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October 24, 2018

**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: FILING OF KINGSPORT POWER COMPANY d/b/a AEP  
APPALACHIAN POWER (“KgPCo”) IN RESPONSE TO THE TENNESSEE PUBLIC  
UTILITY COMMISSION INVESTIGATION OF IMPACT OF FEDERAL TAX  
REFORM ON THE REVENUE REQUIREMENT OF KgPCo (Docket No. 18-00038)

Dear Ms. Dillon:

Enclosed please find an original and 4 copies of East Tennessee Energy Consumers’  
*Testimony and Exhibits of Stephen J. Baron* to be filed on behalf of East Tennessee Energy  
Consumers in the above-referenced docket.

Thank you for your kind attention to this request.

Sincerely yours,

  
Michael J. Quinan

MJQ  
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. Daniel P. Whitaker  
Ms. Karen H. Stachowski

**BEFORE THE**  
**TENNESSEE PUBLIC UTILITY COMMISSION**  
**NASHVILLE, TENNESSEE**

<b>IN RE:</b>	)	
	)	
<b>FILING OF KINGSFORT POWER</b>	)	<b>DOCKET NO. 18-00038</b>
<b>COMPANY d/b/a AEP</b>	)	
<b>APPALACHIAN POWER ("KgPCo")</b>	)	
<b>IN RESPONSE TO THE TENNESSEE</b>	)	
<b>PUBLIC UTILITY COMMISSION</b>	)	
<b>INVESTIGATION OF IMPACT OF</b>	)	
<b>FEDERAL TAX REFORM ON THE</b>	)	
<b>REVENUE REQUIREMENT OF</b>	)	
<b>KgPCo</b>	)	

**DIRECT TESTIMONY**

**AND EXHIBITS**

**OF**

**STEPHEN J. BARON**

**ON BEHALF OF**  
**EAST TENNESSEE ENERGY CONSUMERS**  
**J. KENNEDY AND ASSOCIATES, INC.**  
**ROSWELL, GEORGIA**

**October 24, 2018**

**BEFORE THE  
TENNESSEE PUBLIC UTILITY COMMISSION  
NASHVILLE, TENNESSEE**

<b>IN RE:</b>	)	
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<b>COMPANY d/b/a AEP</b>	)	
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<b>PUBLIC UTILITY COMMISSION</b>	)	
<b>INVESTIGATION OF IMPACT OF</b>	)	
<b>FEDERAL TAX REFORM ON THE</b>	)	
<b>REVENUE REQUIREMENT OF</b>	)	
<b>KgPCo</b>	)	

**DIRECT TESTIMONY OF STEPHEN J. BARON**

**I. INTRODUCTION**

1     **Q.     Please state your name and business address.**

2     A.     My name is Stephen J. Baron. My business address is J. Kennedy and Associates,  
3             Inc. ("Kennedy and Associates"), 570 Colonial Park Drive, Suite 305, Roswell,  
4             Georgia 30075.

5  
6     **Q.     On whose behalf are you testifying in this proceeding?**

7     A.     I am testifying on behalf of East Tennessee Energy Consumers ("ETEC"), a group of  
8             large industrial customers taking service from Kingsport Power Company  
9             ("Kingsport" or the "Company").

*J. Kennedy and Associates, Inc.*

1       **Q.     What is your occupation and by whom are you employed?**

2       A.     I am the President and a Principal of Kennedy and Associates, a firm of utility rate,  
3             planning, and economic consultants in Roswell, Georgia.

4  
5       **Q.     Please describe briefly the nature of the consulting services provided by Kennedy**  
6             **and Associates.**

7       A.     Kennedy and Associates provides consulting services in the electric and gas utility  
8             industries. Our clients include state agencies and industrial electricity consumers. The  
9             firm provides expertise in system planning, load forecasting, financial analysis, cost-  
10            of-service, and rate design. Current clients include the Georgia and Louisiana Public  
11            Service Commissions and industrial consumer groups throughout the United States.

12  
13       **Q.     Please state your educational background.**

14       A.     I graduated from the University of Florida in 1972 with a B.A. degree with high honors  
15             in Political Science and significant coursework in Mathematics and Computer  
16             Science. In 1974, I received a Master of Arts Degree in Economics, also from the  
17             University of Florida. My areas of specialization were econometrics, statistics, and  
18             public utility economics. My thesis concerned the development of an econometric  
19             model to forecast electricity sales in the State of Florida, for which I received a grant  
20             from the Public Utility Research Center of the University of Florida. In addition, I  
21             have advanced study and coursework in time series analysis and dynamic model  
22             building.

23  
24       **Q.     Please describe your professional experience.**

1       A.     I have more than forty years of experience in the electric utility industry in the areas  
2             of cost and rate analysis, forecasting, planning, and economic analysis.

3  
4             Following the completion of my graduate work in economics, I joined the staff of the  
5             Florida Public Service Commission in August of 1974 as a Rate Economist. My  
6             responsibilities included the analysis of rate cases for electric, telephone, and gas  
7             utilities, as well as the preparation of cross-examination material and the preparation  
8             of staff recommendations.

9  
10            In December 1975, I joined the Utility Rate Consulting Division of Ebasco Services,  
11            Inc. as an Associate Consultant. In the seven years I worked for Ebasco, I received  
12            successive promotions, ultimately to the position of Vice President of Energy  
13            Management Services of Ebasco Business Consulting Company. My responsibilities  
14            included the management of a staff of consultants engaged in providing services in  
15            the areas of econometric modeling, load and energy forecasting, production cost  
16            modeling, planning, cost-of-service analysis, cogeneration, and load management.

17  
18            I joined the public accounting firm of Coopers & Lybrand in 1982 as a Manager of  
19            the Atlanta Office of the Utility Regulatory and Advisory Services Group. In this  
20            capacity, I was responsible for the operation and management of the Atlanta office.  
21            My duties included the technical and administrative supervision of the staff,  
22            budgeting, recruiting, and marketing as well as project management on client  
23            engagements. At Coopers & Lybrand, I specialized in utility cost analysis,  
24            forecasting, load analysis, economic analysis, and planning.

1  
2 In January 1984, I joined the consulting firm of Kennedy and Associates as a Vice  
3 President and Principal. I became President of the firm in January 1991.

4  
5 During the course of my career, I have provided consulting services to numerous  
6 industrial, commercial, public service commission and utility clients, including  
7 international utility clients.

8  
9 I have presented numerous papers and published an article entitled "How to Rate Load  
10 Management Programs" in the March 1979 edition of "Electrical World." My article  
11 on "Standby Electric Rates" was published in the November 8, 1984 issue of "Public  
12 Utilities Fortnightly." In February of 1984, I completed a detailed analysis entitled  
13 "Load Data Transfer Techniques" on behalf of the Electric Power Research Institute,  
14 which published the study.

15  
16 I have presented testimony as an expert witness in Arizona, Arkansas, Colorado,  
17 Connecticut, Florida, Georgia, Indiana, Kentucky, Louisiana, Maine, Michigan,  
18 Minnesota, Maryland, Missouri, Montana, New Jersey, New Mexico, New York,  
19 North Carolina, Ohio, Pennsylvania, Tennessee, Texas, Utah, Virginia, West Virginia,  
20 Wisconsin, and Wyoming. I have also presented testimony as an expert before the  
21 Federal Energy Regulatory Commission ("FERC") and in United States Bankruptcy  
22 Court. A list of my specific regulatory appearances can be found in Baron Exhibit  
23 \_\_\_\_ (SJB-1).

1       **Q.     Have you previously testified in rate proceedings involving operating utilities of**  
2       **American Electric Power Company, Inc. (“AEP”)?**

3       A.     Yes. I have testified in numerous rate proceedings of AEP operating companies,  
4       including proceedings in Virginia (Appalachian Power Company), West Virginia  
5       (Appalachian Power Company), Kentucky (Kentucky Power Company), Ohio (Ohio  
6       Power Company, Columbus and Southern Power Company), Indiana (Indiana  
7       Michigan Power Company), and Louisiana (Southwest Electric Power Company). I  
8       have also testified before FERC in the AEP and Central and Southwest merger case.

9  
10       I have also presented testimony before the Tennessee Public Utility Commission  
11       (“Commission”) in Kingsport’s 2012 case regarding PJM Demand Response rate  
12       issues (Docket No. 12-00012), Kingsport’s 2016 general rate case (Docket No. 16-  
13       00001), Kingsport’s Alternative Rate Mechanism (“ARM”) case (Docket No. 17-  
14       00032) and Kingsport’s Storm Damage Rider case (Docket No. 17-00143). Kingsport  
15       is a subsidiary of AEP.

16  
17       **Q.     What is the purpose of your testimony?**

18       A.     My testimony responds to Kingsport’s March 29, 2018 filing and the testimony of  
19       Kingsport witness William Castle regarding the Company’s ratemaking proposals to  
20       provide customers the tax savings that the Company is currently receiving as a result  
21       of the December 2017 Tax Cut and Jobs Act (“TCJA”). Kingsport has identified three  
22       components of federal tax savings, and it proposes to return them to its customers  
23       through four different mechanisms. These three components of such tax savings are:  
24       1) current expense tax savings, 2) amortization of unprotected excess Accumulated

1           Deferred Income Taxes (“EADIT”) and 3) amortization of protected EADIT. My  
2           testimony will respond to the Company’s proposals.

3  
4           I address the Company’s proposals to use unprotected EADIT to eliminate  
5           Kingsport’s deferral balances in the Storm Damage case (Docket No. 17-00143) and  
6           partially eliminate the deferral balance (under-recovery balance) associated with  
7           Kingsport’s Fuel and Purchased Power Adjustment Rider (“FPPAR”). I will also  
8           address the Company’s proposal to return to customers the current income tax  
9           reduction and the protected EADIT amortization amounts. Finally, I will address the  
10          Company’s proposal to return to customers, over a 12-month period, the amount of  
11          the accrued regulatory liability associated with the current tax reduction and the  
12          amortization of protected EADIT, pursuant to the Commission’s Order in Docket No.  
13          18-00001. (That order required a deferral of these items for the period beginning  
14          January 1, 2018 through the date of ratepayer credits resulting from this case.)

15  
16          With regard to each of these proposals, my testimony focuses on the specific  
17          mechanisms, including customer rate class allocations, proposed for use in returning  
18          the TCJA reductions to customers.

19  
20       **Q.    Have you previously presented testimony on TCJA issues in other proceedings?**

21       **A.**    Yes. I have testified on various issues associated with the TCJA in a Potomac Electric  
22           and Power Company (“PEPCo”) case before the Public Service Commission of the  
23           District of Columbia, a Monongahela Power Company/Potomac Edison Company



1 TCJA case in West Virginia, and an Appalachian Power Company  
2 (“APCo”)/Wheeling Power Company (“WPCo”) TCJA case in West Virginia.  
3

4 **Q. Would you summarize your findings and recommendations in this case?**

5 A. Based on my review of the Company’s filing and its responses to data requests, I do  
6 not oppose Kingsport’s overall plan to return the various components of the TCJA  
7 savings to customers. While I do not necessarily agree with the allocation of certain  
8 of these TCJA reductions and credits to rate classes on a standalone basis, the  
9 Company’s proposal, taken as a whole, is reasonable and will provide a fair treatment  
10 to Kingsport’s customers.  
11

12 I recommend that the Commission approve the plan, as filed, if it is approved in its  
13 entirety. This would include the proposed: 1) elimination of the Storm Damage  
14 deferral, 2) partial elimination of the Fuel and Purchased Power Adjustment Rider  
15 (“FPPAR”) deferral, 3) allocation of current tax savings and protected EADIT to rate  
16 classes, and 4) allocation of the deferred regulatory liability to rate classes for the  
17 period January 1, 2018, through the implementation of the proposed Federal Tax Rate  
18 Adjustment Rider.  
19

20 **Q. Would you please discuss the need to return the tax savings from the TCJA to**  
21 **customers?**

22 A. The TCJA reduced the federal income tax (“FIT”) rate from 35% to 21%. That FIT  
23 rate reduction produces savings to the Company, and these savings must be returned  
24 to customers in their rates. Kingsport’s current base rates were established in Docket

1 No. 16-00001. These rates reflect an FIT expense based on the then current FIT rate  
2 of 35%. Thus, the current FIT rate of 21% is 40% lower than the level used to set  
3 current rates. Absent a base rate case to reflect this FIT rate reduction, the Company's  
4 current base rates must be adjusted to align them properly with Kingsport's actual tax  
5 expense.

