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KPOW-10311

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**VIA EMAIL ([tpuc.docketroom@tn.gov](mailto:tpuc.docketroom@tn.gov)) & 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 A GENERAL RATE CASE  
DOCKET NO.: 21-00107

Dear Chairman Hill:

On behalf of Kingsport Power Company d/b/a AEP Appalachian Power, we transmit herewith the following:

1. The non-confidential, public version of Kingsport Power Company's Responses to CAD's Supplemental Set 2 Discovery to its Second Discovery Requests. The original and four copies of the public version are being sent by overnight delivery. Additionally, the public version will be made available in electronic format via the iManage System.
2. The full, confidential version of Kingsport Power Company's Response to CAD's Supplemental Set 2 Discovery to its Second Discovery Requests, which includes information and documents designated CONFIDENTIAL pursuant to the Protective Order entered in this matter. The confidential version of Kingsport's Responses are being sent by separate overnight delivery to the TPUC and all intervenors. The confidential version is also available to the intervenors in native electronic format via the iManage System.

Please see the public version is filed and that the confidential version is filed and treated as confidential pursuant to the Protective Order.

Should you have any questions, please do not hesitate to contact the undersigned.

Very sincerely yours,

**HUNTER, SMITH & DAVIS, LLP**



William C. Bovender

Enclosure: As stated

cc: Kelly Grams, General Counsel (w/enc.)  
David Foster (w/enc.)  
Monica L. Smith-Ashford, Esq. (w/enc.)  
Michael J. Quinan, Esq. (w/enc.)  
Rachel Bowen, Esq. (w/enc.)  
Vance L. Broemel, Esq. (w/enc.)  
James R. Bacha, Esq. (w/enc.)  
Noelle J. Coates, Esq. (w/enc.)  
William C. Bovender, Esq. (w/enc.)

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**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION**

**NASHVILLE, TENNESSEE**

IN RE:

DOCKET NO.: 21-00107

PETITION OF KINGSPORT POWER  
COMPANY d/b/a AEP APPALACHIAN  
POWER GENERAL RATE CASE

**RESPONSE OF KINGSPORT POWER COMPANY TO  
CONSUMER ADVOCATE'S SUPPLEMENTAL SET TWO DISCOVERY TO  
SECOND DISCOVERY REQUEST**

Comes Petitioner, Kingsport Power Company d/b/a AEP Appalachian Power ("Company" or "KgPCo") and hereby submits its response to the Supplemental Discovery to Second Discovery Request of the Consumer Advocate Division ("CAD") which was served on KgPCo on February 4, 2022 (the "Second Supplemental Discovery"). KgPCo is providing partial responses as they become available in part to make the information available to the CAD at the earliest possible opportunity. The following portions of the CAD's Second Supplemental Request are being responded to: 52, 57-58, 65, 72, 73, 74, 77-80; subject to the general objections set forth herein below or any objections to individual requests as contained in said responses.

**GENERAL STATEMENTS AND OBJECTIONS**

The responses set forth herein constitute the best information presently available to KgPCo. The answers set forth herein are provided without prejudice to KgPCo's right to timely amend, supplement, or change said answers if and when additional, different, or more accurate information becomes available, including the review of any documents produced by intervenors. Moreover, said responses are subject to correction for inadvertent errors or omissions, if any such errors or omissions are later found to exist.

By responding to CAD's discovery requests, KgPCo does not waive any objections that may be appropriate to the use, for any purpose, by any party, of any of the information contained in the responses set forth herein or to the admissibility, relevancy, or materiality of such information as to any issue in this case.

The following General Objections apply to each of KgPCo's responses. Specific objections provided in response to any request are made without waiver of or prejudice to any General Objection.

1. KgPCo objects to CAD's requests to the extent they seek to impose on KgPCo any obligations or responsibilities beyond those required by TPUC's Rules & Regulations, the Tennessee Rules of Civil Procedure, and/or the controlling Procedural Scheduled entered in this matter.

2. KgPCo objects to CAD's requests to the extent they seek information protected by the attorney-client privilege, the work product doctrine, and/or any other applicable privilege or immunity (collectively referred to as "privileged" documents or information). Nothing contained in these responses is intended to be, or in any way constitutes, a waiver of any such applicable privilege or immunity.

3. An objection to a request based on privilege should not be construed as a representation that responsive information or documents exists or existed and is being withheld based upon the asserted privilege. Such an objection indicates only that the request is of such a scope as to potentially embrace privileged information or documents.

4. To the extent KgPCo responds to a discovery request to which it has objected, KgPCo reserves the right to maintain such objection with respect to any additional information

responsive to such discovery request and such objections are not waived by the furnishing of such additional information.

5. KgPCo objects to CAD's requests to the extent they seek information that is neither relevant to the issues in the case nor proportional to the needs of the case. KgPCo also objects to CAD's requests to the extent they are overly broad.

6. KgPCo objects to CAD's requests that contain terms or phrases that are vague, ambiguous, and undefined; call for speculation, conjecture or opinion; or are based on the assumption of facts not in evidence. Likewise, KgPCo's response to any particular interrogatory in no way constitutes acquiescence or agreement to any definition, characterization, or meaning proposed by CAD.

7. All responses and any production of documents by KgPCo in response to CAD's requests are made based on KgPCo's current knowledge and without waiver of any general or specific objections. KgPCo reserves the right to revise, modify, supplement and/or amend its responses, for form or substance.

Subject to said GENERAL OBJECTIONS and any specific objections made to individual requests as contained in these or upcoming responses, KgPCo responds to CAD's Supplemental Discovery to its Second Discovery Request as follows.



Kingsport Power Company d/b/a Appalachian  
Power Company

By: W. Castle  
William K. Castle

Title: Director, Regulatory Services VA/TN

COMMONWEALTH OF VIRGINIA)

CITY OF RICHMOND )

**WILLIAM K. CASTLE**, being first duly sworn upon oath, deposes and says that he is the Director, Regulatory Services VA/TN for Kingsport Power Company d/b/a AEP Appalachian Power, the Petitioner in the above-entitled action, and that he is authorized to make this Affidavit on its behalf; that he has read the foregoing Responses to Discovery Requests, by him subscribed and knows the contents thereof; that there is no single person employed by or otherwise connected with Kingsport Power Company d/b/a AEP Appalachian Power, who has personal knowledge of all the facts and information requested herein; that said Responses were prepared with the assistance and advice of counsel and the assistance of various employees and representatives of the corporation upon which he has relied; that the Responses to Discovery Requests, set forth herein, subject to inadvertent or undiscovered errors, are based on, and therefore necessarily limited by, the records and information still in existence, presently recollected and thus far discovered in the course of the preparation of these Responses; that the foregoing Responses to Discovery Requests are thus based upon corporate knowledge and are true and correct to the best of his knowledge and belief; that consequently, Kingsport Power Company d/b/a AEP Appalachian Power reserves the right to make any changes in the Responses if it appears at any time that omissions or errors have been made therein or that more accurate information is available; and that subject to the limitations set forth herein, the said Responses are true to the best of his knowledge, information and belief.

W. Castle

WILLIAM K. CASTLE

Sworn to and subscribed before me, this the 18<sup>th</sup> of January, 2022.

Catharine Meriwether Broadus

Notary Public

My Commission Expires: Sept. 30, 2025  
Notary Registration No.: 7759549



## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and exact copy of the foregoing **RESPONSE OF KINGSPORT POWER COMPANY TO CONSUMER ADVOCATE'S SUPPLEMENTAL DISCOVERY SET TWO TO SECOND DISCOVERY REQUEST** has been served upon the following by emailing a true and accurate copy on this the 18<sup>th</sup> day of February, 2022:

VANCE L. BROEMEL (BPR #011421)  
Senior Assistant Attorney General  
RACHEL C. BOWEN (BPR #039091)  
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**HUNTER, SMITH & DAVIS, LLP**



William C. Bovender

**TENNESSEE PUBLIC UTILITY COMMISSION**  
**PETITION OF**  
**Kingsport Power Company**  
**DOCKET NO. TPUC 21-00107 Rate Case Discovery**  
**Data Requests and Requests for the Production**  
**of Documents by the THE CONSUMER PROTECTION AND ADVOCATE DIVISION OF**  
**THE ATTORNEY GENERAL'S OFFICE**  
**CA Supp. Set 2**  
**To Kingsport Power Company**

**Data Request CA 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 CA 2-52:**

The test year activity recorded in Account 407.3, Regulatory Debits, of \$51,106.55 and in Account 407.4, Regulatory Credits, of \$(438.52) relate solely to over or under-recoveries of FTRAR Rider credits to customers. Since the FTRAR over/under recovery balance is included in the annual FTRAR true-up computation, the associated Regulatory Debits/Regulatory Credits activity should not have been included in the cost of service in this base rate case.



