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HUNTER·SMITH·DAVIS

SINCE 1916

LLP

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KPOW.95206

September 25, 2018

VIA EMAIL (Sharla.Dillon@tn.gov) & FEDEX

Mr. David Jones, Chairman
c/o Sharla Dillon, Dockets & Records Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

RE: FILING OF KINGSFORT 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
DOCKET NO.: 18-00038

Dear Chairman Jones:

On behalf of Kingsport Power Company, we transmit herewith the following:

Responses to Consumer Advocate's Second Discovery Request to Kingsport Power
Company d/b/a AEP Appalachian Power

Responses to East Tennessee Energy Consumers' Discovery Request to Kingsport Power
Company (First Set)

As previously requested, the Excel documents have been converted to PDF for filing purposes and both PDF and Excel versions are on the CD being filed. Excel documents in original native format are on the CDs being served on the parties.

The originals, four (4) copies and CDs are being sent via Federal Express.

Very sincerely yours,

HUNTER, SMITH & DAVIS, LLP

Joseph B. Harvey

Enclosure: As stated

Mr. David Jones, Chairman
Page 2
September 25, 2018

cc: Daniel P. Whitaker, III, Asst. Attorney General (w/enc.)

Via U.S. Mail and Email: Daniel.Whitaker@ag.tn.gov

Karen H. Stachowski, Esq. (w/enc.) *Via U.S. Mail and Email: Karen.Stachowski@ag.tn.gov*

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**TENNESSEE PUBLIC UTILITY COMMISSION
PETITION OF
Kingsport Power Company
DOCKET NO. TPUC 18-00038
Data Requests and Requests for the Production
of Documents by the THE CONSUMER PROTECTION AND ADVOCATE DIVISION OF
THE ATTORNEY GENERAL'S OFFICE
CPAD's Second Set
To Kingsport Power Company**

Data Request CPAD 2-001:

Provide the underlying calculations and all supporting documents and workpapers with cell references intact supporting the 21-year life associated with Protected Excess Accumulated Deferred Income Tax (ADIT).

Response CPAD 2-001:

Please see CPAD 2-001, Attachment 1.

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CPAD's Second Set
To Kingsport Power Company**

Data Request CPAD 2-002:

Refer to the Company's Response to CPAD 1-14. Provide the account balance of the Net Operating Loss Carryover along with the corresponding account number where such balance is recorded.

Response CPAD 2-002:

The Net Operating Loss Carryover for year-end December 31, 2017 is \$12,023. The actual Net Operating Loss is recorded as a debit to account 236001; however, account 1901001 is used to record the deferred tax asset.

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CPAD's Second Set
To Kingsport Power Company**

Data Request CPAD 2-003:

Provide a reconciliation of the timing differences associated with the (a) Protected and (b) Unprotected excess ADIT line items as shown within CPAD 1-5 with the balances of Protected and Unprotected excess ADIT as reflected on page 2 of the March 29, 2018 filing in Docket No. 18-00001, in the amounts of \$9,329,605, and \$4,262,215, respectively. Include in this response a file with all cell references and calculations intact.

Response CPAD 2-003:

Please see CPAD 2-3, Attachment 1, on the enclosed CD.

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CPAD's Second Set
To Kingsport Power Company**

Data Request CPAD 2-004:

For all spreadsheets provided in response to the Consumer Advocate's requests within the first set of discovery, provide excel files with formulas intact.

Response CPAD 2-004:

This request was discussed with CPAD Staff and no further files are required.

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THE ATTORNEY GENERAL'S OFFICE
CPAD's Second Set
To Kingsport Power Company**

Data Request CPAD 2-005:

Refer to the Company's Response to CPAD 1-3. Provide the underlying calculations and all documents and support for the "Tennessee Retail" balances of Protected and Unprotected ADIT of \$7,370,388 and \$3,367,150 respectively which was provided in the attachment to CPAD 1-3.

Response CPAD 2-005:

Please see the Company's response to CPAD 2-3.

**TENNESSEE PUBLIC UTILITY COMMISSION
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CPAD's Second Set
To Kingsport Power Company**

Data Request CPAD 2-006:

Refer to the response to CPAD 1-7. Provide the underlying calculations, including a file containing cell references for each component of the journal entry provided within this response. Each journal entry should contain an explanation describing the transaction.

