

HUNTER•SMITH•DAVIS
SINCE 1916 LLP

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.
James N. L. Humphreys
Suzanne Sweet Cook
Michael S. Lattier
Scott T. Powers

Respond to:
Kingsport Office
William C. Bovender
423-378-8858; 423-534-7897 mobile
bovender@hsdlaw.com

Kingsport Office
1212 North Eastman Road
P.O. Box 3740
Kingsport, TN 37664
Phone (423) 378-8800
Fax (423) 378-8801

Johnson City Office
100 Med Tech Parkway
Suite 110
Johnson City, TN 37604
Phone (423) 283-6300
Fax (423) 283-6301

Leslie Tentler Ridings
Christopher D. Owens
Jason A. Creech
Meredith Bates Humbert
Joseph B. Harvey
Rachel Ralston Mancl
Caroline Ross Williams
Marcy E. Walker
Matthew F. Bettis
Sarah Blessing Valk
Sydney B. Gilbert
Michael A. Eastridge *
Jeannette Smith Tysinger*

**Of Counsel*

www.hsdlaw.com

KPOW.99311

April 27, 2021

VIA EMAIL (tpuc.docketroom@tn.gov) & FEDEX

Dr. Kenneth C., Hill, Chair
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 Chair Hill:

On behalf of Kingsport Power Company d/b/a AEP Appalachian Power, we transmit herewith the following Responses to Data Requests and Requests for the Production of Documents by the Tennessee Regulatory Authority Staff Set 1 to Kingsport Power Company.

The original and four copies of the Responses are being sent via Federal Express.

Should there be any questions, contact the writer or Joseph B. Harvey.

Dr. Kenneth C. Hill, Chair
Page 2
April 27, 2021

Very sincerely yours,

HUNTER, SMITH & DAVIS, LLP


William C. Bovender

Enclosures: As stated

cc: Karen H. Stachowski, Esq. (w/enc.) *Via U.S. Mail and Email: Karen.Stachowski@ag.tn.gov*
Vance L. Broemel, Esq. (w/enc.) *Via U.S. Mail and Email: vance.broemel@ag.tn.gov*
David N. Dittmore (w/enc.) *Via U.S. Mail and Email: David.Dittmore@ag.tn.gov*
Kelly Grams, General Counsel (w/enc.) *Via U.S. Mail and Email: Kelly.Grams@tn.gov*
Monica L. Smith-Ashford, Dep. Gen. Counsel (w/enc.) *Via U.S. Mail and Email: monica.smith-ashford@tn.gov*
David Foster (w/enc.) *Via U.S. Mail and Email: david.foster@tn.gov*

**TENNESSEE PUBLIC UTILITY COMMISSION
PETITION OF
Kingsport Power Company
DOCKET NO. TPUC 20-00127
Data Requests and Requests for the Production
of Documents by the TENNESSEE REGULATORY AUTHORITY
Staff Set 1
To Kingsport Power Company**

Data Request 1-001:

Please provide all supporting calculations for the carrying charge rate included in Docket No. 20-00127 [KgPCo Exhibit No. 1 (AWA), Page 1 of 1].

Response 1-001:

See Staff 1-001 Attachment 1 for the requested information.

TENNESSEE PUBLIC UTILITY COMMISSION
PETITION OF
Kingsport Power Company
DOCKET NO. TPUC 20-00127
Data Requests and Requests for the Production
of Documents by the TENNESSEE REGULATORY AUTHORITY
Staff Set 1
To Kingsport Power Company

Data Request 1-002:

Please provide supporting calculations for the carrying charge rate included in Docket No. 17-00032 [KgPCo Exhibit No. 2 (AWA), Page 1 of 1], Docket No. 18-00125 [KgPCo Exhibit No. 1 (AWA)], and Docket No. 19-00106 [KgPCo Exhibit No. 1 (AWA), Page 1 of 1].

Response 1-002:

See Staff 1-002 Attachment 1 and Staff 1-001 Attachment 1 for the requested information. Note that the 0.72817% monthly rate in the attached worksheet was used for November and December 2017, while the 0.63175% monthly rate in Staff 1-001 Attachment 1 reflects the change in federal income tax rate to 21% in the revenue conversion factor, effective 1/1/18. The calculation of the revenue conversion factor was stipulated and approved in Docket No. 16-00001.

KINGSPORT POWER COMPANY
Rate of Return Summary from Base Rate Case Docket No. 16-00001
For the 12 Months Ending December 31, 2017
Beginning with January 2018 Calculations of Pre-tax Return on Net TRP Capital Additions

Class of Capital	Percent of Total	Settlement	Weighted	Revenue	Pre-tax	Monthly Rate
		Cost Rate	Cost Rate	Conversion Factor		
Debt:						
Short-Term Debt	2.790%	0.290%	0.008%		0.008%	
Long-Term Debt	54.780%	3.940%	2.158%		2.158%	
Common Equity:						
Parent Short-Term Debt	0.280%	1.350%	0.004%		0.004%	
Parent Long-Term Debt	1.897%	2.109%	0.040%		0.040%	
Parent Equity	40.253%	9.850%	3.965%	1.354706	5.371%	
Total	100.000%		6.175%		7.581%	0.63175%
					35% to 21% FIT	

#REF!
Revenue Conversion Factor
#REF!

Line No.		Amount	Balance
1	Operating Revenues		1.000000
2	Add: Forfeited Discounts	0.005660 <i>A/</i>	0.005660
3	Balance		1.005660
4	Uncollectible Ratio	0.006278 <i>B/</i>	0.006314
5	Balance		0.999346
6	State Excise Tax	0.065000 <i>C/</i>	0.064958
7	Balance		0.934389
8	Federal Income Tax	0.210000 <i>C/</i>	0.196222
9	Balance		0.738167
10	Revenue Conversion Factor (Line 1 / Line 9)		1.354706

A/ CAPD Revenue Workpaper R-90-2.00.

B/ Based upon bad debt portion of factoring expense.

C/ Statutory Rates.

KINGSPORT POWER COMPANY
Rate of Return Summary from Base Rate Case Docket No. 16-00001
For the 12 Months Ending December 31, 2017

Class of Capital	Percent of Total	Settlement	Revenue	Pre-tax	Monthly Rate
		Cost Rate	Weighted Cost Rate		
Debt:					
Short-Term Debt	2.790%	0.290%	0.008%		0.008%
Long-Term Debt	54.780%	3.940%	2.158%		2.158%
Common Equity:					
Parent Short-Term Debt	0.280%	1.350%	0.004%		0.004%
Parent Long-Term Debt	1.897%	2.109%	0.040%		0.040%
Parent Equity	40.253%	9.850%	3.965%	1.646488	6.528%
Total	100.000%		6.175%	8.738%	0.72817%

#REF!
Revenue Conversion Factor
#REF!

Line No.		Amount	Balance
1	Operating Revenues		1.000000
2	Add: Forfeited Discounts	0.005660 A/	0.005660
3	Balance		1.005660
4	Uncollectible Ratio	0.006278 B/	0.006314
5	Balance		0.999346
6	State Excise Tax	0.065000 C/	0.064958
7	Balance		0.934389
8	Federal Income Tax	0.350000 C/	0.327036
9	Balance		0.607353
10	Revenue Conversion Factor (Line 1 / Line 9)		1.646488

A/ CAPD Revenue Workpaper R-90-2.00.

B/ Based upon bad debt portion of factoring expense.

C/ Statutory Rates.