

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

IN RE:)	
)	
PETITION OF KINGSPORT POWER)	
COMPANY d/b/a AEP APPALACHIAN)	
POWER FOR OCTOBER, 2018 –)	
SEPTEMBER, 2019 ANNUAL RECOVERY)	DOCKET NO. 19-00106
UNDER THE TARGETED RELIABILITY)	
PLAN AND MAJOR STORM RIDER)	
(“TRP&MS”), ALTERNATIVE RATE)	
MECHANISM APPROVED IN DOCKET)	
NO. 17-00032)	

**CONSUMER ADVOCATE’S FIRST DISCOVERY REQUEST
TO KINGSPORT POWER COMPANY d/b/a AEP APPALACHIAN POWER.**

To: William C. Bovender, Esq. Joseph B. Harvey, Esq. Hunter, Smith & Davis, LLP P.O. Box 3740 Kingsport, TN 37665 Email: Bovender@hdsdlaw.com	William K. Castle Director, Regulatory Services VA/TN American Electric Power Service Corp. Suite 110 1051 E. Cary Street Richmond, VA 23219-4029 Email: wkcastle@aep.com
James R. Bacha, Esq. American Electric Power Service Corp. 1 Riverside Plaza Columbus, OH 43215 Email: jrbacha@aep.com	Noelle J. Coates, Senior Counsel American Electric Power Service Corp. Three James Center Suite 110 1051 E. Cary Street Richmond, VA 23219-4029 Email: njcoates@aep.com

This First Discovery Request is hereby served upon Kingsport Power Company d/b/a Appalachian Power Company (Company), 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 Advocate Unit in the Financial Division of the Office of the Attorney General (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, Financial Division, Consumer Advocate Unit, War Memorial Building, 301 6th Avenue North, Nashville, Tennessee 37243, c/o Karen H. Stachowski, on or before 2:00 p.m. (CST), Friday, January 3, 2020.

PRELIMINARY MATTERS AND DEFINITIONS

1. **Continuing Request.** These discovery requests are to be considered continuing in nature and are to be supplemented from time to time as information is received by the Producing Party and any of its affiliates which would make a prior response inaccurate, incomplete, or incorrect.

2. **Clear References.** To the extent that the data or information requested is incorporated or contained in a document, identify the document including page/line number if applicable.

3. **Format of Responses.** Provide all responses in the format in which they were 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 analyze the data and information in the same manner as would be enabled or permitted if the document were provided in Microsoft Excel format.

4. **Objections.** 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, state the exact legal basis for each such refusal.

5. **Singular/Plural.** The singular includes the plural, and vice-versa, where appropriate.

6. **Questions.** Any questions regarding this discovery request should be directed to the attorneys listed as issuing this request.

7. **Definitions.** For the purposes of this Request, the following terms have the following meanings:

- (A) **"Affiliate"** shall mean any entity who, directly or indirectly, is in control of, is controlled by, or is under common control with the Company (that is the Producing Party). For greater clarification, "control" is the ownership of 20% or more of the shares of stock entitled to vote for the election of directors in the case of a corporation, or 20% or more of the equity interest in the case of any other type of entity, or status as a director or officer of a corporation or limited liability company, or status as a partner of a partnership, or status as an owner of a sole proprietorship, or any other arrangement whereby a person has the power to choose, direct, or manage the board of directors or equivalent governing body, officers, managers, employees, proxies, or agents of another person. In addition, the term "Affiliate" shall mean any entity that directly or indirectly provides management or operational services to the Company or any affiliate (as defined in the preceding sentence) of the Company, or to which the Company provides management or operational services. Further, the payment of money to the Company or receipt by the Company of money from an entity with which the Company has any relationship, other than such payment or receipt, shall include the payor or recipient of such money as an "affiliate" for purposes of this Discovery Request.
- (B) **"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 otherwise.
- (C) **"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 work paper, 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, state what disposition was made of the document and the date of the disposition.

