses to the informal First Discovery Request of the Consumer Protection and Advocate Division of the Attorney General's Office ("CPAD").

OBJECTION TO PRELIMINARY MATTERS AND DEFINITIONS

ETEC objects to the "Preliminary Matters and Definitions" set out in the First Discovery Request of CPAD to ETEC to the extent that they would impose requirements that are different from or that exceed the requirements of the Rules of the Tennessee Public Utility Commission ("TPUC") and the Tennessee Rules of Civil Procedure. Without limitation, this objection includes the definition of "Affiliate," which is vague and unclear, and which could impose an unreasonable and undue burden beyond the proposed scope of discovery in this matter, and the definitions of "You," "Your" and "ETEC" to the extent

they include ETEC's attorneys and could require the disclosure or production of information and materials protected by the attorney-client privilege and the work product doctrine.

GENERAL OBJECTION AND ASSERTION OF PRIVILEGE

ETEC objects to any and all requests that would require disclosure or production of information and materials protected by the attorney-client privilege and the work product doctrine. The assertion of such objections with respect to particular requests below is not intended as a limitation.

RESPONSES AND OBJECTIONS

1. Refer to Attachment -1 to this Discovery Request which reflects the average rate for industrial consumers (cents / kWh) for 2015 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: ETEC objects to CPAD Request No. 1. The data referred to was not compiled by ETEC, and ETEC cannot confirm its accuracy. The data, if accurate, speaks for itself. The request is beyond the scope of discovery. It is not an appropriate use of

discovery to ask ETEC to perform rate comparisons among utilities or mathematical calculations that CPAD can perform itself.

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: ETEC objects to CPAD Request No. 2. The data referred to was not compiled by ETEC, and ETEC cannot confirm its accuracy. The data, if accurate, speaks for itself. The request is beyond to scope of discovery. It is not an appropriate use of discovery to ask ETEC to perform rate comparisons among utilities or mathematical calculations that CPAD can perform itself.

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: ETEC cannot “confirm” CPAD Request No. 3 because “rates” were not allocated in the referenced rate case. It is correct that the class cost of service study filed by Kingsport Power Company (“Kingsport Power”) in that case was not used to allocate the revenue deficiency for purposes of the Settlement Agreement.

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: The class cost of service study filed in TPUC Docket No. 16-00001 was not adopted or approved by the TPUC in approving the Settlement Agreement submitted in that docket.

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: ETEC can neither confirm nor deny that the TPUC “has never adopted or approved a class cost of service study in any rate case brought by Kingsport Power Company.” ETEC has not been involved in every rate case ever brought by Kingsport Power Company and lacks knowledge or information sufficient to provide a response. For the same reason, ETEC also lacks knowledge or information that the TPUC has explicitly rejected or disapproved use of a class cost of service study in a rate case brought by Kingsport Power Company.

6. Confirm that, to the knowledge of ETEC, the TPUC has never adopted or approved a class cost of service study in any rate class for any utility. If ETEC is unable to 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: ETEC can neither confirm nor deny that the TPUC has never adopted or approved a class cost of service study in any rate case for any utility. ETEC was not involved in every rate case ever brought any utility, and is without knowledge or information sufficient to provide a 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: ETEC objects to CPAD Request No. 7 on the grounds that it seeks a legal conclusion.

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: ETEC objects to CPAD Request No. 8 on the grounds that it seeks a legal conclusion.

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

Response: ETEC objects to CPAD Request No. 9 as beyond the scope of discovery in this matter. Subject to and without waiving the foregoing objection, ETEC has no "affiliates," financial contributors or donors. ETEC's costs are paid by its members.

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: ETEC objects to CPAD Request No. 10 as overly broad, unduly burdensome and beyond the scope of discovery in this matter. ETEC also objects to the extent CPAD Request No. 10 seeks information and materials subject to the attorney-client privilege and the work product doctrine.

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: ETEC objects to CPAD Request No. 11 as overly broad, unduly burdensome and beyond the scope of discovery in this matter. Subject to and without waiving the foregoing objections, ETEC has no customers and no "affiliates," and is not in possession or control of information regarding the customers of its members.

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: ETEC objects to CPAD Request No. 12 as overly broad, unduly burdensome and beyond the scope of discovery in this matter. Subject to and without waiving the foregoing objections, ETEC has no employees and no "affiliates," and is not in possession or control of information regarding the employees of its members.

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: ETEC objects to CPAD Request No. 13 as overly broad, unduly burdensome and beyond the scope of discovery in this matter. Subject to and without waiving the foregoing objections, ETEC has no customers, no employees and no "affiliates," and is not in possession or control of information regarding the customers and employees of its members. Also, subject to and without waiving the foregoing objections, ETEC believes that Kingsport Power's distribution customers depend upon Kingsport Power to maintain its distribution facilities.

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: ETEC objects to CPAD Request No. 14 as overly broad, unduly burdensome and beyond the scope of discovery in this matter. Subject to and without waiving the foregoing objections, ETEC has no customers, no employees and no "affiliates," and is not in possession or control of information regarding the customers and employees of its members. Also, subject to and without waiving the foregoing objections, ETEC cannot

confirm CPAD Request No. 14 because all of Kingsport Power's customers benefit if its rates reflect a fair and reasonable allocation of its revenue requirement, with costs allocated among the rate classes on a cost-of-service basis.