Response CPAD 2-006:

Please see CPAD 2-6, Attachment 1, on the enclosed CD.

Detail of Distribution Excess ADIT Protected and Unprotected
Kingsport Power - Distr

		TN Retail	Revenue Basis Factor	Revenue Basis
2821001 2821001 Accum Defd FIT-Util Prop				
230A	ACRS BENEFIT NORMALIZED	7,368,487	1.266	9,327,199
230I	CAPD INTEREST-SECTION 481(a)-CHANGE IN METHD	125	1.266	159
230J	RELOCATION CST-SECTION 481(a)-CHANGE IN METHD	1,775	1.266	2,247
	Distribution Excess ADIT Protected	7,370,388		9,329,605
1901001 1901001 Accum Deferred FIT-Other				
390A	CIAC - BOOK RECEIPTS	(160,423)	1.266	(203,067)
605B	ACCRUED BK PENSION EXPENSE	443,536	1.266	561,438
612Y	ACCRD COMPANYWIDE INCENTV PLAN	(25,706)	1.266	(32,540)
613E	ACCRUED BOOK VACATION PAY	(37,089)	1.266	(46,948)
615B	ACCRUED INTEREST-LONG-TERM - FIN 48	2,167	1.266	2,743
615B-MJE	ACCRD INTRST-TAX RES-L/T-FIN 48-MJE	(2,414)	1.266	(3,055)
615C	ACCRUED INTEREST-SHORT-TERM - FIN 48	(141)	1.266	(179)
615E	ACCRUED STATE INCOME TAX EXP	40,242	1.266	50,940
641I	ADVANCE RENTAL INC (CUR MO)	(11,471)	1.266	(14,521)
711N	CAPITALIZED SOFTWARE COSTS-TAX	2	1.266	2
711O	BOOK LEASES CAPITALIZED FOR TAX	(7,031)	1.266	(8,900)
906A	ACCRD SFAS 106 PST RETIRE EXP	91,382	1.266	115,673
906D	SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT	(75,607)	1.266	(95,705)
906F	ACCRD OPEB COSTS - SFAS 158	90,600	1.266	114,683
906K	ACCRD SFAS 112 PST EMPLOY BEN	(75,512)	1.266	(95,585)
911F-FIN48	FIN 48 DSIT	988	1.266	1,251
911V	ACCRD SIT TX RESERVE-LNG-TERM-FIN 48	3,116	1.266	3,945
911V-MJE	ACCRD SIT TX RES-LNG-TERM-FIN 48-MJE	(3,185)	1.266	(4,032)
911W	ACCRD SIT TX RESERVE-SHRT-TERM-FIN 48	(513)	1.266	(649)
960Z	NOL - DEFERRED TAX ASSET RECLASS	(4,809)	1.266	(6,088)
2821001 2821001 Accum Defd FIT-Util Prop				
230A-XS	EXCESS DIT - ACRS NORM REVERSAL	(1,050)	1.266	(1,329)
295A	GAIN/LOSS ON ACRS/MACRS PROPERTY	887,579	1.266	1,123,517
295A-EFB	EFB - GAIN/LOSS ON ACRS/MACRS PROPERTY	(348,743)	1.266	(441,447)
360I	SEC 481 PENS/OPEB ADJUSTMENT	12	1.266	15
532A	PERCENT REPAIR ALLOWANCE	454,465	1.266	575,273
532A-EFB	EFB - PERCENT REPAIR ALLOW	(357,408)	1.266	(452,415)
532C	BOOK/TAX UNIT OF PROPERTY ADJ	60,638	1.266	76,756
532D	BK/TX UNIT OF PROPERTY ADJ-SEC 481 ADJ	792,540	1.266	1,003,215
533J	TX ACCEL AMORT - CAPITALIZED SOFTWARE	37,390	1.266	47,329
534A	CAPITALIZED RELOCATION COSTS	157,936	1.266	199,918
534A-EFB	EFB - CAPITALIZED RELOCATION COSTS	(30,257)	1.266	(38,300)
2831001 2831001 Accum Deferred FIT-Other				
014C-TN	NOL-STATE C/F-DEF TAX ASSET-L/T - TN	389,576	1.266	493,134
605C	ACCRUED BK PENSION COSTS - SFAS 158	(597,626)	1.266	(756,488)
630I	DEFD STORM DAMAGE	210,750	1.266	266,772
661R	REG ASSET-SFAS 158 - PENSIONS	597,626	1.266	756,488
661T	REG ASSET-SFAS 158 - OPEB	(90,600)	1.266	(114,683)
668B	REG ASSET-RTO DEMAND RESPONSE COSTS	58,765	1.266	74,386
673G	REG ASSET-TN UNDER RECOV FPPA RIDER	564,061	1.266	714,001
712K	CAPITALIZED SOFTWARE COST-BOOK	212,246	1.266	268,666
906Z	SFAS 106 - MEDICARE SUBSIDY - (PPACA)-REG ASSET	25,607	1.266	32,413
914K	REG ASSET-ACCRUED SFAS 112	75,512	1.266	95,585
	Distribution Excess ADIT Unprotected	3,367,150		4,262,215