**TENNESSEE PUBLIC UTILITY COMMISSION  
PETITION OF  
Kingsport Power Company  
DOCKET NO. TPUC 21-00107 Rate Case Discovery  
Data Requests and Requests for the Production  
of Documents by the THE CONSUMER PROTECTION AND ADVOCATE DIVISION OF  
THE ATTORNEY GENERAL'S OFFICE  
CA Supp. Set 2  
To Kingsport Power Company**

**Data Request CA 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 CA 2-57:**

- a. Refer to the testimony of Company witness Allen on pages 17-20 for a discussion of prepaid pension and OPEB assets included in rate base. In addition to the inclusion of the prepaid pension asset in rate base in the approved Stipulation in Docket No. 16-00001, KgPCo’s customers continue to benefit from the additional pension funding that creates the prepaid pension asset through substantially reduced pension cost. Note that KgPCo included \$3,617,082 in its requested rate base in this case for the test year-end prepaid pension asset after allocating a portion (\$524,041) of the total Company prepaid pension asset of \$4,141,123 (recorded in Account 1650010) to the Transmission function.
- b. See CA 2-57 Attachment 1 for the requested information.

BU	Period	FISCAL_YEAR	ACCOUNT	DESCR	OPERATING_UNIT	DEPTID	MONETARY_AMOUNT	JOURNAL_ID	JOURNAL_LINE	SOURCE	OPRID	JRNL_LN_REF	LINE_DESCR
230	1	2018	1650010	To record FAS 87 pension cost		10894	3,668.75	GL0028	49 UPL	S212340			2018 FAS 87 ESTIMATES - N
230	1	2018	1650010	To record FAS 87 pension cost		10894	(20,709.75)	GL0028	159 UPL	S212340			2018 FAS 87 ESTIMATES - S
230	1	2019	1650010	To record FAS 87 pension cost		10894	(21,288.08)	GL0028	41 UPL	S274493			2018 FAS 87 ESTIMATES - S
230	1	2019	1650010	To record FAS 87 pension cost		10894	8,373.83	GL0028	143 UPL	S274493			2018 FAS 87 ESTIMATES - N
230	1	2020	1650010	To record FAS 87 pension cost		10894	(24,212.33)	GL0028	37 UPL	S295382			2020 FAS 87 ESTIMATE - S
230	1	2020	1650010	To record FAS 87 pension cost		10894	1,626.67	GL0028	135 UPL	S295382			2020 FAS 87 ESTIMATE - N
230	1	2021	1650010	To record FAS 87 pension cost		10894	(28,838.58)	GL0028	38 UPL	S295382			2021 FAS 87 ESTIMATE - S
230	1	2021	1650010	To record FAS 87 pension cost		10894	(1,649.08)	GL0028	137 UPL	S295382			2021 FAS 87 ESTIMATE - N
260	1	2018	1650010	To record FAS 87 pension cost		10894	(1,898.00)	GL0028	52 UPL	S212340			2018 FAS 87 ESTIMATES - N
260	1	2019	1650010	To record FAS 87 pension cost		10894	(1,557.33)	GL0028	146 UPL	S274493			2018 FAS 87 ESTIMATES - N
260	1	2020	1650010	To record FAS 87 pension cost		10894	(2,500.08)	GL0028	138 UPL	S295382			2020 FAS 87 ESTIMATE - N
260	1	2021	1650010	To record FAS 87 pension cost		10894	(2,347.83)	GL0028	140 UPL	S295382			2021 FAS 87 ESTIMATE - N
230	2	2018	1650010	To record FAS 87 pension cost		10894	3,668.75	GL0028	49 UPL	S212340			2018 FAS 87 ESTIMATES - N
230	2	2018	1650010	To record FAS 87 pension cost		10894	(20,709.75)	GL0028	159 UPL	S212340			2018 FAS 87 ESTIMATES - S
230	2	2019	1650010	To record FAS 87 pension cost		10894	(21,288.08)	GL0028	41 UPL	S295382			2018 FAS 87 ESTIMATES - S
230	2	2019	1650010	To record FAS 87 pension cost		10894	8,373.83	GL0028	143 UPL	S295382			2018 FAS 87 ESTIMATES - N
230	2	2020	1650010	To record FAS 87 pension cost		10894	(24,212.33)	GL0028	37 UPL	S300222			2020 FAS 87 ESTIMATE - S
230	2	2020	1650010	To record FAS 87 pension cost		10894	1,626.67	GL0028	135 UPL	S300222			2020 FAS 87 ESTIMATE - N
230	2	2021	1650010	To record FAS 87 pension cost		10894	(28,838.58)	GL0028	38 UPL	S295382			2021 FAS 87 ESTIMATE - S
230	2	2021	1650010	To record FAS 87 pension cost		10894	(1,649.08)	GL0028	137 UPL	S295382			2021 FAS 87 ESTIMATE - N
260	2	2018	1650010	To record FAS 87 pension cost		10894	(1,898.00)	GL0028	52 UPL	S212340			2018 FAS 87 ESTIMATES - N
260	2	2019	1650010	To record FAS 87 pension cost		10894	(1,557.33)	GL0028	146 UPL	S295382			2018 FAS 87 ESTIMATES - N
260	2	2020	1650010	To record FAS 87 pension cost		10894	(2,500.08)	GL0028	138 UPL	S300222			2020 FAS 87 ESTIMATE - N
260	2	2021	1650010	To record FAS 87 pension cost		10894	(2,347.83)	GL0028	140 UPL	S295382			2021 FAS 87 ESTIMATE - N
230	3	2018	1650010	To reverse year to date FAS 87		10894	(3,668.75)	GL0028	171 UPL	S212340			2018 FAS 87 ESTIMATES - N
230	3	2018	1650010	To reverse year to date FAS 87		10894	(3,668.75)	GL0028	173 UPL	S212340			2018 FAS 87 ESTIMATES - N
230	3	2018	1650010	To reverse year to date FAS 87		10894	20,709.75	GL0028	341 UPL	S212340			2018 FAS 87 ESTIMATES - S
230	3	2018	1650010	To reverse year to date FAS 87		10894	20,709.75	GL0028	343 UPL	S212340			2018 FAS 87 ESTIMATES - S
230	3	2018	1650010	To record the true up through		10894	10,465.75	GL0028	50 UPL	S212340			2018 FAS 87 TRUE-UP - N
230	3	2018	1650010	To record the true up through		10894	(64,719.25)	GL0028	156 UPL	S212340			2018 FAS 87 TRUE-UP - S
230	3	2019	1650010	To record reversal of FAS 87		10894	21,288.08	GL0028	41 UPL	S295382			2018 FAS 87 ESTIMATES - S
230	3	2019	1650010	To record reversal of FAS 87		10894	(8,373.83)	GL0028	143 UPL	S295382			2018 FAS 87 ESTIMATES - N
230	3	2019	1650010	To record reversal of FAS 87 p		10894	21,288.08	GL0028	41 UPL	S295382			2018 FAS 87 ESTIMATES - S
230	3	2019	1650010	To record reversal of FAS 87 p		10894	(8,373.83)	GL0028	143 UPL	S295382			2018 FAS 87 ESTIMATES - N
230	3	2019	1650010	To record the true up through		10894	25,698.00	GL0028	48 UPL	S295382			2019 FAS 87 TRUE-UP - N
230	3	2019	1650010	To record the true up through		10894	(65,331.00)	GL0028	149 UPL	S295382			2019 FAS 87 TRUE-UP - S
230	3	2020	1650010	To record FAS 87 pension cost		10894	24,212.33	GL0028	37 UPL	S295455			2020 FAS 87 ESTIMATE - S
230	3	2020	1650010	To record FAS 87 pension cost		10894	(1,626.67)	GL0028	135 UPL	S295455			2020 FAS 87 ESTIMATE - N
230	3	2020	1650010	To record FAS 87 pension cost		10894	24,212.33	GL0028	37 UPL	S295455			2020 FAS 87 ESTIMATE - S
230	3	2020	1650010	To record FAS 87 pension cost		10894	(1,626.67)	GL0028	135 UPL	S295455			2020 FAS 87 ESTIMATE - N
230	3	2020	1650010	To record the true up through		10894	(75,868.75)	GL0028	38 UPL	S300222			2020 FAS 87 TRUE-UP - S
230	3	2020	1650010	To record the true up through		10894	3,369.50	GL0028	136 UPL	S300222			2020 FAS 87 TRUE-UP - N
230	3	2021	1650010	To record FAS 87 pension cost		10894	28,838.58	GL0028	38 UPL	S295455			2021 FAS 87 ESTIMATE - S
230	3	2021	1650010	To record FAS 87 pension cost		10894	1,649.08	GL0028	137 UPL	S295455			2021 FAS 87 ESTIMATE - N
230	3	2021	1650010	To record FAS 87 pension cost		10894	28,838.58	GL0028	38 UPL	S295455			2021 FAS 87 ESTIMATE - S
230	3	2021	1650010	To record FAS 87 pension cost		10894	1,649.08	GL0028	137 UPL	S295455			2021 FAS 87 ESTIMATE - N
230	3	2021	1650010	To record the true up through		10894	(7,544.00)	GL0028	48 UPL	S337757			2021 FAS 87 TRUE-UP - N
230	3	2021	1650010	To record the true up through		10894	(91,738.75)	GL0028	155 UPL	S337757			2021 FAS 87 TRUE-UP - S
260	3	2018	1650010	To reverse year to date FAS 87		10894	1,898.00	GL0028	183 UPL	S212340			2018 FAS 87 ESTIMATES - N
260	3	2018	1650010	To reverse year to date FAS 87		10894	1,898.00	GL0028	185 UPL	S212340			2018 FAS 87 ESTIMATES - N
260	3	2018	1650010	To record the true up through		10894	(6,017.50)	GL0028	53 UPL	S212340			2018 FAS 87 TRUE-UP - N
260	3	2019	1650010	To record reversal of FAS 87		10894	1,557.33	GL0028	146 UPL	S295382			2018 FAS 87 ESTIMATES - N
260	3	2019	1650010	To record reversal of FAS 87 p		10894	1,557.33	GL0028	146 UPL	S295382			2018 FAS 87 ESTIMATES - N
260	3	2019	1650010	To record the true up through		10894	(5,716.50)	GL0028	51 UPL	S295382			2019 FAS 87 TRUE-UP - N
260	3	2020	1650010	To record FAS 87 pension cost		10894	2,500.08	GL0028	138 UPL	S295455			2020 FAS 87 ESTIMATE - N
260	3	2020	1650010	To record FAS 87 pension cost		10894	2,500.08	GL0028	138 UPL	S295455			2020 FAS 87 ESTIMATE - N
260	3	2020	1650010	To record the true up through		10894	(7,670.50)	GL0028	139 UPL	S300222			2020 FAS 87 TRUE-UP - N
260	3	2021	1650010	To record FAS 87 pension cost		10894	2,347.83	GL0028	140 UPL	S295455			2021 FAS 87 ESTIMATE - N
260	3	2021	1650010	To record FAS 87 pension cost		10894	2,347.83	GL0028	140 UPL	S295455			2021 FAS 87 ESTIMATE - N
260	3	2021	1650010	To record the true up through		10894	(4,615.00)	GL0028	51 UPL	S337757			2021 FAS 87 TRUE-UP - N
230	4	2018	1650010	To record FAS 87 pension cost		10894	3,488.58	GL0028	49 UPL	S212340			2018 FAS 87 ACTUALS - N
230	4	2018	1650010	To record FAS 87 pension cost		10894	(21,573.08)	GL0028	154 UPL	S212340			2018 FAS 87 ACTUALS - S
230	4	2019	1650010	To record FAS87 pension cost b		10894	8,566.00	GL0028	48 UPL	S295382			2019 FAS 87 ACTUALS - N