6  
7 In addition, as discussed in the Company's March 29, 2018 filing, the FIT rate  
8 reduction also created an excess accumulated deferred income tax balance.  
9 Kingsport's base rates include both current FIT expenses and deferred FIT expenses.  
10 The deferred FIT expenses are income tax expenses that are not currently being paid  
11 by the Company due to tax-book timing differences. The Company must pay such  
12 deferred expenses in the future, however, when book basis expenses are less than tax  
13 basis expenses. Under the tax normalization accounting that is used for ratemaking  
14 purposes, customers are charged both for the current taxes actually paid by the  
15 Company and for the deferred taxes that will be paid in the future. The deferred  
16 income tax expenses are accumulated on the Company's books as a future liability  
17 under the assumption that the taxes eventually will be paid. Since these deferred taxes  
18 provide the Company with a source of capital until they actually are paid in the future,  
19 the accumulated balance of deferred taxes is subtracted from rate base for ratemaking  
20 purposes. Now, with the FIT rate dropping to 21%, this future tax liability is reduced  
21 by 40% from the level at which these deferred taxes originally were collected from  
22 customers. This created an excess deferred tax balance on the Company's books as  
23 of December 31, 2017, and that excess now must be returned to customers.

1       **Q.     Since the Company collected these excess deferred taxes from customers for**  
2       **future tax expenses that now will not have to be paid, would it be appropriate for**  
3       **the Company to refund the excess amount immediately?**

4       A.    Yes, in theory. However, there are two types of EADIT: protected EADIT and  
5       unprotected EADIT. The unprotected EADIT can be returned to customers  
6       immediately or on some other accelerated basis approved by the Commission.  
7       However, pursuant to the tax code's normalization rules, the protected EADIT cannot  
8       be returned or amortized more rapidly than the otherwise applicable reversal of the  
9       book-tax timing differences. Protected EADIT must be amortized and credited to  
10      customers following the tax code Average Rate Assumption Method ("ARAM").

11  
12      **Q.     Do you have any comments on the Company's proposed reductions in customer**  
13      **rates to reflect the current tax, protected EADIT amortization and the**  
14      **unprotected EADIT amounts?**

15      A.    Yes. Kingsport has calculated an adjustment to the amount of current taxes included  
16      in rates, based on the settlement of Docket No. 16-00001. The Company calculated  
17      the annual amount of the current tax reduction at \$714,463. This amount then must  
18      be grossed-up to calculate the revenue credit amount, which Kingsport calculated to  
19      be \$966,525.<sup>1</sup> This annual credit would be continued until the effective date of new  
20      base rates in Kingsport's next general rate case. I have reviewed the Company's  
21      calculations associated with the current tax reduction, and I agree with the Company's  
22      methodology.

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<sup>1</sup> Kingsport's original filing used a gross-up factor of 1.266. The Company now has revised this factor to 1.3528.

1  
2 I have not performed an analysis of the Company's protected and unprotected EADIT  
3 balances; however, for the purposes of my testimony in this case, I have accepted the  
4 Company's calculations, including the Company's estimated first-year amortization  
5 of protected EADIT.

6  
7 **Q. Would you summarize your understanding of the Company's proposal to return**  
8 **the TCJA tax savings to customers?**

9 A. As discussed above, the Company's proposal has four components. I discuss each  
10 below. First, however, it should be noted that the current tax reduction and the amount  
11 of the unprotected excess ADIT balance that can be returned to customers are fixed  
12 amounts. In contrast, the annual amount of the protected excess ADIT amortization  
13 is only an estimate that will not be known with certainty, according to the Company,  
14 prior to the hearing in this docket.<sup>2</sup> For purposes of its rate proposal in this case, the  
15 Company assumed a levelized 21-year amortization of the protected EADIT balance.  
16 This amount would be trued-up once the actual amortization is determined.

17  
18 The four components of the Company's TCJA proposal are as follows:

- 19 1. Current Tax and Protected EADIT. The first component of the TCJA  
20 reduction is the current FIT tax savings and the estimated amortization of  
21 protected excess ADIT (total first year amount of \$1,441,344). Kingsport  
22 proposes to allocate this amount to rate classes by applying a uniform

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<sup>2</sup> See October 5, 2018 letter from William Bovender on behalf of Kingsport to Karen Stachowski of the Office of the Tennessee Attorney General, Public Protection Section, Consumer Protection and Advocate Division (See Baron Exhibit \_\_SJB-2).

percentage – 5.04% -- to the Company's base distribution revenues of each customer rate class. Further, each base distribution charge for each customer class would be reduced by 5.04%. Thus, each rate class effectively would receive the same percentage reduction in base distribution rates, regardless of the amount of income tax expense actually paid by the class in its current distribution rates. The same percentage would continue to be credited to customer bills until new base rates become effective as a result of a new base rate case, although the protected excess ADIT amortization amounts would change from year to year based on the ARAM calculation.

2. Deferred Current Tax and Protected EADIT Regulatory Liability. The second part of the Company's proposal is to allocate the deferred balance of the accumulated current tax reduction and protected excess ADIT amortization as a uniform percentage reduction to distribution revenues. (That is, the Company proposes to follow the same rate class allocation and rate design as it proposes to follow in (1) above.) The amount of this deferred balance reflects an accumulation of the current tax and protected EADIT amortization amounts for the period January 1, 2018 through the date the TCJA reductions are initially implemented. In its filing, Kingsport assumed that this period would be nine months, from January 2018 through September 2018, and the Company calculated that the associated balance would be \$678,287. Kingsport proposes that this balance be amortized and credited to customer distribution rates over a 12-month period. To the

1 extent, now a certainty, that the TCJA revenue reductions are not be  
2 implemented by October 1, 2018, this deferred balance will increase.

3  
4 3. Unprotected EADIT Balance Used to Offset Storm Damage Deferral.

5 The third part of the Company's proposal is to use \$1,505,354 of the  
6 unprotected excess ADIT balance (out of a total amount of unprotected  
7 excess ADIT of \$4,262,215) to eliminate the storm damage deferral.

8  
9 4. Unprotected EADIT Balance Used to Partially Offset Deferred FPPAR

10 Expenses. The fourth component of the Company's proposal is to use the  
11 remaining amount of the unprotected excess ADIT balance (\$2,756,861) to  
12 offset a portion of an estimated FPPAR under-recovery balance of \$5.4  
13 million deferred for later recovery (*i.e.*, the FPPAR deferred balance).<sup>3</sup>

14  
15 **Q. You indicated that, while you support the Company's plan if it is approved in**  
16 **its entirety, you have concerns with some of the individual component**  
17 **provisions. Would you explain your concerns?**

18 A. Yes. As I indicated, I accept and support Kingsport's overall plan because, taken  
19 as a whole, it provides a reasonable balance of TCJA savings to each customer rate  
20 class. This requires that each of the components of the plan be approved to achieve  
21 this balance and meet a reasonableness standard. However, I have concerns with  
22 the allocations among customer rate classes of the individual amounts of the TCJA  
23 savings that the Company proposes. The TCJA savings are produced by a reduction

---

<sup>3</sup> The remaining balance of the unprotected EADIT equals \$4,262,215, less the \$1,505,354 amount used to eliminate the Storm Damage deferral. The estimated FPPAR deferral reflects the balance as of July 31, 2018, per response to CPAD 1-18.

1 in the federal income taxes that the Company must pay, both currently and in the  
2 future. These taxes are included in current distribution rates and, in the case of  
3 accumulated deferred income taxes, in prior distribution rates. To the extent that a  
4 portion of a customer's distribution rates include an amount to cover federal income  
5 taxes and that amount has now been reduced, the excess should be returned to the  
6 customer since the Company no longer is obligated to pay it.

7  
8 **Q. How would the level of taxes paid by customers in distribution rates impact**  
9 **the allocation of the TCJA savings to each rate class?**

10 A. Logically, the amount of TCJA savings that should be returned to a customer should  
11 be related to the amount of federal income taxes that the customer pays in its rates.  
12 Indeed, such an approach is not only logical, but, in a rate-setting context, consistent  
13 with the principle of cost causation. This means that, in simple terms, if a  
14 customer's distribution rates do not include any amount to cover federal income  
15 taxes, then a reduction in federal income taxes should not reduce the customer's  
16 distribution rates. Conversely, if a customer's distribution rates include a  
17 disproportionately high amount to cover federal income taxes, then a reduction in  
18 federal income taxes should result in a greater proportionate reduction in the  
19 customer's distribution rates.

20  
21 **Q. Does the Company's proposed allocation of current tax savings, excess**  
22 **protected ADIT and the deferred regulatory liability recognize this basic cost**  
23 **causation concept?**

1       A.    No. As I discussed earlier, the Company is proposing a uniform percentage  
2           reduction to current distribution rates for all rate classes, regardless of the level of  
3           federal income taxes included in such rates.

4  
5       **Q.    How can the level of federal income taxes that are included in each rate class's**  
6           **distribution rates be measured?**

7       A.    The class cost of service study (CCOSS) filed by the Company in Docket No. 16-  
8           00001 provides a reasonable basis to identify the level of federal income taxes  
9           currently being paid by each rate class. Baron Exhibit\_\_ (SJB-3), pages 1 and 2,  
10          summarizes an analysis of current federal income taxes paid by each rate class in  
11          current rates, based on the approved Settlement of Docket No. 16-00001. The  
12          analysis uses the results of the Company's as-filed class cost of service study to  
13          identify the total federal income taxes paid by each rate class.

14  
15          These amounts represent the total federal income tax expense ("normalized tax  
16          expense") and consist of current federal income taxes plus deferred federal income  
17          taxes. These federal income taxes by rate class are then adjusted to reflect the level  
18          of federal income taxes agreed to in the settlement. These adjusted amounts reflect  
19          the federal income taxes that currently are being collected from distribution rates  
20          charged to each rate class. Finally, these settlement-based FIT amounts are then  
21          reduced by the TCJA FIT rate reduction (35% to 21%). This is shown on page 2  
22          of the exhibit.



1       **Q.     The Company's CCOSS showed that the residential rate class was paying a**  
2       **substantial amount of *negative* income taxes. What is the implication of that**  
3       **negative return?**

4       A.     The CCOSS showed that the residential rate class was producing a negative rate of  
5       return on investment. This meant that the rates paid by the residential class were  
6       producing a negative amount of operating income before taxes and, therefore, a  
7       negative level of income taxes. Essentially, the residential class rates were  
8       insufficient to cover the expenses allocated to that class, let alone provide a rate of  
9       return on the investment allocated to that class.

10  
11       I analyzed the potential impact of TCJA savings on each class and took into account  
12       the negative return for purposes of calculating the TCJA tax savings. However,  
13       instead of using a negative return for the residential class, I assumed that the  
14       residential class simply provided no return – that is, in my analysis, I set the  
15       residential TCJA reduction to “0,” rather than assigning it a TCJA increase.<sup>4</sup> As  
16       shown in Exhibit \_\_ (SJB-3), I then allocated the TCJA savings -- the TCJA current  
17       tax savings, protected excess ADIT reduction and the reduction due to the  
18       Commission-ordered deferral – on that basis. The total amount of these allocated  
19       TCJA savings are shown in the last column of page 2 of the exhibit.

20  

---

<sup>4</sup> In theory, if a rate class included a negative amount of income taxes, these taxes are essentially a credit, or reduction to the distribution rate. If the FIT rate is reduced from 35% to 21%, as the TCJA has done, then this credit would be reduced and the distribution rate would actually increase.

1       **Q.     How does this CCOSS-based allocation of the TCJA savings compare to the**  
2               **Company's proposed allocation of the portion of such savings returned on the**  
3               **basis of a uniform percentage reduction applied to distribution rates?**

4       A.     Baron Exhibit\_\_ (SJB-4) shows this comparison. As can be seen, under the  
5               Company's uniform percentage distribution revenue allocation method, the  
6               residential class would receive a total first-year TCJA reduction of \$560,957, but  
7               under a cost-based FIT allocation, the residential class would receive no reduction.  
8               Again, this latter result stems from the fact that the residential class does not pay  
9               rates sufficient to produce a positive level of operating income that, in turn, would  
10              result in any related federal income tax. In contrast, for the Industrial Power Rate  
11              (Rate IP) class, the Company's distribution revenue allocation assigns only about  
12              50% of the TCJA tax savings that otherwise would be assigned if a cost-based  
13              allocation factor were used.

