

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE**

IN RE:)	
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PETITION OF KINGSPORT POWER COMPANY d/b/a AEP APPALACHIAN POWER COMPANY FOR A GENERAL RATE INCREASE)	DOCKET NO. 21-00107
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**CONSUMER ADVOCATE’S SUPPLEMENTAL DISCOVERY
TO SECOND DISCOVERY REQUEST TO KINGSPORT POWER COMPANY**

To: William C. Bovender Joseph B. Harvey Hunter, Smith & Davis, LLP P.O. Box 3704 Kingsport, TN 37664 Phone: (423) 378-8800 Email: bovender@hsdlaw.com Email: jharvey@hsdlaw.com	William K. Castle American Electric Power Service Three James Plaza 1051 E. Cary Street – Suite 1100 Richmond, VA 23219-4029 Phone: (804) 698-5540 Email: wkcastle@aep.com
Noelle J. Coates American Electric Power Service Three James Center 1051 E. Cary Street – Suite 1100 Richmond, VA 23219-4029 Phone: (804) 698-5541 Email: njcoates@aep.com	James R. Bacha American Electric Power Service 1 Riverside Plaza Columbus, OH 43215 Phone: (614) 716-1615 Email: jrbacha@aep.com

This Supplemental Discovery Request is hereby served upon Kingsport Power Company d/b/a AEP Appalachian Power (“Kingsport” or the “Company”) pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. The Consumer Advocate Unit in the Financial Division of the Office of the Attorney General (“Consumer Advocate”) requests that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the

Tennessee Attorney General and Reporter, Financial Division, Consumer Advocate Unit, John Sevier Building, 500 Dr. Martin L. King Jr. Blvd., Nashville, Tennessee 37243, c/o Vance L. Broemel at a date mutually agreeable to the parties, but no later than February 18, 2022.

PRELIMINARY MATTERS AND DEFINITIONS

These Additional Discovery Requests incorporate by reference the same Preliminary Matters and Definitions as set forth in the *Consumer Advocate's First Discovery Request to Kingsport* sent to the Company on January 4, 2022, and are to be considered continuing in nature, and are to be supplemented from time to time as information is received by the Company which would make a prior response inaccurate, incomplete, or incorrect.

SUPPLEMENTAL DISCOVERY REQUESTS (TO DR #2)

2-52. (Supplemental) Refer to the (Exhibits 1a-4c Kingsport JCOS CCOS (KMJ-MHW)) spreadsheet included with the Company's filing. Specifically refer to Cells D363 to D365 of the "JCOS Detail 2-a" tab of this spreadsheet that provides the net regulatory debit/credit expense for the test period of \$50,668. Provide a narrative description of the activity taking place in these accounts and why it is appropriate that these accounts be included in the rate case cost of service calculation.

RESPONSE:

2-53. (Supplemental) Refer to the Company's response to Consumer Advocate DR No. 1-59 regarding the billing determinants for underground circuit charges for OL customers. The Company's reply indicates this information is contained in the response to Consumer Advocate DR No. 1-51. However, no such information appears in the response to CA1-51. Therefore, provide a breakdown of the monthly number and amount of underground

circuit charges from December 2015 through June 2021 in the same format as the Company's response to Consumer Advocate DR No. 2-16 in TRA Docket No. 16-00001.

RESPONSE:

2-54. (Supplemental) Refer to the tariff summary provided in response to MFR 13. Specifically refer to the information provided for OL customers, which the Company's tariff provides additional charges for underground circuits in excess of 30 feet. Provide a breakdown of the monthly number and amount of underground circuit charges from December 2015 through June 2021 in the same format as the Company's response to Consumer Advocate DR No. 2-16 in TRA Docket No. 16-00001.

RESPONSE:

2-55. (Supplemental) Refer to Attachment 1 of the Company's response to Consumer Advocate DR No. 1-51 regarding billing determinants. Specifically refer to tariff code "015-Residential" on the "Billed Demand" tab of (Attachment 1). Provide a narrative explanation of the billing demand determinants for the residential customer class located here along with what tariff rate (if any) is applied to this billing demand.

RESPONSE:

2-56. (Supplemental) Refer to (Attachment 1) of the Company's response to Consumer Advocate DR No. 1-51 regarding billing determinants. Specifically refer to tariff code "233-Small General Service - Non-Metered" on the "Fixture Count" tab of (Attachment 1). Provide a narrative explanation of the fixture count determinants for the Small General Service customer class located here along with what tariff rate (if any) is applied to this fixture count.