BU	Period	FISCAL_YEAR	ACCOUNT	DESCR	OPERATING_UNIT	DEPTID	MONETARY_AMOUNT	JOURNAL_ID	JOURNAL_LINE	SOURCE	OPRID	JRNL_LN_REF	LINE_DESCR
230	4	2019	1650010	To record FAS87 pension cost b		10894	(21,777.00)	GL0028	149	UPL	S295382		2019 FAS 87 ACTUALS- S
230	4	2020	1650010	To record FAS 87 pension cost		10894	(25,289.58)	GL0028	38	UPL	S295382		2020 FAS 87 ACTUALS - S
230	4	2020	1650010	To record FAS 87 pension cost		10894	1,123.17	GL0028	136	UPL	S295382		2020 FAS 87 ACTUALS - N
230	4	2021	1650010	To record FAS 87 pension cost		10894	(2,514.67)	GL0028	48	UPL	S295224		2021 FAS 87 ACTUALS - N
230	4	2021	1650010	To record FAS 87 pension cost		10894	(30,579.58)	GL0028	155	UPL	S295224		2021 FAS 87 ACTUALS - S
260	4	2018	1650010	To record FAS 87 pension cost		10894	(2,005.83)	GL0028	52	UPL	S212340		2018 FAS 87 ACTUALS - N
260	4	2019	1650010	To record FAS87 pension cost b		10894	(1,905.50)	GL0028	51	UPL	S295382		2019 FAS 87 ACTUALS - N
260	4	2020	1650010	To record FAS 87 pension cost		10894	(2,556.83)	GL0028	139	UPL	S295382		2020 FAS 87 ACTUALS - N
260	4	2021	1650010	To record FAS 87 pension cost		10894	(1,538.33)	GL0028	51	UPL	S295224		2021 FAS 87 ACTUALS - N
230	5	2018	1650010	To record FAS 87 pension cost		10894	3,488.58	GL0028	49	UPL	S212340		2018 FAS 87 ACTUALS - N
230	5	2018	1650010	To record FAS 87 pension cost		10894	(21,573.08)	GL0028	154	UPL	S212340		2018 FAS 87 ACTUALS- S
230	5	2019	1650010	To record FAS87 pension cost b		10894	8,566.00	GL0028	48	UPL	S295382		2019 FAS 87 ACTUALS - N
230	5	2019	1650010	To record FAS87 pension cost b		10894	(21,777.00)	GL0028	149	UPL	S295382		2019 FAS 87 ACTUALS- S
230	5	2020	1650010	To record FAS 87 pension cost		10894	(25,289.58)	GL0028	38	UPL	S295514		2020 FAS 87 ACTUALS - S
230	5	2020	1650010	To record FAS 87 pension cost		10894	1,123.17	GL0028	136	UPL	S295514		2020 FAS 87 ACTUALS - N
230	5	2021	1650010	To record FAS 87 pension cost		10894	(2,514.67)	GL0028	48	UPL	S295382		2021 FAS 87 ACTUALS - N
230	5	2021	1650010	To record FAS 87 pension cost		10894	(30,579.58)	GL0028	155	UPL	S295382		2021 FAS 87 ACTUALS - S
260	5	2018	1650010	To record FAS 87 pension cost		10894	(2,005.83)	GL0028	52	UPL	S212340		2018 FAS 87 ACTUALS - N
260	5	2019	1650010	To record FAS87 pension cost b		10894	(1,905.50)	GL0028	51	UPL	S295382		2019 FAS 87 ACTUALS - N
260	5	2020	1650010	To record FAS 87 pension cost		10894	(2,556.83)	GL0028	139	UPL	S295514		2020 FAS 87 ACTUALS - N
260	5	2021	1650010	To record FAS 87 pension cost		10894	(1,538.33)	GL0028	51	UPL	S295382		2021 FAS 87 ACTUALS - N
230	6	2018	1650010	To record FAS 87 pension cost		10894	3,488.58	GL0028	49	UPL	S212340		2018 FAS 87 ACTUALS - N
230	6	2018	1650010	To record FAS 87 pension cost		10894	(21,573.08)	GL0028	154	UPL	S212340		2018 FAS 87 ACTUALS- S
230	6	2019	1650010	To record FAS87 pension cost b		10894	8,566.00	GL0028	48	UPL	S300222		2019 FAS 87 ACTUALS - N
230	6	2019	1650010	To record FAS87 pension cost b		10894	(21,777.00)	GL0028	149	UPL	S300222		2019 FAS 87 ACTUALS- S
230	6	2020	1650010	To record FAS 87 pension cost		10894	(25,289.58)	GL0028	38	UPL	S300222		2020 FAS 87 ACTUALS - S
230	6	2020	1650010	To record FAS 87 pension cost		10894	1,123.17	GL0028	136	UPL	S300222		2020 FAS 87 ACTUALS - N
230	6	2021	1650010	To record FAS 87 pension cost		10894	(2,514.67)	GL0028	48	UPL	S295382		2021 FAS 87 ACTUALS - N
230	6	2021	1650010	To record FAS 87 pension cost		10894	(30,579.58)	GL0028	155	UPL	S295382		2021 FAS 87 ACTUALS - S
260	6	2018	1650010	To record FAS 87 pension cost		10894	(2,005.83)	GL0028	52	UPL	S212340		2018 FAS 87 ACTUALS - N
260	6	2019	1650010	To record FAS87 pension cost b		10894	(1,905.50)	GL0028	51	UPL	S300222		2019 FAS 87 ACTUALS - N
260	6	2020	1650010	To record FAS 87 pension cost		10894	(2,556.83)	GL0028	139	UPL	S300222		2020 FAS 87 ACTUALS - N
260	6	2021	1650010	To record FAS 87 pension cost		10894	(1,538.33)	GL0028	51	UPL	S295382		2021 FAS 87 ACTUALS - N
230	7	2018	1650010	To record FAS 87 pension cost		10894	3,488.58	GL0028	49	UPL	S212340		2018 FAS 87 ACTUALS - N
230	7	2018	1650010	To record FAS 87 pension cost		10894	(21,573.08)	GL0028	154	UPL	S212340		2018 FAS 87 ACTUALS- S
230	7	2019	1650010	To record FAS87 pension cost b		10894	8,566.00	GL0028	48	UPL	S300222		2019 FAS 87 ACTUALS - N
230	7	2019	1650010	To record FAS87 pension cost b		10894	(21,777.00)	GL0028	149	UPL	S300222		2019 FAS 87 ACTUALS- S
230	7	2020	1650010	To record FAS 87 pension cost		10894	(25,289.58)	GL0028	38	UPL	S295514		2020 FAS 87 ACTUALS - S
230	7	2020	1650010	To record FAS 87 pension cost		10894	1,123.17	GL0028	136	UPL	S295514		2020 FAS 87 ACTUALS - N
260	7	2018	1650010	To record FAS 87 pension cost		10894	(2,005.83)	GL0028	52	UPL	S212340		2018 FAS 87 ACTUALS - N
260	7	2019	1650010	To record FAS87 pension cost b		10894	(1,905.50)	GL0028	51	UPL	S300222		2019 FAS 87 ACTUALS - N
260	7	2020	1650010	To record FAS 87 pension cost		10894	(2,556.83)	GL0028	139	UPL	S295514		2020 FAS 87 ACTUALS - N
230	8	2018	1650010	To allocate the 2018 pension c		10894	263,000.00	PENCONTRB	13	UPL	S212340		AUG 2018 PENSION CONTRIBUTION
230	8	2018	1650010	To allocate the 2018 pension c		10894	(263,000.00)	PENCONTRB	13	UPL	S212340		AUG 2018 PENSION CONTRIBUTION
230	8	2018	1650010	To record FAS 87 pension cost		10894	3,488.58	GL0028	49	UPL	S212340		2018 FAS 87 ACTUALS - N
230	8	2018	1650010	To record FAS 87 pension cost		10894	(21,573.08)	GL0028	154	UPL	S212340		2018 FAS 87 ACTUALS- S
230	8	2019	1650010	To record FAS87 pension cost b		10894	8,566.00	GL0028	48	UPL	S295382		2019 FAS 87 ACTUALS - N
230	8	2019	1650010	To record FAS87 pension cost b		10894	(21,777.00)	GL0028	149	UPL	S295382		2019 FAS 87 ACTUALS- S
230	8	2020	1650010	To record FAS 87 pension cost		10894	(25,289.58)	GL0028	38	UPL	S295382		2020 FAS 87 ACTUALS - S
230	8	2020	1650010	To record FAS 87 pension cost		10894	1,123.17	GL0028	136	UPL	S295382		2020 FAS 87 ACTUALS - N
260	8	2018	1650010	To allocate the 2018 pension c		10894	153,000.00	PENCONTRB	14	UPL	S212340		AUG 2018 PENSION CONTRIBUTION
260	8	2018	1650010	To allocate the 2018 pension c		10894	(153,000.00)	PENCONTRB	14	UPL	S212340		AUG 2018 PENSION CONTRIBUTION
260	8	2018	1650010	To record FAS 87 pension cost		10894	(2,005.83)	GL0028	52	UPL	S212340		2018 FAS 87 ACTUALS - N
260	8	2019	1650010	To record FAS87 pension cost b		10894	(1,905.50)	GL0028	51	UPL	S295382		2019 FAS 87 ACTUALS - N
260	8	2020	1650010	To record FAS 87 pension cost		10894	(2,556.83)	GL0028	139	UPL	S295382		2020 FAS 87 ACTUALS - N
230	9	2018	1650010	To record FAS 87 pension cost		10894	3,488.58	GL0028	49	UPL	S274493		2018 FAS 87 ACTUALS - N
230	9	2018	1650010	To record FAS 87 pension cost		10894	(21,573.08)	GL0028	154	UPL	S274493		2018 FAS 87 ACTUALS- S
230	9	2019	1650010	To record FAS87 pension cost b		10894	8,566.00	GL0028	48	UPL	S300222		2019 FAS 87 ACTUALS - N
230	9	2019	1650010	To record FAS87 pension cost b		10894	(21,777.00)	GL0028	149	UPL	S300222		2019 FAS 87 ACTUALS- S
230	9	2020	1650010	To allocate the 2020 pension c		10894	324,000.00	PENCONTRB	15	UPL	S295382		Prepaid Pension Benefits
230	9	2020	1650010	To record FAS 87 pension cost		10894	(25,289.58)	GL0028	38	UPL	S295514		2020 FAS 87 ACTUALS - S
230	9	2020	1650010	To record FAS 87 pension cost		10894	1,123.17	GL0028	136	UPL	S295514		2020 FAS 87 ACTUALS - N
260	9	2018	1650010	To record FAS 87 pension cost		10894	(2,005.83)	GL0028	52	UPL	S274493		2018 FAS 87 ACTUALS - N

