

**Kentucky Power Company**

**REQUEST**

Reference the Direct Testimony of Everett G. Phillips, Page 21, Lines 3 to 5. Please explain the following:

- a. Are tree removals inside the previous ROW boundaries capitalized if the ROW is widened? If so, please show the capitalized amounts, by account, for each year during which the Distribution Vegetation Management Plan approved by the Commission in Case No. 2009-00459 has been in effect through calendar year 2014.
- b. Please elaborate regarding how the crews determine and report whether or not tree removal activities are capitalized.
- c. Please provide the detailed company policy on capitalization of tree removal costs from widened ROW.
- d. For each response in subparts (a) through (c), above, explain how Appalachian Power Company ("APCo") treats each item.

**RESPONSE**

- a. If a tree inside of the rights-of-way is larger than 18 inches diameter, then its removal would be capitalized. All capitalized tree trimming is charged to the same account and the amounts cannot be segregated between inside the right-of-way and outside the right-of-way. Please refer to attachment AG\_1\_313\_Attachment2.pdf for expenses.
- b. If tree removals are larger than 18 inches diameter, then the associated charges would be capitalized. If the right of way is widened beyond the established width for an entire span, then the associated charges are capitalized. The removals and associated labor & equipment for capital work are reported by the crew foreperson on a separate timesheet.
- c. Please see attachment AG\_1\_14c\_Attachment1.pdf
- d. APCO and all other AEP operating companies utilize the same accounting guidelines for Vegetation Management.

**WITNESS:** Everett G Phillips