

On January 1, 2018, the 2017 Tax Cuts and Jobs Act, Pub. L. No. 115-97 (“2017 Tax Act”) became effective, which significantly impacted the earnings of investor-owned utilities. The 2017 Tax Act reduced the corporate federal income tax rate from 35% to 21%. On February 6, 2018 in Docket No. 18-00001, the Commission issued its *Order Opening an Investigation and Requiring Deferred Accounting Treatment*. In its Order, the Commission ordered Atmos Energy Corporation (“Atmos Energy”), Chattanooga Gas Company (“Chattanooga Gas”), Kingsport Power Company d/b/a AEP Appalachian Power (“Kingsport Power”), Piedmont Natural Gas Company (“Piedmont Natural Gas”), and Tennessee American Water Company (“Tennessee American Water”) to

immediately apply deferred accounting treatment with respect to the impact of the lowering of the federal corporate income tax rate and to provide the Commission no later than March 31, 2018, the amounts deferred and a proposal to reduce rates or otherwise make adjustments to account for the tax benefits resulting from the 2017 Tax Act. The Commission Order directed Staff to assist the remaining water, wastewater and natural gas utilities under the Commission's jurisdiction in calculating the tax impacts on their earnings resulting from the 2017 Tax Act and report the results to the Commission. On March 29, 2018, Kingsport Power Company d/b/a AEP Appalachian Power ("KPC") made its *Filing of Kingsport Power Company d/b/a AEP Appalachian Power ("KgPCo") in Response to Tennessee Public Utility Commission Investigation of Impact of Federal Tax Reform on the Revenue Requirements of KgPCo*.

EAST TENNESSEE ENERGY CONSUMER'S *PETITION TO INTERVENE*

On August 3, 2018, ETEC, a group of Kingsport's largest industrial power customers, filed a *Petition to Intervene* seeking to intervene as a party in this docket. Members of ETEC take service under KPC's Industrial Power rate schedules. ETEC asserts that "ETEC's members will be directly affected by the Commission's determination in this docket, including the treatment and allocation of excess deferred tax reserves."¹ In addition, ETEC maintains that the "interests of ETEC's members are not represented by any other party in this proceeding."² KPC did not oppose ETEC's *Petition to Intervene*.

FINDINGS & CONCLUSIONS

Tenn. Code Ann. § 4-5-310 establishes the following criteria for granting petitions to intervene:

- (a) The administrative judge or hearing officer shall grant one (1) or more petitions for intervention if:

¹ *Petition to Intervene*, p. 2 (August 3, 2018).

² *Id.*

(1) The petition is submitted in writing to the administrative judge or hearing officer, with copies mailed to all parties named in the notice of the hearing, at least seven (7) days before the hearing;

(2) The petition states facts demonstrating that the petitioner's legal rights, duties, privileges, immunities or other legal interest may be determined in the proceeding or that the petitioner qualifies as an intervenor under any provision of law; and

(3) The administrative judge or hearing officer determines that the interests of justice and the orderly and prompt conduct of the proceedings shall not be impaired by allowing the intervention.

(b) The agency may grant one (1) or more petitions for intervention at any time, upon determining that the intervention sought is in the interests of justice and shall not impair the orderly and prompt conduct of the proceedings.³

The Hearing Officer finds that the determinations made in this docket will impact ETEC's members. Therefore, upon due consideration, the Hearing Officer concludes that the legal rights, duties, privileges, immunities or other legal interest of ETEC's members may be determined in this proceeding. Further, the Hearing Officer finds that there is no opposition to ETEC's intervention, and its *Petition to Intervene* was timely-filed and should not impair the interests of justice or the orderly and prompt conduct of the proceedings. For these reasons, the Hearing Officer concludes that ETEC's *Petition to Intervene* should be granted.

IT IS THEREFORE ORDERED THAT:

The *Petition to Intervene of East Tennessee Energy Consumers* is granted. The East Tennessee Energy Consumers may intervene and participate as a party in this proceeding and, as such, shall receive copies of any notices, orders, or other documents filed herein.


Monica Smith-Ashford, Hearing Officer

³ Tenn. Code Ann. § 4-5-310.