BU	Period	FISCAL_YEAR	ACCOUNT	DESCR	OPERATING_UNIT	DEPTID	MONETARY_AMOUNT	JOURNAL_ID	JOURNAL_LINE	SOURCE	OPRID	JRNL_LN_REF	LINE_DESCR
260	9	2019	1650010	To record FAS87 pension cost b		10894	(1,905.50)	GL0028	51	UPL	S300222		2019 FAS 87 ACTUALS - N
260	9	2020	1650010	To allocate the 2020 pension c		10894	64,000.00	PENCONTRB	16	UPL	S295382		Prepaid Pension Benefits
260	9	2020	1650010	To record FAS 87 pension cost		10894	(2,556.83)	GL0028	139	UPL	S295514		2020 FAS 87 ACTUALS - N
230	10	2018	1650010	To record FAS 87 pension cost		10894	3,488.58	GL0028	49	UPL	S274493		2018 FAS 87 ACTUALS - N
230	10	2018	1650010	To record FAS 87 pension cost		10894	(21,573.08)	GL0028	154	UPL	S274493		2018 FAS 87 ACTUALS- S
230	10	2019	1650010	To record FAS87 pension cost b		10894	8,566.00	GL0028	48	UPL	S295382		2019 FAS 87 ACTUALS - N
230	10	2019	1650010	To record FAS87 pension cost b		10894	(21,777.00)	GL0028	149	UPL	S295382		2019 FAS 87 ACTUALS- S
230	10	2020	1650010	To record FAS 87 pension cost		10894	(25,289.58)	GL0028	38	UPL	S295382		2020 FAS 87 ACTUALS - S
230	10	2020	1650010	To record FAS 87 pension cost		10894	1,123.17	GL0028	136	UPL	S295382		2020 FAS 87 ACTUALS - N
260	10	2018	1650010	To record FAS 87 pension cost		10894	(2,005.83)	GL0028	52	UPL	S274493		2018 FAS 87 ACTUALS - N
260	10	2019	1650010	To record FAS87 pension cost b		10894	(1,905.50)	GL0028	51	UPL	S295382		2019 FAS 87 ACTUALS - N
260	10	2020	1650010	To record FAS 87 pension cost		10894	(2,556.83)	GL0028	139	UPL	S295382		2020 FAS 87 ACTUALS - N
230	11	2018	1650010	To record FAS 87 pension cost		10894	3,488.58	GL0028	49	UPL	S274493		2018 FAS 87 ACTUALS - N
230	11	2018	1650010	To record FAS 87 pension cost		10894	(21,573.08)	GL0028	154	UPL	S274493		2018 FAS 87 ACTUALS- S
230	11	2019	1650010	To record FAS87 pension cost b		10894	8,566.00	GL0028	48	UPL	S295382		2019 FAS 87 ACTUALS - N
230	11	2019	1650010	To record FAS87 pension cost b		10894	(21,777.00)	GL0028	149	UPL	S295382		2019 FAS 87 ACTUALS- S
230	11	2020	1650010	To record FAS 87 pension cost		10894	(25,289.58)	GL0028	38	UPL	S295461		2020 FAS 87 ACTUALS - S
230	11	2020	1650010	To record FAS 87 pension cost		10894	1,123.17	GL0028	136	UPL	S295461		2020 FAS 87 ACTUALS - N
260	11	2018	1650010	To record FAS 87 pension cost		10894	(2,005.83)	GL0028	52	UPL	S274493		2018 FAS 87 ACTUALS - N
260	11	2019	1650010	To record FAS87 pension cost b		10894	(1,905.50)	GL0028	51	UPL	S295382		2019 FAS 87 ACTUALS - N
260	11	2020	1650010	To record FAS 87 pension cost		10894	(2,556.83)	GL0028	139	UPL	S295461		2020 FAS 87 ACTUALS - N
230	12	2018	1650010	To record FAS 87 pension cost		10894	3,488.58	GL0028	49	UPL	S274493		2018 FAS 87 ACTUALS - N
230	12	2018	1650010	To record FAS 87 pension cost		10894	(21,573.08)	GL0028	154	UPL	S274493		2018 FAS 87 ACTUALS- S
230	12	2019	1650010	To record FAS87 pension cost b		10894	8,566.00	GL0028	48	UPL	S295514		2019 FAS 87 ACTUALS - N
230	12	2019	1650010	To record FAS87 pension cost b		10894	(21,777.00)	GL0028	149	UPL	S295514		2019 FAS 87 ACTUALS- S
230	12	2020	1650010	To record FAS 87 pension cost		10894	(25,289.58)	GL0028	38	UPL	S295514		2020 FAS 87 ACTUALS - S
260	12	2018	1650010	To record FAS 87 pension cost		10894	(2,005.83)	GL0028	52	UPL	S274493		2018 FAS 87 ACTUALS - N
260	12	2019	1650010	To record FAS87 pension cost b		10894	(1,905.50)	GL0028	51	UPL	S295514		2019 FAS 87 ACTUALS - N
260	12	2020	1650010	To record FAS 87 pension cost		10894	(2,556.83)	GL0028	139	UPL	S295514		2020 FAS 87 ACTUALS - N
230	12	2020	1650010	To record FAS 87 pension cost		10894	1,123.17	GL0028	136	UPL	S295514		2020 FAS 87 ACTUALS - N