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: ETEC objects to CPAD Request No. 15 as overly broad, unduly burdensome and beyond the scope of discovery in this matter. Subject to and without waiving the foregoing objections, ETEC does not own or use any buildings or other facilities, and has no "affiliates," and is not in possession or control of information regarding the buildings or facilities owned or used by its members.

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: ETEC objects to CPAD Request No. 16 as overly broad, unduly burdensome and beyond the scope of discovery in this matter. Subject to and without waiving the foregoing objections, ETEC has no customers, no employees and no "affiliates," and is not in possession or control of information regarding the customers and employees of its members.

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: ETEC objects to CPAD Request No. 17 as unduly vague. Subject to and without waiving the foregoing objection, ETEC was not involved in the creation and development of the IP tariff, and lacks knowledge or information sufficient to provide a response as to whether a class cost of service study was used in connection with the creation and development of the IP tariff.

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 opposed the allocation of those same costs in the same manner as Docket No. 16-00001.

Response: ETEC objects to CPAD Request No. 18 on the grounds that it violates the terms of the Settlement Agreement entered into by the parties, including CPAD, and approved by the Commission in Case No. 16-00001, which reflected a compromise settlement based on the allocation of the total company revenue deficiency, not based on the treatment of the specific costs and expenses that would be subject to the TRP & MS Rider, and which the parties’ agreed would not serve as precedent in any other case. ETEC also objects to CPAD Request No. 18 because it calls for information protected by the attorney-client privilege and the work product doctrine. The reasons for ETEC’s opposition to the allocation of costs proposed by the Company in the instant case are explained in the testimony of Mr. Baron.

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: ETEC objects to CPAD Request No. 19 on the grounds that it seeks a legal conclusion. Subject to and without waiving the foregoing objection, TPUC may consider precedent from other jurisdictions, as public utility commissions typically do.

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. 16-0001. If ETEC is unable to confirm, explain fully and with specificity.

Response: ETEC does not “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. 16-0001.” No costs are “proposed to be implemented” in the TRP & MS Rider; certain costs are proposed for recovery in the rider. Further, if the reference in CPAD Request No. 20 to “the manner in which those costs and expenses were allocated in Docket No. 16-0001” is intended to suggest that such costs and expenses were allocated in the Stipulation and Order in that case, then CPAD Request No. 20 cannot be confirmed because such costs and expenses were not allocated in the Stipulation and Order in that case. The only fully allocated cost of service study in Docket No. 16-00001 was Kingsport Power’s filed study, which is a reasonable and appropriate allocation of costs. If the rider proposed in the

instant case is approved, it would be reasonable to allocate the costs and expenses proposed for recovery in the rider in the manner proposed by Mr. Baron in his testimony in this case.

21. State the percentage and the actual monetary increase (from the rates proposed by KgPCo in this Docket No. 17-00021) for each Residential Class customer for each allocation proposed by Mr. Baron in his testimony.

Response: ETEC objects to CPAD Request No. 21. The question is unduly vague. Without waiver of the foregoing objection, ETEC states that it has not performed the requested calculations “for each Residential Class customer;” does not have individual billing data for “each Residential Class customer;” and, if CPAD Request No. 20 is intended simply to ask for rate differences, they can be calculated based on the tables in Mr. Baron’s testimony. However, if CPAD Request No. 21 is intended simply to ask for rate differences, ETEC objects because it is not an appropriate use of discovery to ask ETEC to perform mathematical calculations that CPAD can perform itself.

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: The tables in Mr. Baron’s testimony specify the allocation of costs to the Outdoor Lighting class under his recommended allocation, and the rates are calculated using the Company’s models but with the recommended cost allocation.

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 customer in rate classes other than those customers purchasing power under the IP tariff. If ETEC is unable to confirm, explain fully and with specificity.

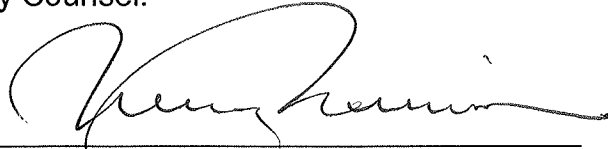
Response: ETEC objects to CPAD Request No. 23 on the grounds that it seeks a legal conclusion. Subject to and without waiving the foregoing objection, ETEC has no “affiliates.”

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: ETEC objects to CPAD Request No. 19 as unduly vague and beyond the scope of discovery. Subject to and without waiving the foregoing objections, ETEC would expect that a class cost of service study would allocate costs based on widely accepted cost causation principles, and that the costs of maintaining distribution lines would be allocated to distribution customers, and not to customers served at transmission voltages. Mr. Baron would strongly oppose eliminating a cost-justified transmission rate. There would be no basis to do so. Transmission customers do not use distribution facilities and should not be charged for their costs. No cost allocation method would fail to address this cost distinction even if there were no class distinction.

Respectfully submitted this 24th day of July, 2017,

By Counsel:

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


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CERTIFICATE OF SERVICE

I hereby certify that, on July 24, 2017, the foregoing discovery responses 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.

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