(D) **“Identify”** with respect to:

- i. Any natural person, to state the full name, telephone number(s), email address(es) and the current or last known business address of the person (if no business address is available provide last address(es) known to you) and that person’s relationship, whether business, commercial, professional, or personal with you;
- ii. Any legal person, business entity or association, means to state the full name of your contact person with the entity, all trade name(s), doing business as name(s), telephone number(s), email address(es) and current or last known business address of such person or entity (if no business address is available provide last address known to you);
- iii. Any document means to state the type of document (*e.g.*, letter), the title of the document, identify the author(s), the subject matter, the date the document bears and the date it was written; and
- iv. Any oral communication means to state the date when and location where it was made, identify the person who made it, identify the person or persons who were present or who heard it, and the substance of it.

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

(F) **“You,” “Your,” “Company,”** or **“Kingsport”** shall mean Kingsport Power Company d/b/a AEP Appalachian Power and all employees, officers, directors, agents, attorneys, representatives or any other person acting or purporting to act on the Company that is the Producing Party’s behalf.

FIRST DISCOVERY REQUESTS

- 1-1. Provide a copy of all internal documentation in any form provided to employees to assist in the identification of appropriate Targeted Reliability Plan (TRP) and Major Storm (MS) costs.

RESPONSE:

- 1-2. Provide a comprehensive explanation supporting the Company's efforts to properly identify Tennessee specific TRP and MS costs distinct from similar costs that may be incurred in Virginia.

RESPONSE:

- 1-3. Provide an explanation of whether a similar cost recovery mechanism to the TRP and MS have been approved in Virginia. If so, provide a copy (or the docket number) in which such similar cost recovery mechanism has been approved by the Virginia State Corporation Commission.

RESPONSE:

- 1-4. Provide a copy of the 2018 Kingsport FERC Form 1.

RESPONSE:

- 1-5. Provide a copy of all exhibits in excel format with cell references intact.

RESPONSE:

1-6. Refer to Exhibit AWA – 1. Provide the supporting calculations for the ADIT balances in excel format.

RESPONSE:

1-7. Refer to Exhibit AWA-1. List all the assumptions relied upon in the calculation of ADIT associated with TRP investment.

RESPONSE:

1-8. Confirm that a stand-alone tax return for the Company is not submitted to the IRS, but instead the Company's operating results are incorporated within a consolidated tax return.

RESPONSE:

1-9. Provide a comprehensive discussion of the extent to which the Repair Deduction is (or will be) utilized applicable to the assets included within the TRP. Does the Company or any tax-reporting affiliate claim the Repair Deduction on any TRP assets?

RESPONSE:

1-10. Provide a comprehensive discussion of the extent of the Company's various types of property insurance and the extent that such policies (held in the name of the Company or any affiliate with coverage including its Tennessee assets) provide coverage for damage incurred as a result of "Major Storms".

RESPONSE:

1-11. Does the Company acknowledge that there are plant retirements associated with TRP qualifying investments? If so, that such retirements would otherwise reduce depreciation expense? If so, does the Company acknowledge that at some point during the life of the TRP, such depreciation expense reductions would be material to the overall calculation of the appropriate Rider charges? If this is not confirmed, provide a comprehensive explanation supporting the Company's conclusion.

RESPONSE:

1-12. Refer to Ms. Keeton's Testimony (p. 5, including footnote 2). Provide all underlying documentation supporting the determination that each of the storms referred to in Ms. Keeton's Testimony meet IEEE Standard 1366-2012.

RESPONSE:

1-13. Refer to Exhibit AWA-2. Provide the billing units by rate class, by month, which reconcile to the monthly Billed and Accrued Surcharge amounts reflected within this Exhibit.

RESPONSE:

1-14. Refer to Exhibit EKK – 2. Provide a thorough explanation reconciling the percentage revenue requirement by class (28.30% for the Residential class, 3.12% for the Small General Service class, etc.) with the appropriate corresponding data from Attachment A and/or Attachment C of the Settlement Agreement in TPUC Docket No 16-00001.

RESPONSE:

1-15. Refer to TPUC Docket No. 17-00032. Mr. Castle estimated the VMP O&M costs to be \$31 million and capital expenditures to be \$12 million over the life of the program. Provide updated estimates of such expenditures over the ten-year program, inclusive of costs incurred to date.