**TENNESSEE PUBLIC UTILITY COMMISSION  
PETITION OF  
Kingsport Power Company  
DOCKET NO. TPUC 21-00107 Rate Case Discovery  
Data Requests and Requests for the Production  
of Documents by the THE CONSUMER PROTECTION AND ADVOCATE DIVISION OF  
THE ATTORNEY GENERAL'S OFFICE  
CA Supp. Set 2  
To Kingsport Power Company**

**Data Request CA 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 CA 2-58:**

- a. Refer to the testimony of Company witness Allen on pages 17-20 for a discussion of prepaid pension and OPEB assets included in rate base. KgPCo’s prepaid OPEB asset is related to the large credits to OPEB expense recorded on the Company’s books since 2014. KgPCo’s customers benefit from the OPEB credits to expense through reduced cost of service. Note that KgPCo included \$1,963,818 in its rate base for the test year-end prepaid OPEB asset after allocating a portion (\$284,517) of the total Company prepaid OPEB asset balance of \$2,248,335 (recorded in Account 1650035) to the Transmission function.
- b. See CA 2-58 Attachment 1 for the requested information.



BU	Period	FISCAL_YEAR	ACCOUNT	DESCR	OPERATING_UNIT	DEPTID	MONETARY_AMOUNT	JOURNAL_ID	JOURNAL_LINE	SOURCE	OPRID	JRNL_LN_REF	LINE_DESCR
230	1	2018	1650035	To record Non-UMWA PRW cost ba		10894	(3,325.92)	GL0067	43	UPL	S212340		2018 NUMWA PRW (FAS106) EST-S
230	1	2018	1650035	To record Non-UMWA PRW cost ba		10894	27,726.17	GL0067	148	UPL	S212340		2018 NUMWA PRW (FAS106) EST-N
230	1	2019	1650035	To record Non-UMWA PRW cost ba		10894	(3,089.17)	GL0067	43	UPL	S274493		2019 NUMWA PRW (FAS106) EST-S
230	1	2019	1650035	To record Non-UMWA PRW cost ba		10894	21,251.33	GL0067	148	UPL	S274493		2019 NUMWA PRW (FAS106) EST-N
230	1	2020	1650035	To record Non-UMWA PRW cost ba		10894	(3,453.25)	GL0067	39	UPL	S295382		2020 NUMWA PRW (FAS106) EST-S
230	1	2020	1650035	To record Non-UMWA PRW cost ba		10894	27,987.33	GL0067	140	UPL	S295382		2020 NUMWA PRW (FAS106) EST-N
230	1	2021	1650035	To record Non-UMWA PRW cost ba		10894	(3,476.92)	GL0067	39	UPL	S295382		2021 NUMWA PRW (FAS106) EST-S
230	1	2021	1650035	To record Non-UMWA PRW cost ba		10894	32,301.33	GL0067	140	UPL	S295382		2021 NUMWA PRW (FAS106) EST-N
260	1	2018	1650035	To record Non-UMWA PRW cost ba		10894	4,911.00	GL0067	151	UPL	S212340		2018 NUMWA PRW (FAS106) EST-N
260	1	2019	1650035	To record Non-UMWA PRW cost ba		10894	4,182.08	GL0067	151	UPL	S274493		2019 NUMWA PRW (FAS106) EST-N
260	1	2020	1650035	To record Non-UMWA PRW cost ba		10894	4,987.67	GL0067	143	UPL	S295382		2020 NUMWA PRW (FAS106) EST-N
260	1	2021	1650035	To record Non-UMWA PRW cost ba		10894	5,276.33	GL0067	143	UPL	S295382		2021 NUMWA PRW (FAS106) EST-N
230	2	2018	1650035	To record Non-UMWA PRW cost ba		10894	(3,325.92)	GL0067	43	UPL	S212340		2018 NUMWA PRW (FAS106) EST-S
230	2	2018	1650035	To record Non-UMWA PRW cost ba		10894	27,726.17	GL0067	148	UPL	S212340		2018 NUMWA PRW (FAS106) EST-N
230	2	2019	1650035	To record Non-UMWA PRW cost ba		10894	(3,089.17)	GL0067	43	UPL	S295455		2019 NUMWA PRW (FAS106) EST-S
230	2	2019	1650035	To record Non-UMWA PRW cost ba		10894	21,251.33	GL0067	148	UPL	S295455		2019 NUMWA PRW (FAS106) EST-N
230	2	2020	1650035	To record Non-UMWA PRW cost ba		10894	(3,453.25)	GL0067	39	UPL	S295382		2020 NUMWA PRW (FAS106) EST-S
230	2	2020	1650035	To record Non-UMWA PRW cost ba		10894	27,987.33	GL0067	140	UPL	S295382		2020 NUMWA PRW (FAS106) EST-N
230	2	2021	1650035	To record Non-UMWA PRW cost ba		10894	(3,476.92)	GL0067	39	UPL	S295382		2021 NUMWA PRW (FAS106) EST-S
230	2	2021	1650035	To record Non-UMWA PRW cost ba		10894	32,301.33	GL0067	140	UPL	S295382		2021 NUMWA PRW (FAS106) EST-N
260	2	2018	1650035	To record Non-UMWA PRW cost ba		10894	4,911.00	GL0067	151	UPL	S212340		2018 NUMWA PRW (FAS106) EST-N
260	2	2019	1650035	To record Non-UMWA PRW cost ba		10894	4,182.08	GL0067	151	UPL	S295455		2019 NUMWA PRW (FAS106) EST-N
260	2	2020	1650035	To record Non-UMWA PRW cost ba		10894	4,987.67	GL0067	143	UPL	S295382		2020 NUMWA PRW (FAS106) EST-N
260	2	2021	1650035	To record Non-UMWA PRW cost ba		10894	5,276.33	GL0067	143	UPL	S295382		2021 NUMWA PRW (FAS106) EST-N
230	3	2018	1650035	To reverse year to date Non-UM		10894	(27,726.17)	GL0067	171	UPL	S212340		2018 NUMWA PRW (FAS106) EST-N
230	3	2018	1650035	To reverse year to date Non-UM		10894	(27,726.17)	GL0067	173	UPL	S212340		2018 NUMWA PRW (FAS106) EST-N
230	3	2018	1650035	To reverse year to date Non-UM		10894	3,325.92	GL0067	349	UPL	S212340		2018 NUMWA PRW (FAS106) EST-S
230	3	2018	1650035	To reverse year to date Non-UM		10894	3,325.92	GL0067	351	UPL	S212340		2018 NUMWA PRW (FAS106) EST-S
230	3	2018	1650035	To record the true up through		10894	(9,851.75)	GL0067	36	UPL	S212340		2018 NUMWA PRW TRUE UP-S
230	3	2018	1650035	To record the true up through		10894	81,217.75	GL0067	134	UPL	S212340		2018 NUMWA PRW TRUE UP-N
230	3	2019	1650035	To record reversal of Non-UMW		10894	3,089.17	GL0067	43	UPL	S295382		2019 NUMWA PRW (FAS106) EST-S
230	3	2019	1650035	To record reversal of Non-UMW		10894	(21,251.33)	GL0067	148	UPL	S295382		2019 NUMWA PRW (FAS106) EST-N
230	3	2019	1650035	To record reversal of Non-UMW		10894	3,089.17	GL0067	43	UPL	S295382		2019 NUMWA PRW (FAS106) EST-S
230	3	2019	1650035	To record reversal of Non-UMW		10894	(21,251.33)	GL0067	148	UPL	S295382		2019 NUMWA PRW (FAS106) EST-N
230	3	2019	1650035	To record the true up through		10894	(8,595.75)	GL0067	33	UPL	S295455		2019 NUMWA PRW True Up-S
230	3	2019	1650035	To record the true up through		10894	61,580.50	GL0067	128	UPL	S295455		2019 NUMWA PRW True Up-N
230	3	2020	1650035	To record Non-UMWA PRW cost ba		10894	3,453.25	GL0067	39	UPL	S295455		2020 NUMWA PRW (FAS106) EST-S
230	3	2020	1650035	To record Non-UMWA PRW cost ba		10894	(27,987.33)	GL0067	140	UPL	S295455		2020 NUMWA PRW (FAS106) EST-N
230	3	2020	1650035	To record Non-UMWA PRW cost ba		10894	3,453.25	GL0067	39	UPL	S295455		2020 NUMWA PRW (FAS106) EST-S
230	3	2020	1650035	To record Non-UMWA PRW cost ba		10894	(27,987.33)	GL0067	140	UPL	S295455		2020 NUMWA PRW (FAS106) EST-N
230	3	2020	1650035	(Accrued)/Prepaid Adjustments		10894	(1,224.00)	BEN_TRF	33	UPL	S274493		(ACCRUED)/PREPAID ADJUSTMENTS
230	3	2020	1650035	To record the true up through		10894	(9,718.50)	GL0067	39	UPL	S295382		2020 NUMWA PRW TRUE UP-S
230	3	2020	1650035	To record the true up through		10894	87,489.50	GL0067	140	UPL	S295382		2020 NUMWA PRW TRUE UP-N
230	3	2021	1650035	To record Non-UMWA PRW cost ba		10894	3,476.92	GL0067	39	UPL	S295455		2021 NUMWA PRW (FAS106) EST-S
230	3	2021	1650035	To record Non-UMWA PRW cost ba		10894	(32,301.33)	GL0067	140	UPL	S295455		2021 NUMWA PRW (FAS106) EST-N
230	3	2021	1650035	To record Non-UMWA PRW cost ba		10894	3,476.92	GL0067	39	UPL	S295455		2021 NUMWA PRW (FAS106) EST-S
230	3	2021	1650035	To record Non-UMWA PRW cost ba		10894	(32,301.33)	GL0067	140	UPL	S295455		2021 NUMWA PRW (FAS106) EST-N
230	3	2021	1650035	To record the true up through		10894	(9,348.75)	GL0067	51	UPL	S337757		2020 NUMWA PRW TRUE UP-S
230	3	2021	1650035	To record the true up through		10894	96,585.25	GL0067	173	UPL	S337757		2020 NUMWA PRW TRUE UP-N
260	3	2018	1650035	To reverse year to date Non-UM		10894	(4,911.00)	GL0067	183	UPL	S212340		2018 NUMWA PRW (FAS106) EST-N
260	3	2018	1650035	To reverse year to date Non-UM		10894	(4,911.00)	GL0067	185	UPL	S212340		2018 NUMWA PRW (FAS106) EST-N
260	3	2018	1650035	To record the true up through		10894	14,768.75	GL0067	137	UPL	S212340		2018 NUMWA PRW TRUE UP-N
260	3	2019	1650035	To record reversal of Non-UMW		10894	(4,182.08)	GL0067	151	UPL	S295382		2019 NUMWA PRW (FAS106) EST-N
260	3	2019	1650035	To record reversal of Non-UMW		10894	(4,182.08)	GL0067	151	UPL	S295382		2019 NUMWA PRW (FAS106) EST-N
260	3	2019	1650035	To record the true up through		10894	12,474.50	GL0067	131	UPL	S295455		2019 NUMWA PRW True Up-N
260	3	2020	1650035	To record Non-UMWA PRW cost ba		10894	(4,987.67)	GL0067	143	UPL	S295455		2020 NUMWA PRW (FAS106) EST-N