14  
15       **Q.     In your analysis, you allocated the protected excess ADIT amount on the basis**  
16               **of the normalized federal income taxes paid by each rate class. But doesn't**  
17               **the CCOSS allocate accumulated deferred income taxes, which is a reduction**  
18               **to rate base, on the basis of a net plant-in-service allocator?**

19       A.     Yes. Accumulated deferred taxes are allocated based on Electric Plant in Service,  
20               not operating income, for each rate class for the purposes of allocating the rate base  
21               reduction. These accumulated deferred taxes are the accumulation of the annual  
22               deferred tax expenses. Customer rates reflect both an allocation of the current,  
23               actual income taxes paid by the Company and an allocation of deferred income tax  
24               expenses. Together, these two amounts reflect what is referred to as "normalized

1 income taxes.” Normalized taxes are the amount of income taxes actually included  
2 in Kingsport’s distribution rates. These normalized taxes are based on the tax rate  
3 (the 35% FIT rate at the time of the settlement) times a rate class’s share of book  
4 basis operating income. If a rate class has no operating income (book basis), there  
5 are no federal income taxes being paid by that rate class.

6  
7 It is true that, for CCOSS purposes, the accumulation of deferred income taxes over  
8 time (ADIT) is allocated to rate classes on a plant allocator. However, if a rate  
9 class is not paying any normalized income tax expense in its rates, then it follows  
10 logically that the class has not contributed to the ADIT balance. It also follows  
11 logically that such a rate class should not be entitled to a credit to reflect the return  
12 of excess ADIT.

13  
14 **Q. Why is it appropriate to allocate excess ADIT on the basis of federal income**  
15 **tax expense, as you have done in your analysis?**

16 A. As I discussed above, it is appropriate to allocate excess ADIT on the basis of  
17 federal income tax expense because federal income taxes paid in customer rates are  
18 normalized taxes that are based on the utility’s book basis operating income. If a  
19 rate class had \$0 of book basis operating income, that class would pay no federal  
20 taxes in its rates. Returning excess deferred taxes to that class would be unfair  
21 because it paid no taxes in its rates.

22  
23 **Q. Do you have other concerns with the Company’s allocation of the TCJA**  
24 **savings?**

1       A.     Yes. As I discussed earlier, the Company is proposing to use \$1.5 million of  
2             unprotected excess ADIT to eliminate the Storm Damage deferral that would  
3             otherwise be paid by customers in a Storm Damage Surcharge (“SDR”). While I  
4             do not have any objection to the use of unprotected excess ADIT for this purpose,  
5             the IP Transmission rate class is implicitly being harmed by this proposal. As fully  
6             discussed in both the Company’s testimony and my Direct Testimony in the SDR  
7             case (Docket No. 18-00038), the SDR charges recover costs for storm damage to  
8             the Company’s distribution system. But the IP Transmission rate class does not  
9             utilize the distribution system. (That class, by definition, takes service at  
10            transmission voltage, not distribution voltage.) Therefore, the IP Transmission rate  
11            class should not be allocated any of the SDR charges. Absent the Company’s  
12            proposed use of \$1.5 million of unprotected excess ADIT to eliminate the SDR  
13            charges, this \$1.5 million would be available to return to all rate classes, including  
14            the IP Transmission class. As such, the Company’s proposal implicitly denies the  
15            IP Transmission customers a share of the \$1.5 million refund.

16  
17       **Q.     Given your concerns with the allocation of these TCJA savings, why are you**  
18             **supporting the Company’s proposal in this case, if it is approved in its**  
19             **entirety?**

20       A.     First, while a strict cost of service analysis would not assign any of the TCJA  
21             savings to the residential class, it would be appropriate for all customers, in my  
22             view, to share in at least a portion of the TCJA savings in some manner. Second,  
23             the final part of the Company’s proposed TCJA plan uses the remaining amount of  
24             unprotected excess ADIT (about \$2.76 million) to eliminate a portion of the FPPAR

1        deferral balance. All of Kingsport's customers would receive a benefit from this  
2        part of the Plan; however, since the IP Transmission class otherwise would pay a  
3        relatively greater share of the FPPAR deferral balance, that class would receive a  
4        relatively greater benefit from this part of the Company's plan. Overall, if all of  
5        Kingsport's TCJA plan to return savings to customers is approved by the  
6        Commission, I believe that the plan would be reasonable and provide a fair  
7        allocation of benefits to all of the Company's customers.  
8

9        **Q.    If the Commission does not approve some or all of the Company's proposals**  
10       **to eliminate or reduce the regulatory asset balances with the unprotected**  
11       **EADIT, the Company proposes that customers be credited with any remaining**  
12       **unprotected EADIT balance over a period of 10 years. Do you have any**  
13       **comment on the Company's alternative proposal?**

14       A.    Yes. As I have indicated, I recommend that the Commission approve the  
15       Company's plan if it is approved in its entirety. However, if the Commission does  
16       not approve some or all of the parts of the plan that eliminate or reduce the  
17       regulatory asset balances with the unprotected EADIT, I do not agree that any  
18       remaining unprotected EADIT balance should be amortized over a period of 10  
19       years. The unprotected excess ADIT balance represents, after all, funds now due  
20       to customers as a result of enactment of the TCJA, so customers should not be  
21       required to wait 10 full years to receive them. A much shorter period – two or three  
22       years – would be a more appropriate amortization period, along with corresponding  
23       adjustments to rates, if the Commission declines to approve the proposed reductions  
24       in the regulatory asset balances.

1

2       **Q.**     **Does that complete your testimony?**

3       **A.**     **Yes.**

**BEFORE THE  
TENNESSEE PUBLIC UTILITY COMMISSION  
NASHVILLE, TENNESSEE**

<b>IN RE:</b>	)	
	)	
<b>FILING OF KINGSFORT POWER</b>	)	<b>DOCKET NO. 18-00038</b>
<b>COMPANY d/b/a AEP</b>	)	
<b>APPALACHIAN POWER ("KgPCo")</b>	)	
<b>IN RESPONSE TO THE TENNESSEE</b>	)	
<b>PUBLIC UTILITY COMMISSION</b>	)	
<b>INVESTIGATION OF IMPCAT OF</b>	)	
<b>FEDERAL TAX REFORM ON THE</b>	)	
<b>REVENUE REQUIRMEENT OF</b>	)	
<b>KgPCo</b>	)	

**EXHIBITS**

**OF**

**STEPHEN J. BARON**

**ON BEHALF OF**

**EAST TENNESSEE ENERGY CONSUMERS**

**J. KENNEDY AND ASSOCIATES, INC.**  
**ROSWELL, GEORGIA**

**October 24, 2018**

**BEFORE THE  
TENNESSEE PUBLIC UTILITY COMMISSION  
NASHVILLE, TENNESSEE**

<b>IN RE:</b>	)	
	)	
<b>FILING OF KINGSPORT POWER</b>	)	<b>DOCKET NO. 18-00038</b>
<b>COMPANY d/b/a AEP</b>	)	
<b>APPALACHIAN POWER ("KgPCo")</b>	)	
<b>IN RESPONSE TO THE TENNESSEE</b>	)	
<b>PUBLIC UTILITY COMMISSION</b>	)	
<b>INVESTIGATION OF IMPCAT OF</b>	)	
<b>FEDERAL TAX REFORM ON THE</b>	)	
<b>REVENUE REQUIREMENT OF</b>	)	
<b>KgPCo</b>	)	

**EXHIBIT \_\_ (SJB-1)**

**OF**

**STEPHEN J. BARON**



**Expert Testimony Appearances  
of  
Stephen J. Baron  
As of October 2018**

<b>Date</b>	<b>Case</b>	<b>Jurisdic.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
4/81	203(B)	KY	Louisville Gas & Electric Co.	Louisville Gas & Electric Co.	Cost-of-service.
4/81	ER-81-42	MO	Kansas City Power & Light Co.	Kansas City Power & Light Co.	Forecasting.
6/81	U-1933	AZ	Arizona Corporation Commission	Tucson Electric Co.	Forecasting planning.
2/84	8924	KY	Airco Carbide	Louisville Gas & Electric Co.	Revenue requirements, cost-of-service, forecasting, weather normalization.
3/84	84-038-U	AR	Arkansas Electric Energy Consumers	Arkansas Power & Light Co.	Excess capacity, cost-of-service, rate design.
5/84	830470-EI	FL	Florida Industrial Power Users' Group	Florida Power Corp.	Allocation of fixed costs, load and capacity balance, and reserve margin. Diversification of utility.
10/84	84-199-U	AR	Arkansas Electric Energy Consumers	Arkansas Power and Light Co.	Cost allocation and rate design.
11/84	R-842651	PA	Lehigh Valley Power Committee	Pennsylvania Power & Light Co.	Interruptible rates, excess capacity, and phase-in.
1/85	85-65	ME	Airco Industrial Gases	Central Maine Power Co.	Interruptible rate design.
2/85	I-840381	PA	Philadelphia Area Industrial Energy Users' Group	Philadelphia Electric Co.	Load and energy forecast.
3/85	9243	KY	Alcan Aluminum Corp., et al.	Louisville Gas & Electric Co.	Economics of completing fossil generating unit.
3/85	3498-U	GA	Attorney General	Georgia Power Co.	Load and energy forecasting, generation planning economics.
3/85	R-842632	PA	West Penn Power Industrial Intervenor	West Penn Power Co.	Generation planning economics, prudence of a pumped storage hydro unit.
5/85	84-249	AR	Arkansas Electric Energy Consumers	Arkansas Power & Light Co.	Cost-of-service, rate design return multipliers.
5/85		City of Santa Clara	Chamber of Commerce	Santa Clara Municipal	Cost-of-service, rate design.
6/85	84-768-E-42T	WV	West Virginia Industrial Intervenor	Monongahela Power Co.	Generation planning economics, prudence of a pumped storage hydro unit.

**Expert Testimony Appearances  
of  
Stephen J. Baron  
As of October 2018**

<b>Date</b>	<b>Case</b>	<b>Jurisdic.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
6/85	E-7 Sub 391	NC	Carolina Industrials (CIGFUR III)	Duke Power Co.	Cost-of-service, rate design, interruptible rate design.
7/85	29046	NY	Industrial Energy Users Association	Orange and Rockland Utilities	Cost-of-service, rate design.
10/85	85-043-U	AR	Arkansas Gas Consumers	Arkla, Inc.	Regulatory policy, gas cost-of- service, rate design.
10/85	85-63	ME	Airco Industrial Gases	Central Maine Power Co.	Feasibility of interruptible rates, avoided cost.
2/85	ER- 8507698	NJ	Air Products and Chemicals	Jersey Central Power & Light Co.	Rate design.
3/85	R-850220	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Optimal reserve, prudence, off-system sales guarantee plan.
2/86	R-850220	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Optimal reserve margins, prudence, off-system sales guarantee plan.
3/86	85-299U	AR	Arkansas Electric Energy Consumers	Arkansas Power & Light Co.	Cost-of-service, rate design, revenue distribution.
3/86	85-726- EL-AIR	OH	Industrial Electric Consumers Group	Ohio Power Co.	Cost-of-service, rate design, interruptible rates.
5/86	86-081- E-GI	WV	West Virginia Energy Users Group	Monongahela Power Co.	Generation planning economics, prudence of a pumped storage hydro unit.
8/86	E-7 Sub 408	NC	Carolina Industrial Energy Consumers	Duke Power Co.	Cost-of-service, rate design, interruptible rates.
10/86	U-17378	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Excess capacity, economic analysis of purchased power.
12/86	38063	IN	Industrial Energy Consumers	Indiana & Michigan Power Co.	Interruptible rates.
3/87	EL-86- 53-001 EL-86- 57-001	Federal Energy Regulatory Commission (FERC)	Louisiana Public Service Commission Staff	Gulf States Utilities, Southern Co.	Cost/benefit analysis of unit power sales contract.
4/87	U-17282	LA	Louisiana Public Service Commission	Gulf States Utilities	Load forecasting and imprudence damages, River Bend Nuclear unit.