RESPONSE:

1-16. Refer to Exhibit EKK-1. When compared to prior periods, the data contained in the Company's Reliability Profile (Exhibit EKK-1) does not indicate enhanced operating performance, exclusive of major storms. In the Company's view, when is it reasonable that the Reliability Profile achieved under the two programs will translate to improved operating results?

RESPONSE:

1-17. Refer to Exhibit 5. Provide a listing along with definitions of accounts contained in this Exhibit.

RESPONSE:

1-18. Refer to Exhibit 5. Provide a listing of departments as contained in this Exhibit.

RESPONSE:

1-19. Refer to Exhibit 5. Provide a listing and comprehensive explanation for the fourteen projects contained in this Exhibit.

RESPONSE:

1-20. Refer to Exhibit AWA-4. For the following descriptions, provide a comprehensive explanation of the nature of the costs:

- a. Compatible Unit Allocations.
- b. Non-Labor Compatible Unit Allocation.

RESPONSE:

1-21. Confirm that costs recorded in Unvouchered Liability Accruals do not include costs associated with Company labor. If this is not the case, provide the portion of this balance associated with Company labor (estimate if necessary).

RESPONSE:

1-22. Regarding \$603,762 in intercompany billings, are intercompany billings issued for services provided pursuant to an intercompany contract for such services? If so, provide a copy of any contracts covering the provision of such affiliate services.

RESPONSE:

1-23. Provide a comprehensive explanation supporting the distinction in types of costs incorporated within the Accounts Payable accrual contrasted with those costs included in Unvouchered Liability Accruals.

RESPONSE:

1-24. Refer to Exhibit 5 as filed with the Company's Petition. Provide a narrative description of the following cost components as shown in column P.

13N	143	11S	11N	11E	210	413	122	120	141	125	9AA
738	310	510	620	154	153	145	220	13E	U3E	935	280
320	393	9AB	520	396	324	290	13S	148	149	155	411
121	780	123	975	978							

RESPONSE:

- 1-25. Provide all criteria or policies the Company uses to determine which distribution circuits will receive ROW management as part of the TRP in any given year.

RESPONSE:

- 1-26. Provide all criteria or policies the Company use to determine priority for TRP trimming for distribution circuits.

RESPONSE:

- 1-27. Provide a copy of the Company's monthly trial balance for all subaccounts from October 2018 through September 2019, highlighting accounts 1823426, 2543426, and 5933426 (collectively the rider accounts).

RESPONSE:

- 1-28. Identify the date the VMP program was initiated in Tennessee.

RESPONSE:

- 1-29. Provide a comprehensive explanation of the strategy relied upon by the Company in maximizing the customer benefits of the TRP and Vegetation Management Programs.

RESPONSE:

1-30. Provide an explanation of how accounts payable accruals are determined and why such estimates are appropriate to include within the TRP and VMP surcharge.

RESPONSE:

1-31. Confirm that intercompany costs charged to the Company and specifically the VMP and TRP riders are recorded at the cost of the affiliate providing the service. If this is confirmed, provide supporting evidence that such services are provided at cost. If this is not the case, identify the mark-up embedded on such costs included in the TRP and VMP costs.

RESPONSE:

1-32. Provide a monthly breakdown of Distribution Operating and Maintenance costs by account for the thirty-six-month period ended September 2019.

RESPONSE:

1-33. Identify the accounts and their associated balances comprising the \$903,372 and \$392,381 referenced in Mr. Castle's testimony in TPUC Docket 17-00032.

RESPONSE:

1-34. Confirm that total Distribution costs recoverable in base rates is \$4,329,459. If this is not confirmed, identify the level of Distribution costs the Company believes is included in base rates along with supporting documentation for this amount.

RESPONSE:

- 1-35. Confirm that the costs recorded in the Operating and Maintenance portion of this request were in fact recorded on the books of the Company to expense and were not deferred to a regulatory asset on their books.

RESPONSE:

- 1-36. Provide all support and underlying documentation for the inclusion of the following line items within the TRP and VM rider:
- a. Journal ID CUMON10604, January 31, 2019, \$655,149.90.
 - b. Journal ID APACC78647, November 29, 2018, \$690,426.60.

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 13th day of December, 2019.



Karen H. Stachowski