BU	Period	FISCAL_YEAR	ACCOUNT	DESCR	OPERATING_UNIT	DEPTID	MONETARY_AMOUNT	JOURNAL_ID	JOURNAL_LINE	SOURCE	OPRID	JRNL_LN_REF	LINE_DESCR
260	3	2020	1650035	To record Non-UMWA PRW cost ba		10894	(4,987.67)	GL0067	143	UPL	S295455		2020 NUMWA PRW (FAS106) EST-N
260	3	2020	1650035	(Accrued)/Prepaid Adjustments		10894	(137.00)	BEN_TRF	36	UPL	S274493		(ACCRUED)/PREPAID ADJUSTMENTS
260	3	2020	1650035	To record the true up through		10894	14,999.00	GL0067	143	UPL	S295382		2020 NUMWA PRW TRUE UP-N
260	3	2021	1650035	To record Non-UMWA PRW cost ba		10894	(5,276.33)	GL0067	143	UPL	S295455		2021 NUMWA PRW (FAS106) EST-N
260	3	2021	1650035	To record Non-UMWA PRW cost ba		10894	(5,276.33)	GL0067	143	UPL	S295455		2021 NUMWA PRW (FAS106) EST-N
260	3	2021	1650035	To record the true up through		10894	-	GL0067	54	UPL	S337757		2020 NUMWA PRW TRUE UP-S
260	3	2021	1650035	To record the true up through		10894	15,591.00	GL0067	176	UPL	S337757		2020 NUMWA PRW TRUE UP-N
230	4	2018	1650035	To allocate MED D reimbursemen		10894	(1,210.34)	GL0068_PMT	47	UPL	S212340		MED D SUBSIDY FUNDS
230	4	2018	1650035	To record Non-UMWA PRW cost ba		10894	(3,283.92)	GL0067	36	UPL	S212340		2018 NUMWA PRW (FAS106) ACT-S
230	4	2018	1650035	To record Non-UMWA PRW cost ba		10894	27,072.58	GL0067	134	UPL	S212340		2018 NUMWA PRW (FAS106) ACT-N
230	4	2019	1650035	To allocate MED D reimbursemen		10894	(843.46)	GL0068_PMT	36	UPL	S274493		PRW Without MED-D Benefits
230	4	2019	1650035	to record Non-UMWA PRW cost ba		10894	(2,865.25)	GL0067	33	UPL	S295382		2019 NUMWA PRW (FAS106) ACT-S
230	4	2019	1650035	to record Non-UMWA PRW cost ba		10894	20,526.83	GL0067	128	UPL	S295382		2019 NUMWA PRW (FAS106) ACT-N
230	4	2020	1650035	To allocate MED D reimbursemen		10894	(801.50)	GL0068_PMT	37	UPL	S274493		TO ALLOCATE MED-D REIMBURSEMEN
230	4	2020	1650035	To record Non-UMWA PRW cost ba		10894	29,163.17	GL0067	50	UPL	S300222		2020 NUMWA PRW (FAS106) ACTUAL
230	4	2020	1650035	To record Non-UMWA PRW cost ba		10894	(3,239.50)	GL0067	159	UPL	S300222		2020 NUMWA PRW (FAS106) ACTUAL
230	4	2021	1650035	To allocate MED D reimbursemen		10894	(733.72)	GL0068_PMT	37	UPL	S274493		TO ALLOCATE MED-D REIMBURSEMEN
230	4	2021	1650035	To record Non-UMWA PRW cost ba		10894	32,195.08	GL0067	50	UPL	S295224		2020 NUMWA PRW (FAS106) ACTUAL
230	4	2021	1650035	To record Non-UMWA PRW cost ba		10894	(3,116.25)	GL0067	160	UPL	S295224		2020 NUMWA PRW (FAS106) ACTUAL
260	4	2018	1650035	To allocate MED D reimbursemen		10894	(233.78)	GL0068_PMT	49	UPL	S212340		MED D SUBSIDY FUNDS
260	4	2018	1650035	To record Non-UMWA PRW cost ba		10894	4,922.92	GL0067	137	UPL	S212340		2018 NUMWA PRW (FAS106) ACT-N
260	4	2019	1650035	To allocate MED D reimbursemen		10894	(195.51)	GL0068_PMT	38	UPL	S274493		PRW Without MED-D Benefits
260	4	2019	1650035	to record Non-UMWA PRW cost ba		10894	4,158.17	GL0067	131	UPL	S295382		2019 NUMWA PRW (FAS106) ACT-N
260	4	2020	1650035	To allocate MED D reimbursemen		10894	(186.50)	GL0068_PMT	39	UPL	S274493		TO ALLOCATE MED-D REIMBURSEMEN
260	4	2020	1650035	To record Non-UMWA PRW cost ba		10894	4,999.67	GL0067	53	UPL	S300222		2020 NUMWA PRW (FAS106) ACTUAL
260	4	2021	1650035	To allocate MED D reimbursemen		10894	(163.00)	GL0068_PMT	39	UPL	S274493		TO ALLOCATE MED-D REIMBURSEMEN
260	4	2021	1650035	To record Non-UMWA PRW cost ba		10894	5,197.00	GL0067	53	UPL	S295224		2020 NUMWA PRW (FAS106) ACTUAL
230	5	2018	1650035	To record Non-UMWA PRW cost ba		10894	(3,283.92)	GL0067	36	UPL	S212340		2018 NUMWA PRW (FAS106) ACT-S
230	5	2018	1650035	To record Non-UMWA PRW cost ba		10894	27,072.58	GL0067	134	UPL	S212340		2018 NUMWA PRW (FAS106) ACT-N
230	5	2019	1650035	To record Non-UMWA PRW cost ba		10894	(2,865.25)	GL0067	33	UPL	S295382		2019 NUMWA PRW (FAS106) ACT-S
230	5	2019	1650035	To record Non-UMWA PRW cost ba		10894	20,526.83	GL0067	128	UPL	S295382		2019 NUMWA PRW (FAS106) ACT-N
230	5	2020	1650035	To record Non-UMWA PRW cost ba		10894	29,163.17	GL0067	50	UPL	S295514		2020 NUMWA PRW (FAS106) ACTUAL
230	5	2020	1650035	To record Non-UMWA PRW cost ba		10894	(3,239.50)	GL0067	159	UPL	S295514		2020 NUMWA PRW (FAS106) ACTUAL
230	5	2021	1650035	To record Non-UMWA PRW cost ba		10894	32,195.08	GL0067	50	UPL	S295382		2020 NUMWA PRW (FAS106) ACTUAL
230	5	2021	1650035	To record Non-UMWA PRW cost ba		10894	(3,116.25)	GL0067	160	UPL	S295382		2020 NUMWA PRW (FAS106) ACTUAL
260	5	2018	1650035	To record Non-UMWA PRW cost ba		10894	4,922.92	GL0067	137	UPL	S212340		2018 NUMWA PRW (FAS106) ACT-N
260	5	2019	1650035	To record Non-UMWA PRW cost ba		10894	4,158.17	GL0067	131	UPL	S295382		2019 NUMWA PRW (FAS106) ACT-N
260	5	2020	1650035	To record Non-UMWA PRW cost ba		10894	4,999.67	GL0067	53	UPL	S295514		2020 NUMWA PRW (FAS106) ACTUAL
260	5	2021	1650035	To record Non-UMWA PRW cost ba		10894	5,197.00	GL0067	53	UPL	S295382		2020 NUMWA PRW (FAS106) ACTUAL
230	6	2018	1650035	To record Non-UMWA PRW cost ba		10894	(3,283.92)	GL0067	36	UPL	S212340		2018 NUMWA PRW (FAS106) ACT-S
230	6	2018	1650035	To record Non-UMWA PRW cost ba		10894	27,072.58	GL0067	134	UPL	S212340		2018 NUMWA PRW (FAS106) ACT-N
230	6	2019	1650035	To record Non-UMWA PRW cost ba		10894	(2,865.25)	GL0067	33	UPL	S300222		2019 NUMWA PRW (FAS106) ACT-S
230	6	2019	1650035	To record Non-UMWA PRW cost ba		10894	20,526.83	GL0067	128	UPL	S300222		2019 NUMWA PRW (FAS106) ACT-N
230	6	2020	1650035	To record Non-UMWA PRW cost ba		10894	29,163.17	GL0067	50	UPL	S300222		2020 NUMWA PRW (FAS106) ACTUAL
230	6	2020	1650035	To record Non-UMWA PRW cost ba		10894	(3,239.50)	GL0067	159	UPL	S300222		2020 NUMWA PRW (FAS106) ACTUAL
230	6	2021	1650035	To record Non-UMWA PRW cost ba		10894	32,195.08	GL0067	50	UPL	S295382		2020 NUMWA PRW (FAS106) ACTUAL
230	6	2021	1650035	To record Non-UMWA PRW cost ba		10894	(3,116.25)	GL0067	160	UPL	S295382		2020 NUMWA PRW (FAS106) ACTUAL
260	6	2018	1650035	To record Non-UMWA PRW cost ba		10894	4,922.92	GL0067	137	UPL	S212340		2018 NUMWA PRW (FAS106) ACT-N
260	6	2019	1650035	To record Non-UMWA PRW cost ba		10894	4,158.17	GL0067	131	UPL	S300222		2019 NUMWA PRW (FAS106) ACT-N
260	6	2020	1650035	To record Non-UMWA PRW cost ba		10894	4,999.67	GL0067	53	UPL	S300222		2020 NUMWA PRW (FAS106) ACTUAL
260	6	2021	1650035	To record Non-UMWA PRW cost ba		10894	5,197.00	GL0067	53	UPL	S295382		2020 NUMWA PRW (FAS106) ACTUAL
230	7	2018	1650035	To record Non-UMWA PRW cost ba		10894	(3,283.92)	GL0067	36	UPL	S212340		2018 NUMWA PRW (FAS106) ACT-S
230	7	2018	1650035	To record Non-UMWA PRW cost ba		10894	27,072.58	GL0067	134	UPL	S212340		2018 NUMWA PRW (FAS106) ACT-N
230	7	2019	1650035	To record Non-UMWA PRW cost ba		10894	(2,865.25)	GL0067	33	UPL	S295382		2019 NUMWA PRW (FAS106) ACT-S
230	7	2019	1650035	To record Non-UMWA PRW cost ba		10894	20,526.83	GL0067	128	UPL	S295382		2019 NUMWA PRW (FAS106) ACT-N
230	7	2020	1650035	To record Non-UMWA PRW cost ba		10894	29,163.17	GL0067	50	UPL	S295514		2020 NUMWA PRW (FAS106) ACTUAL