**Expert Testimony Appearances  
of  
Stephen J. Baron  
As of October 2018**

<b>Date</b>	<b>Case</b>	<b>Jurisdict.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
			Staff		
5/87	87-023-E-C	WV	Airco Industrial Gases	Monongahela Power Co.	Interruptible rates.
5/87	87-072-E-G1	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Analyze Mon Power's fuel filing and examine the reasonableness of MP's claims.
5/87	86-524-E-SC	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Economic dispatching of pumped storage hydro unit.
5/87	9781	KY	Kentucky Industrial Energy Consumers	Louisville Gas & Electric Co.	Analysis of impact of 1986 Tax Reform Act.
6/87	3673-U	GA	Georgia Public Service Commission	Georgia Power Co.	Economic prudence, evaluation of Vogtle nuclear unit - load forecasting, planning.
6/87	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Phase-in plan for River Bend Nuclear unit.
7/87	85-10-22	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Methodology for refunding rate moderation fund.
8/87	3673-U	GA	Georgia Public Service Commission	Georgia Power Co.	Test year sales and revenue forecast.
9/87	R-850220	PA	West Penn Power Industrial Intervenor	West Penn Power Co.	Excess capacity, reliability of generating system.
10/87	R-870651	PA	Duquesne Industrial Intervenor	Duquesne Light Co.	Interruptible rate, cost-of-service, revenue allocation, rate design.
10/87	I-860025	PA	Pennsylvania Industrial Intervenor		Proposed rules for cogeneration, avoided cost, rate recovery.
10/87	E-015/GR-87-223	MN	Taconite Intervenor	Minnesota Power & Light Co.	Excess capacity, power and cost-of-service, rate design.
10/87	8702-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue forecasting, weather normalization.
12/87	87-07-01	CT	Connecticut Industrial Energy Consumers	Connecticut Light Power Co.	Excess capacity, nuclear plant phase-in.
3/88	10064	KY	Kentucky Industrial Energy Consumers	Louisville Gas & Electric Co.	Revenue forecast, weather normalization rate treatment of cancelled plant.

**Expert Testimony Appearances  
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Stephen J. Baron  
As of October 2018**

<b>Date</b>	<b>Case</b>	<b>Jurisdct.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
3/88	87-183-TF	AR	Arkansas Electric Consumers	Arkansas Power & Light Co.	Standby/backup electric rates.
5/88	870171C001	PA	GPU Industrial Intervenor	Metropolitan Edison Co.	Cogeneration deferral mechanism, modification of energy cost recovery (ECR).
6/88	870172C005	PA	GPU Industrial Intervenor	Pennsylvania Electric Co.	Cogeneration deferral mechanism, modification of energy cost recovery (ECR).
7/88	88-171-EL-AIR 88-170-EL-AIR Interim Rate Case	OH	Industrial Energy Consumers	Cleveland Electric/ Toledo Edison	Financial analysis/need for interim rate relief.
7/88	Appeal of PSC	19th Judicial Docket U-17282	Louisiana Public Service Commission Circuit Court of Louisiana	Gulf States Utilities	Load forecasting, imprudence damages.
11/88	R-880989	PA	United States Steel	Carnegie Gas	Gas cost-of-service, rate design.
11/88	88-171-EL-AIR 88-170-EL-AIR	OH	Industrial Energy Consumers	Cleveland Electric/ Toledo Edison. General Rate Case.	Weather normalization of peak loads, excess capacity, regulatory policy.
3/89	870216/283 284/286	PA	Armco Advanced Materials Corp., Allegheny Ludlum Corp.	West Penn Power Co.	Calculated avoided capacity, recovery of capacity payments.
8/89	8555	TX	Occidental Chemical Corp.	Houston Lighting & Power Co.	Cost-of-service, rate design.
8/89	3840-U	GA	Georgia Public Service Commission	Georgia Power Co.	Revenue forecasting, weather normalization.
9/89	2087	NM	Attorney General of New Mexico	Public Service Co. of New Mexico	Prudence - Palo Verde Nuclear Units 1, 2 and 3, load forecasting.
10/89	2262	NM	New Mexico Industrial Energy Consumers	Public Service Co. of New Mexico	Fuel adjustment clause, off-system sales, cost-of-service, rate design, marginal cost.
11/89	38728	IN	Industrial Consumers for Fair Utility Rates	Indiana Michigan Power Co.	Excess capacity, capacity equalization, jurisdictional cost allocation, rate design, interruptible rates.

**Expert Testimony Appearances  
of  
Stephen J. Baron  
As of October 2018**

<b>Date</b>	<b>Case</b>	<b>Jurisd.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
1/90	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Jurisdictional cost allocation, O&M expense analysis.
5/90	890366	PA	GPU Industrial Intervenor	Metropolitan Edison Co.	Non-utility generator cost recovery.
6/90	R-901609	PA	Armco Advanced Materials Corp., Allegheny Ludlum Corp.	West Penn Power Co.	Allocation of QF demand charges in the fuel cost, cost-of-service, rate design.
9/90	8278	MD	Maryland Industrial Group	Baltimore Gas & Electric Co.	Cost-of-service, rate design, revenue allocation.
12/90	U-9346 Rebuttal	MI	Association of Businesses Advocating Tariff Equity	Consumers Power Co.	Demand-side management, environmental externalities.
12/90	U-17282 Phase IV	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, jurisdictional allocation.
12/90	90-205	ME	Airco Industrial Gases	Central Maine Power Co.	Investigation into interruptible service and rates.
1/91	90-12-03 Interim	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Interim rate relief, financial analysis, class revenue allocation.
5/91	90-12-03 Phase II	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Revenue requirements, cost-of-service, rate design, demand-side management.
8/91	E-7, SUB 487	NC	North Carolina Industrial Energy Consumers	Duke Power Co.	Revenue requirements, cost allocation, rate design, demand-side management.
8/91	8341 Phase I	MD	Westvaco Corp.	Potomac Edison Co.	Cost allocation, rate design, 1990 Clean Air Act Amendments.
8/91	91-372  EL-UNC	OH	Armco Steel Co., L.P.	Cincinnati Gas & Electric Co.	Economic analysis of cogeneration, avoid cost rate.
9/91	P-910511 P-910512	PA	Allegheny Ludlum Corp., Armco Advanced Materials Co., The West Penn Power Industrial Users' Group	West Penn Power Co.	Economic analysis of proposed CWIP Rider for 1990 Clean Air Act Amendments expenditures.
9/91	91-231 -E-NC	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Economic analysis of proposed CWIP Rider for 1990 Clean Air

**Expert Testimony Appearances  
of  
Stephen J. Baron  
As of October 2018**

Date	Case	Jurisdiction	Party	Utility	Subject
					Act Amendments expenditures.
10/91	8341 - Phase II	MD	Westvaco Corp.	Potomac Edison Co.	Economic analysis of proposed CWIP Rider for 1990 Clean Air Act Amendments expenditures.
10/91	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Results of comprehensive management audit.
Note: No testimony was prefiled on this.					
11/91	U-17949 Subdocket A	LA	Louisiana Public Service Commission Staff	South Central Bell Telephone Co. and proposed merger with Southern Bell Telephone Co.	Analysis of South Central Bell's restructuring and
12/91	91-410- EL-AIR	OH	Armco Steel Co., Air Products & Chemicals, Inc.	Cincinnati Gas & Electric Co.	Rate design, interruptible rates.
12/91	P-880286	PA	Armco Advanced Materials Corp., Allegheny Ludlum Corp.	West Penn Power Co.	Evaluation of appropriate avoided capacity costs - QF projects.
1/92	C-913424	PA	Duquesne Interruptible Complainants	Duquesne Light Co.	Industrial interruptible rate.
6/92	92-02-19	CT	Connecticut Industrial Energy Consumers	Yankee Gas Co.	Rate design.
8/92	2437	NM	New Mexico Industrial Intervenor	Public Service Co. of New Mexico	Cost-of-service.
8/92	R-00922314	PA	GPU Industrial Intervenor	Metropolitan Edison Co.	Cost-of-service, rate design, energy cost rate.
9/92	39314	ID	Industrial Consumers for Fair Utility Rates	Indiana Michigan Power Co.	Cost-of-service, rate design, energy cost rate, rate treatment.
10/92	M-00920312 C-007	PA	The GPU Industrial Intervenor	Pennsylvania Electric Co.	Cost-of-service, rate design, energy cost rate, rate treatment.
12/92	U-17949	LA	Louisiana Public Service Commission Staff	South Central Bell Co.	Management audit.
12/92	R-00922378	PA	Armco Advanced Materials Co. The WPP Industrial Intervenor	West Penn Power Co.	Cost-of-service, rate design, energy cost rate, SO <sub>2</sub> allowance rate treatment.
1/93	8487	MD	The Maryland Industrial Group	Baltimore Gas & Electric Co.	Electric cost-of-service and rate design, gas rate design

**Expert Testimony Appearances  
of  
Stephen J. Baron  
As of October 2018**

<b>Date</b>	<b>Case</b>	<b>Jurisdic.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
					(flexible rates).
2/93	E002/GR-92-1185	MN	North Star Steel Co. Praxair, Inc.	Northern States Power Co.	Interruptible rates.
4/93	EC92 21000 ER92-806-000 (Rebuttal)	Federal Energy Regulatory Commission	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy agreement.	Merger of GSU into Entergy System; impact on system
7/93	93-0114-E-C	WV	Airco Gases	Monongahela Power Co.	Interruptible rates.
8/93	930759-EG	FL	Florida Industrial Power Users' Group	Generic - Electric Utilities	Cost recovery and allocation of DSM costs.
9/93	M-009 30406	PA	Lehigh Valley Power Committee	Pennsylvania Power & Light Co.	Ratemaking treatment of off-system sales revenues.
11/93	346	KY	Kentucky Industrial Utility Customers	Generic - Gas Utilities	Allocation of gas pipeline transition costs - FERC Order 636.
12/93	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	Nuclear plant prudence, forecasting, excess capacity.
4/94	E-015/ GR-94-001	MN	Large Power Intervenor	Minnesota Power Co.	Cost allocation, rate design, rate phase-in plan.
5/94	U-20178	LA	Louisiana Public Service Commission	Louisiana Power & Light Co.	Analysis of least cost integrated resource plan and demand-side management program.
7/94	R-00942986	PA	Armco, Inc.; West Penn Power Industrial Intervenor	West Penn Power Co.	Cost-of-service, allocation of rate increase, rate design, emission allowance sales, and operations and maintenance expense.
7/94	94-0035-E-42T	WV	West Virginia Energy Users Group	Monongahela Power Co.	Cost-of-service, allocation of rate increase, and rate design.
8/94	EC94 13-000	Federal Energy Regulatory Commission	Louisiana Public Service Commission	Gulf States Utilities/Entergy	Analysis of extended reserve shutdown units and violation of system agreement by Entergy.
9/94	R-00943 081 R-00943 081C0001	PA	Lehigh Valley Power Committee	Pennsylvania Public Utility Commission	Analysis of interruptible rate terms and conditions, availability.
9/94	U-17735	LA	Louisiana Public	Cajun Electric	Evaluation of appropriate avoided

**Expert Testimony Appearances  
of  
Stephen J. Baron  
As of October 2018**

<b>Date</b>	<b>Case</b>	<b>Jurisd.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
			Service Commission	Power Cooperative	cost rate.
9/94	U-19904	LA	Louisiana Public Service Commission	Gulf States Utilities	Revenue requirements.
10/94	5258-U	GA	Georgia Public Service Commission	Southern Bell Telephone & Telegraph Co.	Proposals to address competition in telecommunication markets.
11/94	EC94-7-000 ER94-898-000	FERC	Louisiana Public Service Commission	El Paso Electric and Central and Southwest	Merger economics, transmission equalization hold harmless proposals.
2/95	941-430EG	CO	CF&I Steel, L.P.	Public Service Company of Colorado	Interruptible rates, cost-of-service.
4/95	R-00943271	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Cost-of-service, allocation of rate increase, rate design, interruptible rates.
6/95	C-00913424 C-00946104	PA	Duquesne Interruptible Complainants	Duquesne Light Co.	Interruptible rates.
8/95	ER95-112 -000	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Open Access Transmission Tariffs - Wholesale.
10/95	U-21485	LA	Louisiana Public Service Commission	Gulf States Utilities Company	Nuclear decommissioning, revenue requirements, capital structure.
10/95	ER95-1042 -000	FERC	Louisiana Public Service Commission	System Energy Resources, Inc.	Nuclear decommissioning, revenue requirements.
10/95	U-21485	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Nuclear decommissioning and cost of debt capital, capital structure.
11/95	I-940032	PA	Industrial Energy Consumers of Pennsylvania	State-wide - all utilities	Retail competition issues.
7/96	U-21496	LA	Louisiana Public Service Commission	Central Louisiana Electric Co.	Revenue requirement analysis.
7/96	8725	MD	Maryland Industrial Group	Baltimore Gas & Elec. Co., Potomac Elec. Power Co., Constellation Energy Co.	Ratemaking issues associated with a Merger.
8/96	U-17735	LA	Louisiana Public Service Commission	Cajun Electric Power Cooperative	Revenue requirements.
9/96	U-22092	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Decommissioning, weather normalization, capital



