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**Electronically Filed in TPUC Docket Room on December 3, 2020 at 8:45 a.m.**

KPOW.99311

December 3, 2020

**VIA FEDEX**

Dr. Kenneth C. Hill, Chairman  
c/o Ectory Lawless, Dockets & Records Manager  
Tennessee Public Utility Commission  
502 Deaderick Street, 4th Floor  
Nashville, TN 37243

Re: IN RE: PETITION OF KINGSFORT POWER  
COMPANY d/b/a AEP APPALACHIAN POWER  
FOR OCTOBER, 2019 – SEPTEMBER, 2020  
ANNUAL RECOVERY UNDER THE  
TARGETED RELIABILITY PLAN AND MAJOR  
STORM RIDER (“TRP&MS”), ALTERNATIVE  
RATE MECHANISMS APPROVED IN DOCKET  
NO. 17-00032  
DOCKET NO.: 20-00127

Dear Chairman Hill:

On behalf of Kingsport Power Company d/b/a AEP Appalachian Power, we transmit herewith for filing pages 12 and 13 of Direct Testimony of A. Wayne Allen regarding the above matter. These pages were filed with the original but are missing on the electronic docket.

Please contact the writer with questions or comments.

Very sincerely yours,

**HUNTER, SMITH & DAVIS, LLP**



William C. Bovender

Enclosure: As stated

Dr. Kenneth C. Hill, Chairman

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cc: Kelly Grams, General Counsel (w/enc.)  
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**RETIREMENTS ASSOCIATED WITH THE TRP CAPITAL**

**INVESTMENTS TO DATE?**

A. Yes. The Company has recorded a total of \$101,328 of retirements on its books from October 2017 through September 2020 charged to TRP projects associated with new TRP capital investments.

**Q. HOW MUCH DEPRECIATION EXPENSE WOULD HAVE BEEN RECORDED RELATED TO THE TRP RETIREMENTS IF SUCH ASSETS HAD NOT BEEN RETIRED?**

A. The total depreciation expense that the Company no longer incurs related to the \$101,328 of TRP retirements was \$4,342.

**Q. HAS THE COMPANY MADE AN ADJUSTMENT TO THE TRP&MS COSTS TO REFLECT AN OFFSET FOR THE DEPRECIATION EXPENSE THAT THE COMPANY NO LONGER INCURS RELATED TO RETIREMENTS CHARGED TO TRP PROJECTS?**

A. No. Notwithstanding that the amount of depreciation expense related to retirements associated with new TRP capital investments is immaterial, it would be inappropriate to include such an offset in the TRP&MS rider since the retired assets would be part of the Company's base rates. The TRP&MS rider is not intended to recover all net costs associated with reliability activities and major storms but only those costs incurred beginning October 2017 that are in excess of the level of such costs being recovered in base rates.

**Q. DID THE COMPANY DISCUSS THE ADIT AND DEPRECIATION EXPENSE ISSUES WITH REPRESENTATIVES OF THE CONSUMER**

1        **ADVOCATE PRIOR TO THE FILING OF THIS PETITION AS AGREED**  
2        **IN DOCKET NO. 19-00106?**

3    A.    Yes. KGPCo initiated a discussion of these issues with the Consumer Advocate  
4        that was held on November 5, 2020. At this discussion, the Company described  
5        its findings that the potential impacts of these two issues were immaterial to the  
6        calculation of TRP&MS costs, but that the Company agreed to reflect the Repairs  
7        Deduction in the calculation of ADIT on both a retroactive and going-forward  
8        basis.

9    **Q.    DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

10   A.    Yes, it does.