BU	Period	FISCAL_YEAR	ACCOUNT	DESCR	OPERATING_UNIT	DEPTID	MONETARY_AMOUNT	JOURNAL_ID	JOURNAL_LINE	SOURCE	OPRID	JRNL_LN_REF	LINE_DESCR
230	7	2020	1650035	To record Non-UMWA PRW cost ba		10894	(3,239.50)	GL0067	159	UPL	S295514		2020 NUMWA PRW (FAS106) ACTUAL
260	7	2018	1650035	To record Non-UMWA PRW cost ba		10894	4,922.92	GL0067	137	UPL	S212340		2018 NUMWA PRW (FAS106) ACT-N
260	7	2019	1650035	To record Non-UMWA PRW cost ba		10894	4,158.17	GL0067	131	UPL	S295382		2019 NUMWA PRW (FAS106) ACT-N
260	7	2020	1650035	To record Non-UMWA PRW cost ba		10894	4,999.67	GL0067	53	UPL	S295514		2020 NUMWA PRW (FAS106) ACTUAL
230	8	2018	1650035	To record Non-UMWA PRW cost ba		10894	(3,283.92)	GL0067	36	UPL	S212340		2018 NUMWA PRW (FAS106) ACT-S
230	8	2018	1650035	To record Non-UMWA PRW cost ba		10894	27,072.58	GL0067	134	UPL	S212340		2018 NUMWA PRW (FAS106) ACT-N
230	8	2019	1650035	To record Non-UMWA PRW cost ba		10894	20,526.83	GL0067	128	UPL	S300222		2019 NUMWA PRW (FAS106) ACT-N
230	8	2019	1650035	To record Non-UMWA PRW cost ba		10894	(2,865.25)	GL0067	33	UPL	S300222		2019 NUMWA PRW (FAS106) ACT-S
230	8	2020	1650035	To record Non-UMWA PRW cost ba		10894	29,163.17	GL0067	50	UPL	S295382		2020 NUMWA PRW (FAS106) ACTUAL
230	8	2020	1650035	To record Non-UMWA PRW cost ba		10894	(3,239.50)	GL0067	159	UPL	S295382		2020 NUMWA PRW (FAS106) ACTUAL
260	8	2018	1650035	To record Non-UMWA PRW cost ba		10894	4,922.92	GL0067	137	UPL	S212340		2018 NUMWA PRW (FAS106) ACT-N
260	8	2019	1650035	To record Non-UMWA PRW cost ba		10894	4,158.17	GL0067	131	UPL	S300222		2019 NUMWA PRW (FAS106) ACT-N
260	8	2020	1650035	To record Non-UMWA PRW cost ba		10894	4,999.67	GL0067	53	UPL	S295382		2020 NUMWA PRW (FAS106) ACTUAL
230	9	2018	1650035	To record Non-UMWA PRW cost ba		10894	(3,283.92)	GL0067	36	UPL	S274493		2018 NUMWA PRW (FAS106) ACT-S
230	9	2018	1650035	To record Non-UMWA PRW cost ba		10894	27,072.58	GL0067	134	UPL	S274493		2018 NUMWA PRW (FAS106) ACT-N
230	9	2019	1650035	To record Non-UMWA PRW cost ba		10894	(2,865.25)	GL0067	33	UPL	S295382		2019 NUMWA PRW (FAS106) ACT-S
230	9	2019	1650035	To record Non-UMWA PRW cost ba		10894	20,526.83	GL0067	128	UPL	S295382		2019 NUMWA PRW (FAS106) ACT-N
230	9	2020	1650035	To record Non-UMWA PRW cost ba		10894	29,163.17	GL0067	50	UPL	S295514		2020 NUMWA PRW (FAS106) ACTUAL
230	9	2020	1650035	To record Non-UMWA PRW cost ba		10894	(3,239.50)	GL0067	159	UPL	S295514		2020 NUMWA PRW (FAS106) ACTUAL
260	9	2018	1650035	To record Non-UMWA PRW cost ba		10894	4,922.92	GL0067	137	UPL	S274493		2018 NUMWA PRW (FAS106) ACT-N
260	9	2019	1650035	To record Non-UMWA PRW cost ba		10894	4,158.17	GL0067	131	UPL	S295382		2019 NUMWA PRW (FAS106) ACT-N
260	9	2020	1650035	To record Non-UMWA PRW cost ba		10894	4,999.67	GL0067	53	UPL	S295514		2020 NUMWA PRW (FAS106) ACTUAL
230	10	2018	1650035	To record Non-UMWA PRW cost ba		10894	(3,283.92)	GL0067	36	UPL	S274493		2018 NUMWA PRW (FAS106) ACT-S
230	10	2018	1650035	To record Non-UMWA PRW cost ba		10894	27,072.58	GL0067	134	UPL	S274493		2018 NUMWA PRW (FAS106) ACT-N
230	10	2019	1650035	To record Non-UMWA PRW cost ba		10894	(2,865.25)	GL0067	33	UPL	S300222		2019 NUMWA PRW (FAS106) ACT-S
230	10	2019	1650035	To record Non-UMWA PRW cost ba		10894	20,526.83	GL0067	128	UPL	S300222		2019 NUMWA PRW (FAS106) ACT-N
230	10	2020	1650035	To record Non-UMWA PRW cost ba		10894	29,163.17	GL0067	50	UPL	S295382		2020 NUMWA PRW (FAS106) ACTUAL
230	10	2020	1650035	To record Non-UMWA PRW cost ba		10894	(3,239.50)	GL0067	159	UPL	S295382		2020 NUMWA PRW (FAS106) ACTUAL
260	10	2018	1650035	To record Non-UMWA PRW cost ba		10894	4,922.92	GL0067	137	UPL	S274493		2018 NUMWA PRW (FAS106) ACT-N
260	10	2019	1650035	To record Non-UMWA PRW cost ba		10894	4,158.17	GL0067	131	UPL	S300222		2019 NUMWA PRW (FAS106) ACT-N
260	10	2020	1650035	To record Non-UMWA PRW cost ba		10894	4,999.67	GL0067	53	UPL	S295382		2020 NUMWA PRW (FAS106) ACTUAL
230	11	2018	1650035	To record Non-UMWA PRW cost ba		10894	(3,283.92)	GL0067	36	UPL	S274493		2018 NUMWA PRW (FAS106) ACT-S
230	11	2018	1650035	To record Non-UMWA PRW cost ba		10894	27,072.58	GL0067	134	UPL	S274493		2018 NUMWA PRW (FAS106) ACT-N
230	11	2019	1650035	To record Non-UMWA PRW cost ba		10894	(2,865.25)	GL0067	33	UPL	S295382		2019 NUMWA PRW (FAS106) ACT-S
230	11	2019	1650035	To record Non-UMWA PRW cost ba		10894	20,526.83	GL0067	128	UPL	S295382		2019 NUMWA PRW (FAS106) ACT-N
230	11	2020	1650035	To record Non-UMWA PRW cost ba		10894	29,163.17	GL0067	50	UPL	S295461		2020 NUMWA PRW (FAS106) ACTUAL
230	11	2020	1650035	To record Non-UMWA PRW cost ba		10894	(3,239.50)	GL0067	159	UPL	S295461		2020 NUMWA PRW (FAS106) ACTUAL
260	11	2018	1650035	To record Non-UMWA PRW cost ba		10894	4,922.92	GL0067	137	UPL	S274493		2018 NUMWA PRW (FAS106) ACT-N
260	11	2019	1650035	To record Non-UMWA PRW cost ba		10894	4,158.17	GL0067	131	UPL	S295382		2019 NUMWA PRW (FAS106) ACT-N
260	11	2020	1650035	To record Non-UMWA PRW cost ba		10894	4,999.67	GL0067	53	UPL	S295461		2020 NUMWA PRW (FAS106) ACTUAL
230	12	2018	1650035	To record Non-UMWA PRW cost ba		10894	(3,283.92)	GL0067	36	UPL	S274493		2018 NUMWA PRW (FAS106) ACT-S
230	12	2018	1650035	To record Non-UMWA PRW cost ba		10894	27,072.58	GL0067	134	UPL	S274493		2018 NUMWA PRW (FAS106) ACT-N
230	12	2019	1650035	To record Non-UMWA PRW cost ba		10894	(2,865.25)	GL0067	33	UPL	S295514		2019 NUMWA PRW (FAS106) ACT-S
230	12	2019	1650035	To record Non-UMWA PRW cost ba		10894	20,526.83	GL0067	128	UPL	S295514		2019 NUMWA PRW (FAS106) ACT-N
230	12	2020	1650035	To record Non-UMWA PRW cost ba		10894	29,163.17	GL0067	50	UPL	S295514		2020 NUMWA PRW (FAS106) ACTUAL
230	12	2020	1650035	To record Non-UMWA PRW cost ba		10894	(3,239.50)	GL0067	159	UPL	S295514		2020 NUMWA PRW (FAS106) ACTUAL
260	12	2018	1650035	To record Non-UMWA PRW cost ba		10894	4,922.92	GL0067	137	UPL	S274493		2018 NUMWA PRW (FAS106) ACT-N
260	12	2019	1650035	To record Non-UMWA PRW cost ba		10894	4,158.17	GL0067	131	UPL	S295514		2019 NUMWA PRW (FAS106) ACT-N
260	12	2020	1650035	To record Non-UMWA PRW cost ba		10894	4,999.67	GL0067	53	UPL	S295514		2020 NUMWA PRW (FAS106) ACTUAL