**Expert Testimony Appearances  
of  
Stephen J. Baron  
As of October 2018**

<b>Date</b>	<b>Case</b>	<b>Jurisdic.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
					structure.
2/97	R-973877	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Competitive restructuring policy issues, stranded cost, transition charges.
6/97	Civil Action No. 94-11474	US Bankruptcy Court Middle District of Louisiana	Louisiana Public Service Commission	Cajun Electric Power Cooperative	Confirmation of reorganization plan; analysis of rate paths produced by competing plans.
6/97	R-973953	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Retail competition issues, rate unbundling, stranded cost analysis.
6/97	8738	MD	Maryland Industrial Group	Generic	Retail competition issues
7/97	R-973954	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Retail competition issues, rate unbundling, stranded cost analysis.
10/97	97-204	KY	Alcan Aluminum Corp. Southwire Co.	Big River Electric Corp.	Analysis of cost of service issues - Big Rivers Restructuring Plan
10/97	R-974008	PA	Metropolitan Edison Industrial Users	Metropolitan Edison Co.	Retail competition issues, rate unbundling, stranded cost analysis.
10/97	R-974009	PA	Pennsylvania Electric Industrial Customer	Pennsylvania Electric Co.	Retail competition issues, rate unbundling, stranded cost analysis.
11/97	U-22491	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Decommissioning, weather normalization, capital structure.
11/97	P-971265	PA	Philadelphia Area Industrial Energy Users Group	Enron Energy Services Power, Inc./ PECO Energy	Analysis of Retail Restructuring Proposal.
12/97	R-973981	PA	West Penn Power Industrial Intervenor	West Penn Power Co.	Retail competition issues, rate unbundling, stranded cost analysis.
12/97	R-974104	PA	Duquesne Industrial Intervenor	Duquesne Light Co.	Retail competition issues, rate unbundling, stranded cost analysis.
3/98 (Allocated Stranded Cost Issues)	U-22092	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Retail competition, stranded cost quantification.
3/98	U-22092	LA	Louisiana Public Service Commission	Gulf States Utilities, Inc.	Stranded cost quantification, restructuring issues.

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9/98	U-17735	LA	Louisiana Public Service Commission	Cajun Electric Power Cooperative, Inc.	Revenue requirements analysis, weather normalization.
12/98	8794	MD	Maryland Industrial Group and Millennium Inorganic Chemicals Inc.	Baltimore Gas and Electric Co.	Electric utility restructuring, stranded cost recovery, rate unbundling.
12/98	U-23358	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Nuclear decommissioning, weather normalization, Entergy System Agreement.
5/99 (Cross- 40-000 Answering Testimony)	EC-98-	FERC	Louisiana Public Service Commission	American Electric Power Co. & Central South West Corp.	Merger issues related to market power mitigation proposals.
5/99 (Response Testimony)	98-426	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Performance based regulation, settlement proposal issues, cross-subsidies between electric. gas services.
6/99	98-0452	WV	West Virginia Energy Users Group	Appalachian Power, Monongahela Power, & Potomac Edison Companies	Electric utility restructuring, stranded cost recovery, rate unbundling.
7/99	99-03-35	CT	Connecticut Industrial Energy Consumers	United Illuminating Company	Electric utility restructuring, stranded cost recovery, rate unbundling.
7/99	Adversary Proceeding No. 98-1065	U.S. Bankruptcy Court	Louisiana Public Service Commission	Cajun Electric Power Cooperative	Motion to dissolve preliminary injunction.
7/99	99-03-06	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Electric utility restructuring, stranded cost recovery, rate unbundling.
10/99	U-24182	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Nuclear decommissioning, weather normalization, Entergy System Agreement.
12/99	U-17735	LA	Louisiana Public Service Commission	Cajun Electric Power Cooperative, Inc.	Analysis of Proposed Contract Rates, Market Rates.
03/00	U-17735	LA	Louisiana Public Service Commission	Cajun Electric Power Cooperative, Inc.	Evaluation of Cooperative Power Contract Elections
03/00	99-1658-EL-ETP	OH	AK Steel Corporation	Cincinnati Gas & Electric Co.	Electric utility restructuring, stranded cost recovery, rate Unbundling.

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08/00	98-0452 E-GI	WV	West Virginia Energy Users Group	Appalachian Power Co. American Electric Co.	Electric utility restructuring rate unbundling.
08/00	00-1050 E-T 00-1051-E-T	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Electric utility restructuring rate unbundling.
09/00	00-1178-E-T	WV	West Virginia Energy Users Group	Appalachian Power Co. Wheeling Power Co.	Electric utility restructuring rate unbundling
10/00	SOAH 473- 00-1020 PUC 2234	TX	The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges And Universities	TXU, Inc.	Electric utility restructuring rate unbundling.
12/00	U-24993	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Nuclear decommissioning, revenue requirements.
12/00	EL00-66- 000 & ER00-2854 EL95-33-002	LA	Louisiana Public Service Commission	Entergy Services Inc.	Inter-Company System Agreement: Modifications for retail competition, interruptible load.
04/01	U-21453, U-20925, U-22092 (Subdocket B) Addressing Contested Issues	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Jurisdictional Business Separation - Texas Restructuring Plan
10/01	14000-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Co.	Test year revenue forecast.
11/01	U-25687	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Nuclear decommissioning requirements transmission revenues.
11/01	U-25965	LA	Louisiana Public Service Commission	Generic	Independent Transmission Company ("Transco"). RTO rate design.
03/02	001148-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Company	Retail cost of service, rate design, resource planning and demand side management.
06/02	U-25965	LA	Louisiana Public Service Commission	Entergy Gulf States Entergy Louisiana	RTO Issues
07/02	U-21453	LA	Louisiana Public Service Commission	SWEPCO, AEP	Jurisdictional Business Sep. - Texas Restructuring Plan.

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08/02	U-25888	LA	Louisiana Public Service Commission	Entergy Louisiana, Inc. Entergy Gulf States, Inc.	Modifications to the Inter-Company System Agreement, Production Cost Equalization.
08/02	EL01-88-000	FERC	Louisiana Public Service Commission	Entergy Services Inc. and the Entergy Operating Companies	Modifications to the Inter-Company System Agreement, Production Cost Equalization.
11/02	02S-315EG	CO	CF&I Steel & Climax Molybdenum Co.	Public Service Co. of Colorado	Fuel Adjustment Clause
01/03	U-17735	LA	Louisiana Public Service Commission	Louisiana Coops	Contract Issues
02/03	02S-594E	CO	Cripple Creek and Victor Gold Mining Co.	Aquila, Inc.	Revenue requirements, purchased power.
04/03	U-26527	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Weather normalization, power purchase expenses, System Agreement expenses.
11/03	ER03-753-000	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and the Entergy Operating Companies	Proposed modifications to System Agreement Tariff MSS-4.
11/03	ER03-583-000 ER03-583-001 ER03-583-002  ER03-681-000, ER03-681-001  ER03-682-000, ER03-682-001 ER03-682-002	FERC	Louisiana Public Service Commission	Entergy Services, Inc., the Entergy Operating Companies, EWO Marketing, L.P., and Entergy Power, Inc.	Evaluation of Wholesale Purchased Power Contracts.
12/03	U-27136	LA	Louisiana Public Service Commission	Entergy Louisiana, Inc.	Evaluation of Wholesale Purchased Power Contracts.
01/04	E-01345-03-0437	AZ	Kroger Company	Arizona Public Service Co.	Revenue allocation rate design.
02/04	00032071	PA	Duquesne Industrial Intervenor	Duquesne Light Company	Provider of last resort issues.
03/04	03A-436E	CO	CF&I Steel, LP and Climax Molybdenum	Public Service Company of Colorado	Purchased Power Adjustment Clause.

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04/04	2003-00433 2003-00434	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co. Kentucky Utilities Co.	Cost of Service Rate Design
0-6/04	03S-539E	CO	Cripple Creek, Victor Gold Mining Co., Goodrich Corp., Holcim (U.S.), Inc., and The Trane Co.	Aquila, Inc.	Cost of Service, Rate Design Interruptible Rates
06/04	R-00049255	PA	PP&L Industrial Customer Alliance PPLICA	PPL Electric Utilities Corp.	Cost of service, rate design, tariff issues and transmission service charge.
10/04	04S-164E	CO	CF&I Steel Company, Climax Mines	Public Service Company of Colorado	Cost of service, rate design, Interruptible Rates.
03/05	Case No. 2004-00426 Case No. 2004-00421	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Louisville Gas & Electric Co.	Environmental cost recovery.
06/05	050045-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Company	Retail cost of service, rate design
07/05	U-28155	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, Inc. Entergy Gulf States, Inc.	Independent Coordinator of Transmission – Cost/Benefit
09/05	Case Nos. WV 05-0402-E-CN 05-0750-E-PC		West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Environmental cost recovery, Securitization, Financing Order
01/06	2005-00341	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Cost of service, rate design, transmission expenses. Congestion Cost Recovery Mechanism
03/06	U-22092	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Separation of EGSI into Texas and Louisiana Companies.
03/06	05-1278-E-PC -PW-42T	WV	West Virginia Energy Users Group	Appalachian Power Co. Wheeling Power Co.	Retail cost of service, rate design.
04/06	U-25116	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, Inc.	Transmission Prudence Investigation
06/06	R-00061346 C0001-0005	PA	Duquesne Industrial Intervenor & IECPA	Duquesne Light Co.	Cost of Service, Rate Design, Transmission Service Charge, Tariff Issues
06/06	R-00061366 R-00061367 P-00062213 P-00062214		Met-Ed Industrial Energy Users Group and Penelec Industrial Customer Alliance	Metropolitan Edison Co. Pennsylvania Electric Co.	Generation Rate Cap, Transmission Service Charge, Cost of Service, Rate Design, Tariff Issues
07/06	U-22092 Sub-J	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Separation of EGSI into Texas and Louisiana Companies.

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07/06	Case No. 2006-00130 Case No. 2006-00129	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Louisville Gas & Electric Co.	Environmental cost recovery.
08/06	Case No. PUE-2006-00065	VA	Old Dominion Committee For Fair Utility Rates	Appalachian Power Co.	Cost Allocation, Allocation of Rev Incr, Off-System Sales margin rate treatment
09/06	E-01345A-05-0816	AZ	Kroger Company	Arizona Public Service Co.	Revenue allocation, cost of service, rate design.
11/06	Doc. No. 97-01-15RE02	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power United Illuminating	Rate unbundling issues.
01/07	Case No. 06-0960-E-42T	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Retail Cost of Service Revenue apportionment
03/07	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc. Entergy Louisiana, LLC	Implementation of FERC Decision Jurisdictional & Rate Class Allocation
05/07	Case No. 07-63-EL-UNC	OH	Ohio Energy Group	Ohio Power, Columbus Southern Power	Environmental Surcharge Rate Design
05/07	R-00049255 Remand	PA	PP&L Industrial Customer Alliance PPLICA	PPL Electric Utilities Corp.	Cost of service, rate design, tariff issues and transmission service charge.
06/07	R-00072155	PA	PP&L Industrial Customer Alliance PPLICA	PPL Electric Utilities Corp.	Cost of service, rate design, tariff issues.
07/07	Doc. No. 07F-037E	CO	Gateway Canyons LLC	Grand Valley Power Coop.	Distribution Line Cost Allocation
09/07	Doc. No. 05-UR-103	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Electric Power Co.	Cost of Service, rate design, tariff Issues, Interruptible rates.
11/07	ER07-682-000	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and the Entergy Operating Companies	Proposed modifications to System Agreement Schedule MSS-3. Cost functionalization issues.
1/08	Doc. No. 20000-277-ER-07	WY	Cimarex Energy Company	Rocky Mountain Power (PacifiCorp)	Vintage Pricing, Marginal Cost Pricing Projected Test Year
1/08	Case No. 07-551	OH	Ohio Energy Group	Ohio Edison, Toledo Edison Cleveland Electric Illuminating	Class Cost of Service, Rate Restructuring, Apportionment of Revenue Increase to Rate Schedules
2/08	ER07-956	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and the Entergy Operating Companies	Entergy's Compliance Filing System Agreement Bandwidth Calculations.
2/08	Doc No. P-00072342	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Default Service Plan issues.
3/08	Doc No.	AZ	Kroger Company	Tucson Electric Power Co.	Cost of Service, Rate Design