RESPONSE:

- 2-57. (Supplemental) Refer to the (KMJ – Workpaper 3 – JCOS KgPCo Working Capital) spreadsheet included with the Company’s case. Specifically refer to the test period balance of \$4,141,123 for Account 1650010 – Prepaid Pension Benefits that is included on this spreadsheet.
- a. Provide a narrative of the Company’s rationale for including this account in Rate Base.
 - b. Provide the information supporting the individual monthly debits and credits to the monthly balances in this account from January 2018 through June 2021.

RESPONSE:

- 2-58. (Supplemental) Refer to the (KMJ – Workpaper 3 – JCOS KgPCo Working Capital) spreadsheet included with the Company’s case. Specifically refer to the test period balance of \$2,248,335 for Account 1650035 – PRW Without MED-D Benefits that is included on this spreadsheet and provide the following information:
- a. Provide a narrative of the Company’s rationale for including this account in Rate Base.
 - b. Provide the information supporting the individual monthly debits and credits to the monthly balances in this account from January 2018 through June 2021.

RESPONSE:

- 2-59. (Supplemental) Refer to the direct testimony of Company witness Criss starting on Page 4, Line 8 where he states, “[l]astly, the Company is including an adjustment for the stand-alone NOLC DTA and the subsequent remeasurement of excess ADFIT to include the DTA.” Provide a copy of AEP testimony along with the relevant Commission Orders addressing this issue in other territories where the Company operates.

RESPONSE:

2-60. (Supplemental) Refer to the Company's response to Consumer Advocate DR No. 1-52 regarding the billing determinants for the SGS Rate Schedule. The Company's reply indicates this information is contained in the response to Consumer Advocate DR No. 1-51. However, this information does not provide the detail originally requested by usage block. Therefore, as originally requested, provide a breakdown of the monthly KWH billed, with KWH for each SGS Rate Schedule split between the first 600 KWH used per month and over 600 KWH used per month from December 2015 through June 2021 in the same format as the Company's response to Consumer Advocate DR No. 2-4 in TRA Docket No. 16-00001.

RESPONSE:

2-61. (Supplemental). Refer to the Company's response to Consumer Advocate DR No. 1-53 regarding the billing determinants for the MGS Rate Schedule. The Company's reply indicates this information is contained in the response to Consumer Advocate DR No. 1-51. However, this information does not provide the detail originally requested by usage block. Therefore, as originally requested, provide a breakdown of the monthly KWH billed, with KWH for each MGS rate schedule split between the first 200 times the KW of Monthly Billing Demand per month and over 200 times the KW of monthly Billing Demand per month, from December 2015 through June 2021 in the same format as the Company's response to Consumer Advocate DR No. 2-7 in TRA Docket No. 16-00001.

RESPONSE:

2-62. (Supplemental) Refer to the Company's response to Consumer Advocate DR No. 1-56 regarding the Off-Peak Excess kWh Demand billing determinants for the IP Rate Schedule. The Company's reply indicates this information is contained in the response to Consumer

Advocate DR No. 1-51. However, this information does not provide the detail originally requested by usage block. Therefore, as originally requested, provide the monthly Billed Off-Peak Excess KW Demand from December 2015 through June 2021 in the same format as the Company's response to Consumer Advocate DR No. 2-10 in TRA Docket No. 16-00001.

RESPONSE:

2-63. (Supplemental). Refer to the Company's response to Consumer Advocate DR No. 1-57 regarding the reactive demand charge billing determinants for the IP Rate Schedule. The Company's reply indicates this information is contained in the response to Consumer Advocate DR No. 1-51. However, this information does not provide the detail originally requested by usage block. Therefore, as originally requested, provide the monthly reactive demand charge determinants (KVAR) from December 2015 through June 2021 in the same format as the Company's response to Consumer Advocate DR No. 2-11 in TRA Docket No. 16-00001.

