

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

**IN RE:**

**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 THIRD DISCOVERY  
REQUEST TO KINGSPORT POWER COMPANY**

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This Third 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, on or before 2:00 p.m. (CDT), March 2, 2022.

### **PRELIMINARY MATTERS AND DEFINITIONS**

These Third 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.

### **THIRD DISCOVERY REQUESTS**

3-1. Refer to the Company's response to Consumer Advocate DR No. 2-39. Provide the Company's justification for changing their allocation methodology for liability insurance from a payroll/employee basis to a revenue basis. Additionally, provide examples of injuries and damages costs and how these costs were driven by revenues rather than employees.

#### **RESPONSE:**

3-2. Refer to the Company's response to Consumer Advocate DR No. 2-41. Provide support and justification that demonstrates that these costs were necessary in the provision of utility service. Additionally, provide the title(s) of the employee(s) these costs relate to along with the gross amounts of payments per employee. Finally, provide a detailed statement on how Kingsport benefited from such payments.

**RESPONSE:**

- 3-3. Refer to the Company's response to MFR 5a regarding the Company's current tariff. Specifically refer to Page 51 of 57 of the current tariff that provides the monthly rate charges for Standby Service. Provide the monthly billing determinants for this service segregated by tariff and service voltage, from January 2018 through June 2021.

**RESPONSE:**

- 3-4. Refer to the Company's response to MFR 5a regarding the Company's current tariff. Specifically refer to Page 52 of 57 of the current tariff that provides the monthly maintenance rate charges for Standby Service. Provide the monthly billing determinants for this service segregated by tariff, from January 2018 through June 2021.

**RESPONSE:**

- 3-5. Refer to the Company's response to MFR 5a regarding the Company's current tariff. Specifically refer to Page 55 of 57 of the current tariff that provides the rate charges for Alternative Feed Service. Provide the monthly billing determinants for this service (including inspection fees and capacity reservation demand charges), from January 2018 through June 2021.

**RESPONSE:**

- 3-6. Refer to (CA\_1-51\_Attachment\_1) of the Company's response to Consumer Advocate DR No. 1-51 regarding billing determinants. Specifically refer to tariff code "324-Industrial Power – Transmission" on the "Off-Peak kWh" tab of this spreadsheet. Unlike the typical entries, the amounts for this rate schedule appear to be negative. For example, the Off-Peak kWh for Rate Schedule 324 is -5,481,328 for July 2021. Provide a narrative

explanation for the cause of the negative amounts included here along with what tariff rate (if any) is applied to this off-peak usage.

**RESPONSE:**

3-7. Refer to (CA\_1-51\_Attachment\_1) of the Company's response to Consumer Advocate DR No. 1-51 regarding billing determinants. Specifically refer to tariff code "324-Industrial Power – Transmission" on the "Metered kWh" tab of this spreadsheet. Provide a narrative explanation for the cause for the large increases in usage on this Rate Schedule for the following months:

Month	KWH Usage
February 2020	106,705,136
October 2019	103,649,201
March 2019	104,904,962

**RESPONSE:**

3-8. Refer to (CA\_1-51\_Attachment\_1) of the Company's response to Consumer Advocate DR No. 1-51 regarding billing determinants. Specifically refer to tariff code "324-Industrial Power – Transmission" on the "Metered kWh" tab of this spreadsheet. It appears that there has been a significant loss of load on this rate schedule. For example, the total usage for the twelve months ended June 2018 was 847 million kWh, but this load has shrunk to only 535 million kWh for the test period. Provide a narrative explanation for the cause of this usage reduction.

**RESPONSE:**

3-9. Refer to the Company's response to MFR 5a regarding the Company's current tariff. Specifically refer to Page 31 of 57 of current tariff that provides the monthly rate charges

for the Electric Heating General Rate Schedule. Identify the distinguishing characteristics between tariff codes 208 and 209 for this Rate Schedule.

**RESPONSE:**

3-10. Refer to the tariff summary provided in response to MFR 13. Specifically refer to the information provided for OL customers, for which the Company's tariff provides an additional charge of \$1.40 per month for spans over 150 feet. Provide a breakdown of the monthly number of spans that are subject to this charge from December 2015 through June 2021 in the same format as the Company's response to Consumer Advocate DR No. 2-15 in TRA Docket No. 16-00001.

**RESPONSE:**

3-11. Refer to the (KgPCo Exhibit No. 1 (KIW) Revenue Proof) spreadsheet included with the Company's filing. Specifically refer to the "SL" tab of this spreadsheet and provide the following information:

- a. Provide the source and support for the "Current Billing Units (Lamps)" contained in Column C that total to 126,921 and appear as unreferenced hard-coded numbers.
- b. Provide the source and support for the "Year-End Customer and Weather Adjusted Billing Units" contained in Column L that total to 127,0321 and appear as unreferenced hard-coded numbers.
- c. Provide the source and support for the "Current Rate" contained in Column D of this spreadsheet. Specifically, we are having difficulty precisely tying all of the rates contained in this spreadsheet with the Street Lighting contracts contained in response to Consumer Advocate DR No. 1-60. For example, the current rate used in the Company's spreadsheet shows \$8.43 in Cell D18 for the 200 Watt, 22,000 Lumens service on existing poles. However, we are unable to locate this rate on either the City of Kingsport or the Town of Mount Carmel contracts. Reconcile all of the Outdoor Lighting rates used in the Company's spreadsheet with the contract rates.
- d. Confirm whether or not the existing City of Kingsport or the Town of Mount Carmel contracts represent "all in" contracts that include the wholesale cost of power and other riders that are typically charged separately. If these

contracts do not include wholesale costs, then provide an explanation of how that cost is charged to these customers.