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	E-01933A-05-0650				
05/08	08-0278 E-GI	WV	West Virginia Energy Users Group	Appalachian Power Co. American Electric Power Co.	Expanded Net Energy Cost "ENEC" Analysis.
6/08	Case No. OH 08-124-EL-ATA		Ohio Energy Group	Ohio Edison, Toledo Edison Cleveland Electric Illuminating	Recovery of Deferred Fuel Cost
7/08	Docket No. UT 07-035-93		Kroger Company	Rocky Mountain Power Co.	Cost of Service, Rate Design
08/08	Doc. No. WI 6680-UR-116		Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Co.	Cost of Service, rate design, tariff Issues, Interruptible rates.
09/08	Doc. No. WI 6690-UR-119		Wisconsin Industrial Energy Group, Inc.	Wisconsin Public Service Co.	Cost of Service, rate design, tariff Issues, Interruptible rates.
09/08	Case No. OH 08-936-EL-SSO		Ohio Energy Group	Ohio Edison, Toledo Edison Cleveland Electric Illuminating	Provider of Last Resort Competitive Solicitation
09/08	Case No. OH 08-935-EL-SSO		Ohio Energy Group	Ohio Edison, Toledo Edison Cleveland Electric Illuminating	Provider of Last Resort Rate Plan
09/08	Case No. OH 08-917-EL-SSO 08-918-EL-SSO		Ohio Energy Group	Ohio Power Company Columbus Southern Power Co.	Provider of Last Resort Rate Plan
10/08	2008-00251 2008-00252	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co. Kentucky Utilities Co.	Cost of Service, Rate Design
11/08	08-1511 E-GI	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Expanded Net Energy Cost "ENEC" Analysis.
11/08	M-2008- 2036188, M- 2008-2036197	PA	Met-Ed Industrial Energy Users Group and Penelec Industrial Customer Alliance	Metropolitan Edison Co. Pennsylvania Electric Co.	Transmission Service Charge
01/09	ER08-1056	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Entergy's Compliance Filing System Agreement Bandwidth Calculations.
01/09	E-01345A- 08-0172	AZ	Kroger Company	Arizona Public Service Co.	Cost of Service, Rate Design
02/09	2008-00409	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative, Inc.	Cost of Service, Rate Design
5/09	PUE-2009 -00018	VA	VA Committee For Fair Utility Rates	Dominion Virginia Power Company	Transmission Cost Recovery Rider
5/09	09-0177- E-GI	WV	West Virginia Energy Users Group	Appalachian Power Company	Expanded Net Energy Cost "ENEC" Analysis
6/09	PUE-2009	VA	VA Committee For	Dominion Virginia	Fuel Cost Recovery

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	-00016		Fair Utility Rates	Power Company	Rider
6/09	PUE-2009 -00038	VA	Old Dominion Committee For Fair Utility Rates	Appalachian Power Company	Fuel Cost Recovery Rider
7/09	080677-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Company	Retail cost of service, rate design
8/09	U-20925 (RRF 2004)	LA	Louisiana Public Service Commission Staff	Entergy Louisiana LLC	Interruptible Rate Refund Settlement
9/09	09AL-299E	CO	CF&I Steel Company Climax Molybdenum	Public Service Company of Colorado	Energy Cost Rate issues
9/09	Doc. No. 05-UR-104	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Electric Power Co.	Cost of Service, rate design, tariff Issues, Interruptible rates.
9/09	Doc. No. 6680-UR-117	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Co.	Cost of Service, rate design, tariff Issues, Interruptible rates.
10/09	Docket No. 09-035-23	UT	Kroger Company	Rocky Mountain Power Co.	Cost of Service, Allocation of Rev Increase
10/09	09AL-299E	CO	CF&I Steel Company Climax Molybdenum	Public Service Company of Colorado	Cost of Service, Rate Design
11/09	PUE-2009 -00019	VA	VA Committee For Fair Utility Rates	Dominion Virginia Power Company	Cost of Service, Rate Design
11/09	09-1485 E-P	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Expanded Net Energy Cost "ENEC" Analysis.
12/09	Case No. 09-906-EL-SSO	OH	Ohio Energy Group	Ohio Edison, Toledo Edison Cleveland Electric Illuminating	Provider of Last Resort Rate Plan
12/09	ER09-1224	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Entergy's Compliance Filing System Agreement Bandwidth Calculations.
12/09	Case No. PUE-2009-00030	VA	Old Dominion Committee For Fair Utility Rates	Appalachian Power Co.	Cost Allocation, Allocation of Rev Increase, Rate Design
2/10	Docket No. 09-035-23	UT	Kroger Company	Rocky Mountain Power Co.	Rate Design
3/10	Case No. 09-1352-E-42T	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Retail Cost of Service Revenue apportionment
3/10	E015/ GR-09-1151	MN	Large Power Intervenor	Minnesota Power Co.	Cost of Service, rate design
4/10	EL09-61	FERC	Louisiana Public Service Service Commission	Entergy Services, Inc. and the Entergy Operating	System Agreement Issues Related to off-system sales



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				Companies	
4/10	2009-00459	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Cost of service, rate design, transmission expenses.
4/10	2009-00548 2009-00549	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co. Kentucky Utilities Co.	Cost of Service, Rate Design
7/10	R-2010-2161575	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Company	Cost of Service, Rate Design
09/10	2010-00167	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative, Inc.	Cost of Service, Rate Design
09/10	10M-245E	CO	CF&I Steel Company Climax Molybdenum	Public Service Company of Colorado	Economic Impact of Clean Air Act
11/10	10-0699-E-42T	WV	West Virginia Energy Users Group	Appalachian Power Company	Cost of Service, Rate Design, Transmission Rider
11/10	Doc. No. 4220-UR-116	WI	Wisconsin Industrial Energy Group, Inc.	Northern States Power Co. Wisconsin	Cost of Service, rate design
12/10	10A-554EG	CO	CF&I Steel Company Climax Molybdenum	Public Service Company	Demand Side Management Issues
12/10	10-2586-EL-SSO	OH	Ohio Energy Group	Duke Energy Ohio	Provider of Last Resort Rate Plan Electric Security Plan
3/11	20000-384-ER-10	WY	Wyoming Industrial Energy Consumers	Rocky Mountain Power Wyoming	Electric Cost of Service, Revenue Apportionment, Rate Design
5/11	2011-00036	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Cost of Service, Rate Design
6/11	Docket No. 10-035-124	UT	Kroger Company	Rocky Mountain Power Co.	Class Cost of Service
6/11	PUE-2011-00045	VA	VA Committee For Fair Utility Rates	Dominion Virginia Power Company	Fuel Cost Recovery Rider
07/11	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc. Entergy Louisiana, LLC	Entergy System Agreement - Successor Agreement, Revisions, RTO Day 2 Market Issues
07/11	Case Nos. 11-346-EL-SSO 11-348-EL-SSO	OH	Ohio Energy Group	Ohio Power Company Columbus Southern Power Co.	Electric Security Rate Plan, Provider of Last Resort Issues
08/11	PUE-2011-00034	VA	Old Dominion Committee For Fair Utility Rates	Appalachian Power Co.	Cost Allocation, Rate Recovery of RPS Costs
09/11	2011-00161 2011-00162	KY	Kentucky Industrial Utility	Louisville Gas & Electric Co. Kentucky Utilities Company	Environmental Cost Recovery
09/11	Case Nos.	OH	Ohio Energy Group	Ohio Power Company	Electric Security Rate Plan,

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	11-346-EL-SSO 11-348-EL-SSO			Columbus Southern Power Co.	Stipulation Support Testimony
10/11	11-0452 E-P-T	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Energy Efficiency/Demand Reduction Cost Recovery
11/11	11-1272 E-P	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Expanded Net Energy Cost "ENEC" Analysis
11/11	E-01345A- 11-0224	AZ	Kroger Company	Arizona Public Service Co.	Decoupling
12/11	E-01345A- 11-0224	AZ	Kroger Company	Arizona Public Service Co.	Cost of Service, Rate Design
3/12	Case No. 2011-00401	KY	Kentucky Industrial Utility Consumers	Kentucky Power Company	Environmental Cost Recovery
4/12	2011-00036 Rehearing Case	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Cost of Service, Rate Design
5/12	2011-346 2011-348	OH	Ohio Energy Group	Ohio Power Company	Electric Security Rate Plan Interruptible Rate Issues
6/12	PUE-2012 -00051	VA	Old Dominion Committee For Fair Utility Rates	Appalachian Power Company	Fuel Cost Recovery Rider
6/12	12-00012 12-00026	TN	Eastman Chemical Co. Air Products and Chemicals, Inc.	Kingsport Power Company	Demand Response Programs
6/12	Docket No. 11-035-200	UT	Kroger Company	Rocky Mountain Power Co.	Class Cost of Service
6/12	12-0275- E-GI	WV	West Virginia Energy Users Group	Appalachian Power Company	Energy Efficiency Rider
6/12	12-0399- E-P	WV	West Virginia Energy Users Group	Appalachian Power Company	Expanded Net Energy Cost ("ENEC")
7/12	120015-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Company	Retail cost of service, rate design
7/12	2011-00063	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Environmental Cost Recovery
8/12	Case No. 2012-00226	KY	Kentucky Industrial Utility Consumers	Kentucky Power Company	Real Time Pricing Tariff
9/12	ER12-1384	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Entergy System Agreement, Cancelled Plant Cost Treatment
9/12	2012-00221 2012-00222	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co. Kentucky Utilities Co.	Cost of Service, Rate Design
11/12	12-1238 E-GI	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Expanded Net Energy Cost Recovery Issues

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12/12	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Gulf States Louisiana	Purchased Power Contracts
12/12	EL09-61	FERC	Louisiana Public Service Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement Issues Related to off-system sales Damages Phase
12/12	E-01933A-12-0291	AZ	Kroger Company	Tucson Electric Power Co.	Decoupling
1/13	12-1188 E-PC	WV	West Virginia Energy Users Group	Appalachian Power Company	Securitization of ENEC Costs
1/13	E-01933A-12-0291	AZ	Kroger Company	Tucson Electric Power Co.	Cost of Service, Rate Design
4/13	12-1571 E-PC	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Generation Resource Transition Plan Issues
4/13	PUE-2012-00141	VA	Old Dominion Committee For Fair Utility Rates	Appalachian Power Company	Generation Asset Transfer Issues
6/13	12-1655 E-PC/11-1775 -E-P	WV	West Virginia Energy Users Group	Appalachian Power Company	Generation Asset Transfer Issues
06/13	U-32675	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc. Entergy Louisiana, LLC	MISO Joint Implementation Plan Issues
7/13	130040-EI	FL	WCF Health Utility Alliance	Tampa Electric Company	Cost of Service, Rate Design
7/13	13-0467-E-P	WV	West Virginia Energy Users Group	Appalachian Power Company	Expanded Net Energy Cost ("ENEC")
7/13	13-0462-E-GI	WV	West Virginia Energy Users Group	Appalachian Power Company	Energy Efficiency Issues
8/13	13-0557-E-P	WV	West Virginia Energy Users Group	Appalachian Power Company	Right-of-Way, Vegetation Control Cost Recovery Surcharge Issues
10/13	2013-00199	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Ratemaking Policy Associated with Rural Economic Reserve Funds
10/13	13-0764-E-CN	WV	West Virginia Energy Users Group	Appalachian Power Company	Rate Recovery Issues – Clinch River Gas Conversion Project
11/13	R-2013-2372129	PA	United States Steel Corporation	Duquesne Light Company	Cost of Service, Rate Design
11/13	13A-0686EG	CO	CF&I Steel Company Climax Molybdenum	Public Service Company of Colorado	Demand Side Management Issues