Note: Using the Revenue Basis Factor of 1.3528, which includes the state, the Revenue Basis numbers for Protected and Unprotected would be 9,970,661 and 4,555,081, respective

TCJA Adjust 17 Detail
Kingsport Power - Distr
12/1/2018

		Debits	Credits
1823301 1823301 SFAS 109 Flow-Thru DFIT			
007A	COMPOSITE SFAS 109 PROP A/C 282		(709,043.01)
210A	LIBERALIZED DEPR-REG		3,311.20
220A	CLS LIFE DEPR (ADR)-REG		206,114.89
280A	EXCESS TX VS S/L BK DEPR		2,605,965.18
295A-EFB	EFB - GAIN/LOSS ON ACRS/MACRS PROPERTY		(679,149.37)
310A	AOFUDC		(2,304.96)
320A	ABFUDC		(42,507.64)
380J	INT EXP CAPITALIZED FOR TAX		121,893.59
390A	CIAC - BOOK RECEIPTS		0.00
532A-EFB	EFB - PERCENT REPAIR ALLOW		(696,022.59)
534A-EFB	EFB - CAPITALIZED RELOCATION COSTS		(58,923.47)
602A	PROV WORKER'S COMP		61,402.18
605B	ACCRUED BK PENSION EXPENSE		0.00
610A	BK PROV UNCOLL ACCTS - ST		41,702.61
613E	ACCRUED BOOK VACATION PAY		0.01
630I	DEFD STORM DAMAGE		(0.01)
641I	ADVANCE RENTAL INC (CUR MO)		0.01
712K	CAPITALIZED SOFTWARE COST-BOOK		0.01
906A	ACCRD SFAS 106 PST RETIRE EXP		0.01
907A	REG ASSET-MEDICARE SUBSIDY-FLOW-THRU-(PPACA)		(66.79)
910K	REMOVAL CST		(1,364,707.46)
914A	SFAS 109 - DEFD SIT LIABILITY		961,304.88
914B	REG ASSET-SFAS 109 DSIT LIAB		(961,304.88)
914K	REG ASSET-ACCRUED SFAS 112		(0.01)
			<u>(512,335.62)</u>
1902001 1902001 Accum Deferred FIT-Oth I&D			
913D	CHARITABLE CONTRIBUTION CARRYFRWD		<u>(28,804.95)</u>
			(28,804.95)
1903001 1903001 Acc DFIT-FAS 109 Flow-Thru			
012K	SEC ALLOC-ITC-10%-46F1		(8.45)
602A	PROV WORKER'S COMP		(31,530.02)
610A	BK PROV UNCOLL ACCTS - ST		(21,414.29)
914A	SFAS 109 - DEFD SIT LIABILITY		(493,630.06)
907A	REG ASSET-MEDICARE SUBSIDY-FLOW-THRU-(PPACA)		<u>34.30</u>
			(546,548.52)
1904001 1904001 Acc DFIT-FAS 109 Excess			
230A-XS	EXCESS DIT - ACRS NORM REVERSAL	(1,330.20)	
960F-XS	EXCESS ADFIT 282 - PROTECTED	2,398,928.09	
960F-XS	EXCESS ADFIT 283 - UNPROTECTED	<u>455,633.37</u>	
		2,853,231.26	
2543001 2543001 SFAS 109 Flow-Thru DFIT			
012K	SEC ALLOC-ITC-10%-46F1	<u>8.45</u>	
		8.45	
2544001 2544001 SFAS 109 Excess DFIT			
230A-XS	EXCESS DIT - ACRS NORM REVERSAL		1,330.20
960F-XS	EXCESS ADFIT 282 - PROTECTED		(11,423,467.09)