- e. Explain why the Company has not included the impact of a prompt payment discount to SL customers in the going level revenue calculation, even though a provision for a prompt payment discount appears in the Company's proposed SL tariff in MFR 5b.
- f. Confirm whether or not the costs billed to City of Kingsport or the Town of Mount Carmel currently include surcharges for the FPPAR, TRP&MS Rider or the Tax Rider.

**RESPONSE:**

3-12. Refer to the Company's response to Consumer Advocate DR No. 1-61 regarding street lighting bills. This item requested the Company to provide this information in the same format (Excel) as its supplemental response to Consumer Advocate DR No. 2-17 in TRA Docket No. 16-00001. Instead, the Company only provided monthly data for 2021 in PDF format. As a result, we find it necessary to repeat our original request to provide a copy of all monthly Street Lighting bills from December 2015 through June 2021 in the same format (Excel) as the Company's response to Consumer Advocate DR No. 2-17 in TRA Docket No. 16-00001.

**RESPONSE:**

3-13. Provide a copy of all communication with the City of Kingsport and the Town of Mount Carmel related to street lighting rates since January 1, 2016.

**RESPONSE:**

3-14. Refer to the Company's proposed tariff provided in response to MFR 5b. Specifically refer to Pages 41-43 of this tariff that contain the Company's proposed Rate Schedule for Street Lighting. Provide the source and support for the "Cost of Facilities Included in Rates" amounts that are included in this Rate Schedule.

**RESPONSE:**

- 3-15. Refer to the Company's proposed tariff provided in response to MFR 5b. Specifically refer to Pages 16-20 of this tariff that contain the Company's proposed Fuel and Purchased Power Adjustment Rider. Provide the source and support for the changes in these Rider surcharge rates that include the new initial rates for Outdoor Lighting and Street Lighting.

**RESPONSE:**

- 3-16. Refer to the tariff summary provided in response to MFR 13. Specifically refer to the information provided for EHG customers, which the Company's tariff provides a demand charge for monthly billing demand in excess of 30 KW. Provide a breakdown of the monthly KW billing demand for EHG customers (separately for Rate Schedules 208 and 209) split between the first 30 KW per month and over 30 KW per month from December 2015 through June 2021.

**RESPONSE:**

- 3-17. Refer to the (KgPCo Exhibit No. 1 (KIW) Revenue Proof) spreadsheet included with the Company's filing. Specifically refer to Column G of the "SUMMARY PROPOSED" tab which shows the Company's calculation of Adjusted Going Level Revenue to be \$22,606,637 (this same amount is also included on line 1 of "KgPCo Exhibit 1-b (KMJ)" of the Company's filing). It appears that the Company has deducted the pass-through Tax Rider charges for each tariff in the calculation of the base rate revenues. For example, for Residential (011, 015) on the "SUMMARY PROPOSED" tab, the Company appears to make the following calculation:

*[Intentionally Blank – table on next page]*

	<b>Amount</b>
Base Revenue	\$8,534,771
Less Prompt Payment Discount	-982,316
Less Tax Rider Revenue	-460,476
<b>Going Level Revenue</b>	<b>\$7,091,979</b>

Typically, pass-through rider charges are excluded from the calculation of base rate revenues. Therefore, explain the Company's rationale for including Tax Rider Revenue in the calculation of the Going Level Revenue amounts.

**RESPONSE:**

3-18. Refer to the (KgPCo Exhibit No. 1 (KIW) Revenue Proof) spreadsheet included with the Company's filing. Specifically refer to Cell G36 of the "SUMMARY PROPOSED" tab which shows the Company's calculation of Adjusted Going Level Revenue for the IP Transmission Rate Schedule to be \$1,556,741. It appears that the Company has omitted the Backup Reservation Charge revenue from this calculation. Explain the Company's rationale for excluding Backup Reservation Charge revenue from the Going Level Revenue amounts.

**RESPONSE:**

3-19. Refer to Cell D177 of the "JCOS Detail 2-a" tab in the (Exhibits 1a-4c Kingsport JCOS CCOS (KMH-MHW)) spreadsheet included with the Company's filing that provides the test period amount for Miscellaneous Service Revenue (Account 4510001) of \$200,176.

Provide the following information related to this spreadsheet:

- a. Identify and provide the monthly billing determinants from December 2015 to June 2021 that are used to calculate the monthly amounts for Account 4510001.
- b. Identify in the Company's tariff and provide the specific billing rates that are charged to calculate the Miscellaneous Service Revenues in Account 4510001.