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11/13	13-1064-E-P	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Right-of-Way, Vegetation Control Cost Recovery Surcharge Issues
4/14	ER-432-002	FERC	Louisiana Public Service Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement Issues Related to Union Pacific Railroad Litigation Settlement
5/14	2013-2385 2013-2386	OH	Ohio Energy Group	Ohio Power Company	Electric Security Rate Plan Interruptible Rate Issues
5/14	14-0344-E-GI	WV	West Virginia Energy Users Group	Appalachian Power Company	Expanded Net Energy Cost ("ENEC")
5/14	14-0345-E-PC	WV	West Virginia Energy Users Group	Appalachian Power Company	Energy Efficiency Issues
5/14	Docket No. 13-035-184	UT	Kroger Company	Rocky Mountain Power Co.	Class Cost of Service
7/14	PUE-2014-00007	VA	Old Dominion Committee For Fair Utility Rates	Appalachian Power Company	Renewable Portfolio Standard Rider Issues
7/14	ER13-2483	FERC	Bear Island Paper WB LLC	Old Dominion Electric Cooperative	Cost of Service, Rate Design Issues
8/14	14-0546-E-PC	WV	West Virginia Energy Users Group	Appalachian Power Company	Rate Recovery Issues – Mitchell Asset Transfer
8/14	PUE-2014-00026	VA	Old Dominion Committee	Appalachian Power Company	Biennial Review Case - Cost of Service Issues
9/14	14-841-EL-SSO	OH	Ohio Energy Group	Duke Energy Ohio	Electric Security Rate Plan Standard Service Offer
10/14	14-0702-E-42T	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Cost of Service, Rate Design
11/14	14-1550-E-P	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Expanded Net Energy Cost ("ENEC")
12/14	EL14-026	SD	Black Hills Power Industrial Intervenor	Black Hills Power, Inc.	Cost of Service Issues
12/14	14-1152-E-42T	WV	West Virginia Energy Users Group	Appalachian Power Company	Cost of Service, Rate Design transmission, lost revenues
2/15	14-1297-EL-SSO	OH	Ohio Energy Group	Ohio Edison, Toledo Edison Cleveland Electric Illuminating	Electric Security Rate Plan Standard Service Offer
3/15	2014-00396	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Cost of service, rate design, transmission expenses.
3/15	2014-00371 2014-00372	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co. Kentucky Utilities Co.	Cost of Service, Rate Design
5/15	EL10-65	FERC	Louisiana Public Service	Entergy Services, Inc.	System Agreement Issues

**Expert Testimony Appearances  
of  
Stephen J. Baron  
As of October 2018**

<b>Date</b>	<b>Case</b>	<b>Jurisdic.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
			Service Commission	and the Entergy Operating Companies	Related to Interruptible load
5/15	15-0301-E-GI	WV	West Virginia Energy Users Group	Appalachian Power Company	Expanded Net Energy Cost ("ENEC")
5/15	15-0303-E-P	WV	West Virginia Energy Users Group	Appalachian Power Company, Wheeling Power Co.	Energy Efficiency/Demand Response
6/15	14-1580-EL-RDR	OH	Ohio Energy Group	Duke Energy Ohio	Energy Efficiency Rider Issues
7/15	EL10-65	FERC	Louisiana Public Service Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement Issues Related to Off-System Sales and Bandwidth Tariff
8/15	PUE-2015-00034	VA	Old Dominion Committee For Fair Utility Rates	Appalachian Power Company	Renewable Portfolio Standard Rider Issues
8/15	87-0669-E-P	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Cost of Service, Rate Design
11/15	D2015-6.51	MT	Montana Large Customer Group	Montana Dakota Utilities Co.	Class Cost of Service, Rate Design
11/15	15-1351-E-P	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Expanded Net Energy Cost ("ENEC")
3/16	EL01-88 Remand	FERC	Louisiana Public Service Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement Issues Related to Bandwidth Tariff
5/16	16-0239-E-ENEC	WV	West Virginia Energy Users Group	Appalachian Power Company	Expanded Net Energy Cost ("ENEC")
6/16	E-01933A-15-0322	AZ	Kroger Company	Tucson Electric Power Co.	Cost of Service, Rate Design
6/16	16-00001	TN	East Tennessee Energy Consumers	Kingsport Power Co.	Cost of Service, Rate Design
6/16	14-1297-EL-SS0-Rehearing	OH	Ohio Energy Group	Ohio Edison, Toledo Edison Cleveland Electric Illuminating	Electric Security Rate Plan Standard Service Offer
06/16	15-1734-E-T-PC	WV	West Virginia Energy Users Group	Appalachian Power Company, Wheeling Power Co.	Demand Response Rider
7/16	160021-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Company	Retail cost of service, rate design
7/16	16AL-0048E	CO	CF&I.Steel LP Climax Molybdenum	Public Service Company of Colorado	Cost of Service, Rate Design
7/16	16-0403-	WV	West Virginia Energy	Mon Power Co.	Energy Efficiency/Demand Response

**Expert Testimony Appearances  
of  
Stephen J. Baron  
As of October 2018**

<b>Date</b>	<b>Case</b>	<b>Jurisdic.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
	E-P		Users Group	Potomac Edison Co.	
10/16	16-1121-E-ENEC	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Expanded Net Energy Cost ("ENEC")
11/16	16-0395-EL-SSO	OH	Ohio Energy Group	Dayton Power & Light	Electric Security Rate Plan
11/16	EL09-61-004 FERC Remand		Louisiana Public Service Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement Issues Related to off-system sales Damages Phase
12/16	1139	D.C.	Healthcare Council of the National Capital Area	Potomac Electric Power Co.	Cost of Service, Rate Design
1/17	E-01345A-16-0036	AZ	Kroger	Arizona Public Service Co.	Cost of Service, Rate Design
2/17	16-1026-E-PC	WV	West Virginia Energy Users Group	Appalachian Power Co.	Wind Project Purchase Power Agreement
3/17	2016-00370 2016-00371	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co. Kentucky Utilities Co.	Cost of Service, Rate Design
5/17	16-1852	OH	Ohio Energy Group	Ohio Power Company	Electric Security Rate Plan Interruptible Rate Issues
7/17	17-00032	TN	East Tennessee Energy Consumers	Kingsport Power Co.	Vegetation Management Cost Recovery
8/17	17-0631-E-P	WV	West Virginia Energy Users Group	Monongahela Power Co.	Electric Energy Purchase Agreement
8/17	17-0296-E-PC	WV	West Virginia Energy Users Group	Monongahela Power Co.	Generation Resource Asset Transfer
9/17	2017-0179	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Cost of service, rate design, transmission cost recovery.
9/17	17-0401 E-P	WV	West Virginia Energy Users Group	Appalachian Power Company	Energy Efficiency Issues
12/17	17-0894-E-PC	WV	West Virginia Energy Users Group	Appalachian Power Co.	Wind Project Asset Purchase
5/18	1150/ 1151	D.C.	Healthcare Council of the National Capital Area	Potomac Electric Power Co.	Cost of Service, Rate Design Tax Cut and Jobs Act Issues
6/18	17-00143	TN	East Tennessee Energy Consumers	Kingsport Power Co.	Storm Damage Rider Cost Recovery
7/18	18-0503-E-ENEC	WV	West Virginia Energy Users Group	Appalachian Power Company	Expanded Net Energy Cost ("ENEC")

**Expert Testimony Appearances  
of  
Stephen J. Baron  
As of October 2018**

<b>Date</b>	<b>Case</b>	<b>Jurisdic.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
7/18	18-0504-E-P	WV	West Virginia Energy Users Group	Appalachian Power Company	Vegetation Management Cost Recovery
7/18	G.O.236.1	WV	West Virginia Energy Users Group	Appalachian Power Company	Tax Cut and Jobs Act Issues
7/18	G.O.236.1	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Tax Cut and Jobs Act Issues
10/18	18-0646-E-42T	WV	West Virginia Energy Users Group	Appalachian Power Company	Cost of Service, Rate Design TCJA issues

**BEFORE THE**  
**TENNESSEE PUBLIC UTILITY COMMISSION**  
**NASHVILLE, TENNESSEE**

<b>IN RE:</b>	)	
	)	
<b>FILING OF KINGSFORT POWER</b>	)	<b>DOCKET NO. 18-00038</b>
<b>COMPANY d/b/a AEP</b>	)	
<b>APPALACHIAN POWER (“KgPCo”)</b>	)	
<b>IN RESPONSE TO THE TENNESSEE</b>	)	
<b>PUBLIC UTILITY COMMISSION</b>	)	
<b>INVESTIGATION OF IMPCAT OF</b>	)	
<b>FEDERAL TAX REFORM ON THE</b>	)	
<b>REVENUE REQUIRMEENT OF</b>	)	
<b>KgPCo</b>	)	

**EXHIBIT\_\_ (SJB-2)**

**OF**

**STEPHEN J. BARON**



S. Morris Hadden  
William C. Bovender  
William C. Argabrite  
Jimmie Carpenter Miller  
Mark S. Dessauer  
Gregory K. Haden  
Michael L. Forrester  
Stephen M. Darden  
Edward J. Webb, Jr.  
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## HUNTER·SMITH·DAVIS

SINCE 1916

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Christopher D. Owens  
Chad W. Whitfield  
Jason A. Creech  
Meredith Bates Humbert  
Joseph B. Harvey  
Rachel Ralston Mancl  
Caroline Ross Williams  
Marcy E. Walker  
Matthew F. Bettis  
Teresa Mahan Lesnak \*  
Michael A. Eastridge \*  
Jeannette Smith Tysinger\*

*\*Of Counsel*

KPOW.95206

October 5, 2018

Karen H. Stachowski, Esq.  
Office of the Tennessee Attorney General  
Public Protection Section  
Consumer Protection and Advocate Division  
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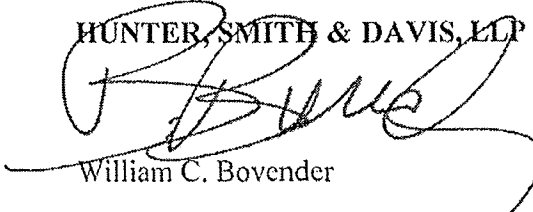
RE: FILING OF KINGSFORT POWER COMPANY d/b/a AEP APPALACHIAN POWER ("KgPCo")  
IN RESPONSE TO TENNESSEE PUBLIC UTILITY COMMISSION INVESTIGATION OF  
IMPACT OF FEDERAL TAX REFORM ON THE REVENUE REQUIREMENTS OF KgPCo  
DOCKET NO.: 18-00038

Dear Karen:

We have been advised that Kingsport anticipates filing its 2017 federal income tax return on or before October 15, 2018. However, there are a number of complex and detailed depreciation calculations that will need to be made after that date, in order to arrive at the Company's final protected and unprotected ADFIT values, as well as the final amortization period for excess protected ADFIT under the Average Rate Assumption Method (ARAM). Consequently, it is unlikely that the Company will have any better estimates of its protected and unprotected excess ADFIT, or its proposed amortization period for its protected excess ADFIT, than is contained in its filing and testimony in Case No. 18-00038, prior to the December 17, 2018 hearing. We understand that similar information was communicated in a data response in the Kentucky Power Company case referenced in your email.

Very sincerely yours,

HUNTER, SMITH & DAVIS, LLP



William C. Bovender

Karen H. Stachowski, Esq  
Page 2  
October 5, 2018

cc: Daniel P. Whitaker, III, Asst. Attorney General

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

Kelly Grams, General Counsel

*Via U.S. Mail and Email: Kelly.Grams@tn.gov*

Monica L. Smith-Ashford, Esq.

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David Foster

*Via U.S. Mail and Email: david.foster@tn.gov*

**BEFORE THE**  
**TENNESSEE PUBLIC UTILITY COMMISSION**  
**NASHVILLE, TENNESSEE**

<b>IN RE:</b>	)	
	)	
<b>FILING OF KINGSFORT POWER</b>	)	<b>DOCKET NO. 18-00038</b>
<b>COMPANY d/b/a AEP</b>	)	
<b>APPALACHIAN POWER (“KgPCo”)</b>	)	
<b>IN RESPONSE TO THE TENNESSEE</b>	)	
<b>PUBLIC UTILITY COMMISSION</b>	)	
<b>INVESTIGATION OF IMPCAT OF</b>	)	
<b>FEDERAL TAX REFORM ON THE</b>	)	
<b>REVENUE REQUIRMEENT OF</b>	)	
<b>KgPCo</b>	)	

**EXHIBIT\_\_(SJB-3)**  
**OF**  
**STEPHEN J. BARON**

Calculation of TCJA Tax Savings by Rate Class  
(Using Class Cost of Service Study Results from Docket No. 16-00001 and the Settlement)

Current Class (1)	Normalized Federal Income Tax Per CCROSS <sup>1</sup> (2)	Allocated Federal Income Tax Per Settlement <sup>2</sup> (3)	Settlement Revenue Increase <sup>3</sup> (4)	Federal Income Tax on Increase <sup>4</sup> (5) (Col 4 X 32.7%)
RS	(3,583,626)	(1,676,676)	2,438,410	797,448
SGS	139,229	65,141	269,125	88,014
MGS	286,252	133,929	1,245,658	407,375
LGS	666,558	311,863	2,218,583	725,557
IP	164,337	76,889	1,530,923	500,667
CS	19,153	8,961	106,881	34,954
PS	(153,422)	(71,782)	239,319	78,266
EHG	44,137	20,650	278,999	91,243
OL	70,681	33,070	83,275	27,234
SL	140,401	65,690	206,912	67,668
TOTAL	(2,206,302)	(1,032,265)	8,618,085	2,818,425

<sup>1</sup> Normalized Federal Income Taxes (Current + Deferred), CCROSS, Docket No. 16-00001

<sup>2</sup> Total Fed Income Taxes before increase, Settlement, Attachment A, Schd 9 - allocated per Column 3 CCROSS amounts.