RESPONSE:

2-64. (Supplemental). Refer to the Company's response to Consumer Advocate DR No. 1-58 regarding the specific billing determinants for the PS Rate Schedule. The Company's reply indicates this information is contained in the response to Consumer Advocate DR No. 1-51. However, this information does not provide the detail originally requested by usage block. Therefore, as originally requested, provide the monthly number of classrooms (for Tariff Code 641) as well as a breakdown of the monthly KWH billed split between the first 500 KWH and over 500 KWH for Tariff Code 641 from December 2015 through June

2021 in the same format as the Company's response to Consumer Advocate DR No. 2-13 in TRA Docket No. 16-00001.

RESPONSE:

2-65. (Supplemental) Refer to responses to Consumer Advocate DR Nos. 1-77, 1-103 and 1-117 as well as MFR 30 (Confidential), and respond to the following:

- a. Confirm that a portion of the 2020 funding referenced in response to Consumer Advocate DR No. 1-103 is incorporated into the Kingsport funded status included in response to Consumer Advocate DR No. 1-77.
- b. Regarding the response to Consumer Advocate DR No. 1-117, is it more pertinent to this proceeding to focus on the Kingsport Distribution division, whose pension fund is overfunded by \$140,866? If not, provide a comprehensive explanation indicating why the Commission should consider the funding status of Kingsport Transmission in this docket.
- c. Identify and define the acronyms "UPSC" and "UGL" in response to Consumer Advocate DR No. 1-77.
- d. Refer to MFR 30 and pdf pages 78 of 134, and 133 of 134. Provide a comprehensive explanation of why the Kingsport Transmission function is assigned a cost of zero for service cost for Pension Expense (page 78) and why zero employees are identified as 'Active participants in the medical welfare plan' (page 133).

RESPONSE:

2-66. (Supplemental) Regarding the NOLC claimed in this proceeding, refer to the response to Consumer Advocate DR No. 1-36, (attachment C) and respond to the following:

- a. Refer to tab "51052 May Per Books". Define each item below and explain how such items are recorded on Kingsport's books contrasted with how such items are reflected in Kingsport's tax return:
 - i. Item 908A Book Operating Lease – Liability - \$558,761;
 - ii. Item 295A EFB-EFB Gain/Loss on ACRS/MACRS Property - \$696,851; and
 - iii. Item 532A – EFB-EFB – Percent Repair Allowance - \$573,294.

RESPONSE:

2-67. (Supplemental) Refer to tab “51052 May Per Books”. Provide the documentation to confirm the Transmission balances within the following item is accurately identified as Transmission, rather than Distribution:

- a. Item 960 XS Excess ADIT 282 – Protected - \$2,088,206.

RESPONSE:

2-68. (Supplemental) Refer to tab “KGSPT NOL Vintage Year” and provide support for the following items:

- a. Identified \$14,226,904 tax loss incurred in 2017.
- b. Identified \$8,288,734 tax loss incurred in 2015.

RESPONSE:

2-69. (Supplemental) Has the Company estimated its taxable income for 2021? If so, identify the estimate and provide any supporting documentation the Company has for the estimate.

RESPONSE:

2-70. (Supplemental) Provide a comprehensive discussion supporting the inclusion in rate base of the \$1.4 million of Unprotected Deficient adjustment as incorporated in the “KGSPT NOL Vintage” tab within the response to Consumer Advocate DR No. 1-36. This response should provide documentation that such deficiency was not included in the Company’s TCJA proceeding in 2018.

RESPONSE:

2-71. (Supplemental) Refer to the response to Consumer Advocate DR No. 1-89 where the Company restated the NOLC balance assigned to the Transmission function by utilizing a depreciation and amortization ratio of 9.27%. However, Item 230A within tab “51052” indicates that Transmission accounts for approximately 26.5% of cumulative book/tax

timing differences (\$3,616,315/\$13,640,839). Provide the rationale for the use of the 9.27% allocator in light of the more significant overall book/tax timing differences associated with the depreciation that is then incorporated into tax returns.

RESPONSE:

2-72. (Supplemental) Refer to the response to Consumer Advocate DR No. 1-147. Has the Company reduced the regulatory costs otherwise allocated to Kingsport in light of its proposal to direct charge its costs associated with the preparation and processing of this rate case in its proposed O&M costs? If so, identify the amount and location where such an adjustment has been made.

RESPONSE:

2-73. (Supplemental) Refer to the response to Consumer Advocate DR No. 1-147. For each employee whose time is incorporated into rate case expense in this proceeding, identify the level of compensation for the following: i) direct charged; and ii) allocated by jurisdiction, by year for the period 2019 – 2021.