960F-XS	EXCESS ADFIT 283 - UNPROTECTED		<u>(2,169,682.70)</u>
			(13,591,819.59)
2822001 2822001 Accum Defd FIT-Other Prop			
280D	NON-UTIL EXCESS TAX VS BK DEPR	<u>103.26</u>	
		103.26	
2823001 2823001 Acc Def FIT-FAS 109 F/T			
007A	COMPOSITE SFAS 109 PROP A/C 282	364,093.58	
210A	LIBERALIZED DEPR-REG	(1,700.30)	
220A	CLS LIFE DEPR (ADR)-REG	(105,840.00)	
280A	EXCESS TX VS S/L BK DEPR	(1,338,163.12)	
295A-EFB	EFB - GAIN/LOSS ON ACRS/MACRS PROPERTY	348,743.20	
310A	AOFUDC	1,183.60	
320A	ABFUDC	21,827.67	
380J	INT EXP CAPITALIZED FOR TAX	(62,592.36)	
390A	CIAC - BOOK RECEIPTS	0.00	
532A-EFB	EFB - PERCENT REPAIR ALLOW	357,407.60	
534A-EFB	EFB - CAPITALIZED RELOCATION COSTS	30,257.20	
910K	REMOVAL CST	<u>700,777.28</u>	
		315,994.35	
2824001 2824001 Acc Def FIT-FAS 109 Excess			
960F-XS	EXCESS ADFIT 282 - PROTECTED	<u>9,024,539.00</u>	
		9,024,539.00	
2833001 2833001 Acc Defd FIT-FAS 109 F/T			
007A	COMPOSITE SFAS 109 PROP A/C 282	344,949.43	
210A	LIBERALIZED DEPR-REG	(1,610.90)	
220A	CLS LIFE DEPR (ADR)-REG	(100,274.89)	
280A	EXCESS TX VS S/L BK DEPR	(1,267,802.06)	
295A-EFB	EFB - GAIN/LOSS ON ACRS/MACRS PROPERTY	330,406.17	
310A	AOFUDC	1,121.36	
320A	ABFUDC	20,679.97	
380J	INT EXP CAPITALIZED FOR TAX	(59,301.23)	
532A-EFB	EFB - PERCENT REPAIR ALLOW	338,614.99	
534A-EFB	EFB - CAPITALIZED RELOCATION COSTS	28,666.27	
602A	PROV WORKER'S COMP	(29,872.16)	
610A	BK PROV UNCOLL ACCTS - ST	(20,288.32)	
613E	ACCRUED BOOK VACATION PAY	(0.01)	
630I	DEFD STORM DAMAGE	0.01	
641I	ADVANCE RENTAL INC (CUR MO)	(0.01)	
712K	CAPITALIZED SOFTWARE COST-BOOK	(0.01)	
906A	ACCRD SFAS 106 PST RETIRE EXP	(0.01)	
907A	REG ASSET-MEDICARE SUBSIDY-FLOW-THRU-(PPACA)	32.49	
910K	REMOVAL CST	663,930.18	
914A	SFAS 109 - DEFD SIT LIABILITY	(467,674.82)	
914B	REG ASSET-SFAS 109 DSIT LIAB	961,304.88	
914K	REG ASSET-ACCRUED SFAS 112	<u>0.01</u>	
		742,881.34	
2834001 2834001 Acc Defd FIT-FAS 109 Excess			
960F-XS	EXCESS ADFIT 283 - UNPROTECTED	<u>1,714,049.33</u>	
		1,714,049.33	
4102001 4102001 Prov DIT Oth I&D-Federal			
913D	CHARITABLE CONTRIBUTION CARRYFRWD	<u>28,804.95</u>	
		28,804.95	
4112001 4112001 Prov DIT-Cr Oth I&D-Federal			
280D	NON-UTIL EXCESS TAX VS BK DEPR		<u>(103.26)</u>

	(103.26)
<u>14,679,611.94</u>	<u>(14,679,611.94)</u>