<sup>3</sup> Rate Class revenue increases, Attachment A - Settlement Revenue Requirement, Schedule 9

<sup>4</sup> Fed Income Taxes on revenue increase, Settlement, Attachment A - Schedule 9 and Schedule 11

<sup>5</sup> RS class amount in Column 9 set to "0" - TCJA reduction allocated to all other rate classes on the basis of Column 8 amounts.

<sup>6</sup> Allocated on amounts in Column 10.

<sup>7</sup> Allocated on amounts in Column 10.

Calculation of TCJA Tax Savings by Rate Class  
(Using Class Cost of Service Study Results from Docket No. 16-00001 and the Settlement)

Current Class (1)	Federal Income Tax - After Settlement (6) (Col 3 + Col 5)	Federal Income Tax - After TCJA (7) (Col 6 X .21/.35)	TCJA Reduction (8) (Col 6 - Col 7)	Adjusted TCJA Reduction to Remove Negative Amounts <sup>5</sup> (9)	Revenue Basis TCJA Reduction (1.3528 Gross-up) (10) (Col 9 X 1.3528)	Allocation of Protected Excess ADIT <sup>6</sup> (11)	Allocation of Deferred Current + Excess ADIT <sup>7</sup> (12)	Total TCJA Reduction (13) (Col 10+11+12)
RS	(879,227)	(527,536)	(351,691)	-	-	-	-	-
SGS	153,155	91,893	61,262	41,054	55,537	27,282	38,975	121,794
MGS	541,304	324,782	216,522	145,098	196,289	96,424	137,751	430,464
LGS	1,037,420	622,452	414,968	278,083	376,191	184,799	264,002	824,992
IP	577,556	346,533	231,022	154,815	209,434	102,882	146,976	459,292
CS	43,915	26,349	17,566	11,772	15,925	7,823	11,176	34,923
PS	6,484	3,890	2,594	1,738	2,351	1,155	1,650	5,156
EHG	111,893	67,136	44,757	29,993	40,575	19,932	28,475	88,981
OL	60,303	36,182	24,121	16,164	21,867	10,742	15,346	47,955
SL	133,357	80,014	53,343	35,747	48,358	23,755	33,937	106,050
TOTAL	1,786,160	1,071,696	714,464	714,464	966,527	474,793	678,287	2,119,607

<sup>1</sup> Normalized Federal Income Taxes (Current + Deferred), CCROSS, Docket No.16-00001

<sup>2</sup> Total Fed Income Taxes before increase, Settlement, Attachment A, Schd 9 - allocated per Column 3 CCROSS amounts.

<sup>3</sup> Rate Class revenue increases, Attachment A - Settlement Revenue Requirement, Schedule 9

<sup>4</sup> Fed Income Taxes on revenue increase, Settlement, Attachment A - Schedule 9 and Schedule 11

<sup>5</sup> RS class amount in Column 9 set to "0" - TCJA reduction allocated to all other rate classes on the basis of Column 8 amounts.

<sup>6</sup> Allocated on amounts in Column 10.

<sup>7</sup> Allocated on amounts in Column 10.

**BEFORE THE**  
**TENNESSEE PUBLIC UTILITY COMMISSION**  
**NASHVILLE, TENNESSEE**

<b>IN RE:</b>	)	
	)	
<b>FILING OF KINGSPORT POWER</b>	)	<b>DOCKET NO. 18-00038</b>
<b>COMPANY d/b/a AEP</b>	)	
<b>APPALACHIAN POWER (“KgPCo”)</b>	)	
<b>IN RESPONSE TO THE TENNESSEE</b>	)	
<b>PUBLIC UTILITY COMMISSION</b>	)	
<b>INVESTIGATION OF IMPCAT OF</b>	)	
<b>FEDERAL TAX REFORM ON THE</b>	)	
<b>REVENUE REQUIRMEENT OF</b>	)	
<b>KgPCo</b>	)	

**EXHIBIT \_\_ (SJB-4)**  
**OF**  
**STEPHEN J. BARON**

# Kingsport Proposed TCJA Credits By Rate Class vs. CCOSS Allocation

Margins											
[Docket No. 16-00001, Settlement Attachment A, Schedule 12.]											
	(1)	Current Tax Credit + Protected EADIT <sup>1</sup> (2)	(Allocated on Col 1 Amounts)	Deferred Current Tax Credit (Estimate - Application at Paragraph 9) (3)	(Allocated on Col 1 Amounts)	Kingsport Proposed Total Credit (4)	(Col 2 + Col 3)	Credit Allocated on CCOSS FIT <sup>3</sup> (5)	Difference (6) (Col 5 - Col 4)		
Residential Service	7,556,419	381,202		179,394		560,597		-	(560,597)		
Small General Service	1,239,234	62,516		29,420		91,936		121,794	29,857		
Medium General Service	4,128,203	208,257		98,006		306,264		430,464	124,200		
Large General Service	6,866,906	346,418		163,025		509,443		824,992	315,549		
Industrial Power Service	3,273,093	165,119		77,705		242,825		459,292	216,467		
Church Service	354,945	17,906		8,427		26,333		34,923	8,590		
Public School Service	225,542	11,378		5,355		16,733		5,156	(11,576)		
Electric Heating General Service	1,035,350	52,231		24,580		76,811		88,981	12,171		
Outdoor Lighting Service	679,848	34,297		16,140		50,437		47,955	(2,481)		
Street Lighting Service	1,456,348	73,469		34,575		108,044		106,050	(1,993)		
Total Electric Sales Margin/Credit	26,815,888	1,352,794		636,627		1,989,420		2,119,607	130,187		
Other Revenues/Credit	1,754,801	88,525		41,660		130,185		-	(130,185)		
Total Margin/Credit	28,570,689	1,441,319		678,287 <sup>2</sup>		2,119,606		2,119,607	1		

<sup>1</sup> Response to ETEC 1-6, see Baron Exhibit (SJB-5), pages 1 and 2

<sup>2</sup> Response to ETEC 1-5, see Baron Exhibit (SJB-5), pages 3 and 4

<sup>3</sup> From Column 13, Exhibit SJB-3, Page 2

**BEFORE THE  
TENNESSEE PUBLIC UTILITY COMMISSION  
NASHVILLE, TENNESSEE**

<b>IN RE:</b>	)	
	)	
<b>FILING OF KINGSPORT POWER</b>	)	<b>DOCKET NO. 18-00038</b>
<b>COMPANY d/b/a AEP</b>	)	
<b>APPALACHIAN POWER ("KgPCo")</b>	)	
<b>IN RESPONSE TO THE TENNESSEE</b>	)	
<b>PUBLIC UTILITY COMMISSION</b>	)	
<b>INVESTIGATION OF IMPCAT OF</b>	)	
<b>FEDERAL TAX REFORM ON THE</b>	)	
<b>REVENUE REQUIREMENT OF</b>	)	
<b>KgPCo</b>	)	

**EXHIBIT \_\_ (SJB-5)**

**OF**

**STEPHEN J. BARON**



**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 EAST TENNESSEE ENERGY CONSUMERS  
ETEC's First Set  
To Kingsport Power Company**

**Data Request ETEC 1-006:**

With regard to the Company's response to CPAD 1-10, is it now the Company's position that the appropriate tax gross-up to be used in calculating the revenue basis of the current tax reduction and the excess protected and unprotected ADIT is 1.3528 rather than 1.2658? If so, please provide an excel spreadsheet with the revised amounts (i.e., an update/revision of the Attachment CPAD 1-1). If the response to this data request is that the Company continues to support the use of a 1.2658 factor, please provide each reason for your response.

**Response ETEC 1-006:**

The tax gross-up percentage that the Company is using is 1.3528. See ETEC 1-006, Attachment 1, on the enclosed CD, for the revised amounts.

**Kingsport Tax Reform Impacts Schedule**

ETEC\_1-006\_Attachment\_1

Section A						
Line #	TN Retail	Revenue Basis Factor	Revenue Basis	Amortization Period	Annual Revenue Reduction	
	[A]	[B]	[C] = [A] x [B]	[D]	[E] = [C] x [D]	
Federal Income Tax Expense (Docket No. 16-00001, Attachment A, Schedule 9 of the Stipulation and Settlement Agreement)						
1	\$ (1,786,157)					
2	\$ (714,463)	1.3528	\$ (966,525)	1	\$	(966,525)
3	\$ (7,370,388)	1.3528	\$ (9,970,661)	21	\$	(474,793)
4	\$ (3,367,150)	1.3528	\$ (4,262,215)	N/A		
5	Estimated Annual Ongoing Credit Rider				\$	(1,441,319)
*Revenue Gross-up Factor						
** Company response corrected to reflect the revised Revenue gross-up factor of 1.3528.						
Section B						

**Journal Entry (on an annual basis) for the excess tax until current rates change (i.e., proposed credit rider starts):**

	Reduction in FIT Expense
Debit Account 449	\$ 904,383
Credit Account 229	\$ 904,383

**Section C**

**Journal Entries for the excess tax on distribution property as of December 31, 2017:**

	Protected	UnProtected
Debit Account 282	\$ 7,370,388	
Debit Account 190	\$ 1,959,217	
Credit Account 254	\$ 9,329,605	
Debit Account 282/283		\$ 3,367,150
Debit Account 190		\$ 895,065
Credit Account 254		\$ 4,262,215

**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 EAST TENNESSEE ENERGY CONSUMERS  
ETEC's First Set  
To Kingsport Power Company**

**Data Request ETEC 1-005:**

With regard to the Company's proposal in paragraph No. 9 to return the accrued deferral over a 12 month period beginning October 1, 2018, how is this monthly amount to be allocated and credited to each rate class. Please provide a calculation, by rate class, of the credit associated with this amortization.

**Response ETEC 1-005:**

Please see ETEC 1-005, Attachment 1.

ETEC 1-005 Attachment 1

Deferred Current Tax Credit (Estimate  
- Paragraph 9)

	Margin [Docket No. 16-00001]	Annual	Monthly
Residential Service	7,556,419	179,394	14,950
Small General Service	1,239,234	29,420	2,452
Medium General Service	4,128,203	98,006	8,167
Large General Service	6,866,906	163,025	13,585
Industrial Power Service	3,273,093	77,705	6,475
Church Service	354,945	8,427	702
Public School Service	225,542	5,355	446
Electric Heating General Service	1,035,350	24,580	2,048
Outdoor Lighting Service	679,848	16,140	1,345
Street Lighting Service	1,456,348	34,575	2,881
Total Electric Sales Margin/Credit	26,815,888	636,627	53,052
Other Revenues/Credit	1,754,801	41,660	3,472
Total Margin/Credit	28,570,689	678,287	56,524

CERTIFICATE OF SERVICE

I hereby certify that, on October 24, 2018, the foregoing East Tennessee Energy Consumers' *Testimony and Exhibits of Stephen J. Baron* 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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James R. Bacha  
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Noelle J. Coates  
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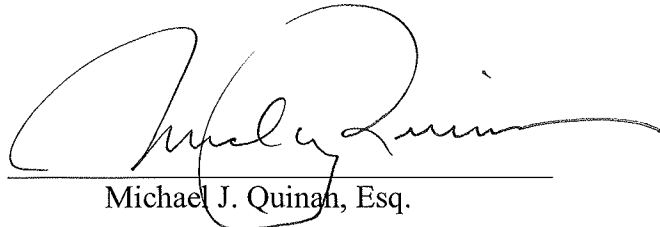
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This 24<sup>th</sup> day of October, 2018.



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