RESPONSE:

2-74. (Supplemental) Refer to the response to Consumer Advocate DR No. 1-151. Provide all support that confirms the contract with AEP Credit is based upon cost and that no profit margin is accruing to AEP Credit from this affiliate transaction.

RESPONSE:

2-75. (Supplemental) Please refer to Consumer Advocate DR Nos. 1-89(d) and 1-90(c). In the former response the Company supports the concept that the balance of the NOL should reflect the stand-alone operations of the Company and not take into account the operations

of affiliates. However, in response 1-90 the Company indicates it has not reviewed its ADIT balances for consistency with the recognition of rate base, expenses and revenues as presented in its filing. Provide a comprehensive response reconciling the need to compute a stand-alone NOL/ADIT balance for ratemaking purposes on one hand, with the lack of review of its ADIT balance to ensure synchronization with its revenue requirement components.

RESPONSE:

2-76. (Supplemental) Provide a detailed calculation of the Company's 2021 federal and state income tax Expense as reflected on its 2021 Income Statement.

RESPONSE:

2-77. (Supplemental) Refer to the Company's attachment in response to Consumer Advocate DR No. 1-154. Specifically, refer to charges for Account 9302000 from the "PL Bus Unit" titled "LEGAL". Provide description of the "Project" "000001121".

RESPONSE:

2-78. (Supplemental) Refer to the Company's attachment in response to Consumer Advocate DR No. 1-154. Specifically, refer to charges for Account 9302007 with the "Project" identifier of "HWARRENTY". Answer the following questions:

- a. Are these charges related to services provided by Homeserve?
- b. If the answer to A is yes, why are they included in the Company's proposed cost of service?
- c. Identify any other account(s) and provide supporting general ledger detail for charges relating to Homeserve/Home warranty included within the Company's proposed test period.

RESPONSE:

2-79. (Supplemental) Refer to the Company's response to Consumer Advocate DR No. 1-137.

Provide examples of typical "Corporate and Informational" Advertisements.

RESPONSE:

2-80. (Supplemental) Refer to the Company's response to Consumer Advocate DR No. 1-137.

Provide the Company's rationale for cost recovery of expenses relating to "corporate aircraft."

RESPONSE:

2-81. (Supplemental) Refer to (Exhibits 1a-4c_Kingsport JCOS CCOS (KMJ-MHW)) attachment as filed with the Company's petition. Specifically, refer to tab "1-b JRSSmry" within this file. Provide the source and support for the hardcode value of "0.002901" presented in cell F28 that represents the Company's uncollectible ratio.

RESPONSE:

RESPECTFULLY SUBMITTED,



VANCE L. BROEMEL (BPR No. 011421)

Senior Assistant Attorney General

RACHEL C. BOWEN (BPR No. 039091)

Assistant Attorney General

Office of the Tennessee Attorney General

Financial Division, Consumer Advocate Unit

P.O. Box 20207

Nashville, Tennessee 37202-0207

Phone: (615) 741-8733

Fax: (615) 741-8151

Email: vance.broemel@ag.tn.gov

Email: rachel.bowen@ag.tn.gov

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail, with a courtesy copy by electronic mail, upon:

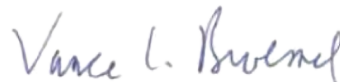
William C. Bovender
Joseph B. Harvey
Hunter, Smith & Davis, LLP
P.O. Box 3704
Kingsport, TN 37664
Phone: (423) 378-8800
Email: bovender@hdsdlaw.com
Email: jharvey@hdsdlaw.com

Noelle J. Coates
American Electric Power Service
Three James Center
Suite 1100 1051 E. Cary Street
Richmond, VA 23219-4029
Phone: (804) 698-5541
Email: njcoates@aep.com

William K. Castle
American Electric Power Service
Three James Center
1051 E. Cary Street – Suite 1100
Richmond, VA 23219-4029
Phone: (804) 698-5540
Email: wkcastle@aep.com

James R. Bacha
American Electric Power Service
1 Riverside Plaza
Columbus, OH 43215
Phone: (614) 716-1615
Email: jrbacha@aep.com

This the 4th day of February, 2022.



VANCE L. BROEMEL
Senior Assistant Attorney General