**RESPONSE:**



3-20. Refer to Cell H178 of the “JCOS Detail 2-a” tab in the (Exhibits 1a-4c Kingsport JCOS CCOS (KMH-MHW)) spreadsheet included with the Company’s filing that provides the attrition adjustment for Miscellaneous Service Revenue-Reconnect Fee Adjustment of \$-174,600 which is further identified as Adjustment OR-9. Provide the source and support for the adjustment along with a narrative describing the rationale for making this adjustment.

**RESPONSE:**

3-21. Refer to the (KMH – Workpaper 5 – JCOS KgPCo 454 Rent Revenues) spreadsheet included with the Company’s filing that provides the test period source data for Rent Revenues from Electric Property. Provide the following information related to this spreadsheet:

- a. Provide the monthly rental amounts for accounts 4540001, 4540002, 4540004 and 4540005 from December 2015 to June 2021 that also includes the “Unit” and “Affiliate” codes to properly segregate these revenues between transmission and distribution classifications.
- b. Provide the monthly billing determinants from December 2015 to June 2021 that are used to calculate the monthly amounts for Accounts 4540001, 4540002, 4540004 and 4540005.
- c. Identify and provide a copy of the source for the monthly billing rates for Rent Revenues from Electric Property.

**RESPONSE:**

3-22. Refer to the (KMH – Workpaper 6 – JCOS KgPCo 456 Other Electric Revenues) spreadsheet included with the Company’s filing that provides the test period source data for Other Revenues from Electric Property. Please provide the following information related to this spreadsheet:

- a. Provide the monthly other revenue for account 4560015 segregated between transmission and distribution revenue from December 2015 to June 2021

- b. Provide the monthly billing determinants from December 2015 to June 2021 that are used to calculate the monthly amounts for Account 4560015
- c. Identify and provide a copy of the source for the monthly billing rates for Other Electric Revenues.

**RESPONSE:**

- 3-23. Refer to the response to Consumer Advocate DR No. 1-36 (CA\_1-36\_Attachment\_3) and specifically tab “230A”. Provide a complete explanation of the logic of netting the amounts in cells H28 and I29 in arriving at the value in cell J28. Include an explanation for what is represented in cells H 28 and I 28.

**RESPONSE:**

- 3-24. Refer to the response to Consumer Advocate DR No. 1-36 (CA\_1-36\_Attachment\_3) and specifically tabs “X Year 2022” and “Distribution ADFIT”. Respond to the following:
- a. Provide a comprehensive explanation supporting the logic for basing the value in cell M43 within the “Distribution ADFIT” tab based upon value in cell C 47 within tab “X Year 2022”. This should include a full explanation of what is represented in cell C 47.
  - b. Provide the support for the \$5,828,614 balance reflected in cell C 47 of tab “X Year 2022”, which is a hard coded cell.

**RESPONSE:**

- 3-25. Refer to the response to Consumer Advocate DR No. 1-36 (CA\_1-36\_Attachment\_3) and specifically tab “JCOS Adj WP”. Provide the support for the value of \$7,203,044 in cell F 126 which is a hard coded number.

**RESPONSE:**

- 3-26. Has the Company incorporated any 481(a) deductions in projecting its additional ADIT through the 2022 calendar year? If not, provide the amount of 481(a) deductions claimed by tax year for the period 2018 – 2020.

**RESPONSE:**

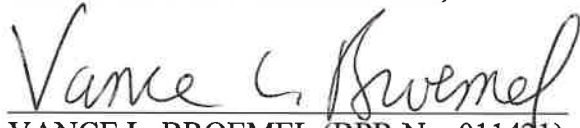
3-27. The response to Consumer Advocate DR No. 2-37 includes an Audit Service Department finding relative to the Corporate Cost Allocation process employed by AEP Service Corporation. However, rather than a complete report detailing the nature of cost allocations and the audit work performed, the response instead appears to be limited to the ratings of high-level work scopes. Provide the complete internal audit report on the AEP Service Corporation Cost Allocation process.

**RESPONSE:**

3-28. Refer to Company's (Adj OM -23) spreadsheet as sponsored by Mr. Allen along with the Company's Response to Consumer Advocate DR No. 1-142. Provide the amount of incentive compensation capitalized by FERC account by month from December 2015 through June 2021 by incentive type. Additionally, separate the amounts capitalized by charging Company/Division.

**RESPONSE:**

RESPECTFULLY SUBMITTED,



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CERTIFICATE OF SERVICE

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

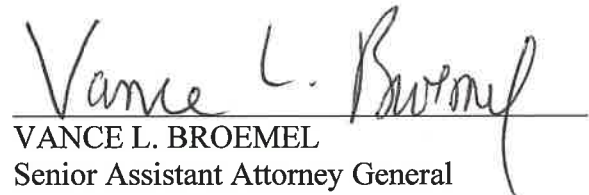
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This the 17<sup>th</sup> day of February, 2022.

  
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