**TENNESSEE PUBLIC UTILITY COMMISSION  
PETITION OF  
Kingsport Power Company  
DOCKET NO. TPUC 21-00107 Rate Case Discovery  
Data Requests and Requests for the Production  
of Documents by the THE CONSUMER PROTECTION AND ADVOCATE DIVISION OF  
THE ATTORNEY GENERAL'S OFFICE  
CA Supp. Set 2  
To Kingsport Power Company**

**Data Request CA 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 CA 2-65:**

- a. Confirmed. If Kingsport makes a contribution to the AEP Pension plan, the contribution will appear in the trust assets which directly changes Kingsport’s funded position of the plan.
- b. As shown in the Company's jurisdictional cost of service, the allocation of both prepaid pension and OPEB assets and pension and OPEB expenses/credits to the Distribution cost of service starts with Total Company (Distribution and Transmission) amounts that are then allocated using the payroll labor allocation factor.
- c. UGL = Unrealized Gains & Losses  
UPSC = Unamortized Prior Service Cost
- d. Former KgPCo transmission employees were reclassified as AEPSC employees several years ago; therefore, Kingsport Power Company no longer has transmission function employees.

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THE ATTORNEY GENERAL'S OFFICE  
CA Supp. Set 2  
To Kingsport Power Company**

**Data Request CA 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 CA 2-72:**

No. All costs associated with the preparation and processing of this rate case are direct charged to Kingsport. Specific work orders have been established to track and defer the costs of this case. There are no regulatory costs related to this rate case allocated to Kingsport.



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THE ATTORNEY GENERAL'S OFFICE  
CA Supp. Set 2  
To Kingsport Power Company**

**Data Request CA 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 CA 2-73:**

All rate case expenses are direct charged. No rate case expenses are allocated related to this proceeding. See also the Company's response to CA 2-72.

**TENNESSEE PUBLIC UTILITY COMMISSION  
PETITION OF  
Kingsport Power Company  
DOCKET NO. TPUC 21-00107 Rate Case Discovery  
Data Requests and Requests for the Production  
of Documents by the THE CONSUMER PROTECTION AND ADVOCATE DIVISION OF  
THE ATTORNEY GENERAL'S OFFICE  
CA Supp. Set 2  
To Kingsport Power Company**

**Data Request CA 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 CA 2-74:**

Refer to CA 2-74 Attachment 1 for the Purchase Agreement between AEP Credit and KgPCo.

AMENDMENT NO. 1  
TO  
THIRD AMENDED AND RESTATED PURCHASE AGREEMENT

THIS AMENDMENT No. 1 ("this Amendment") is made as of the 22nd day of March 2006, by and between AEP CREDIT, INC., a Delaware corporation ("Credit") and KINGSPORT POWER COMPANY, a Virginia corporation ("Seller").

WITNESSETH:

WHEREAS, Credit and Seller are parties to the Third Amended and Restated Purchase Agreement dated as of August 25, 2004 (as amended, modified or supplemented from time to time, "the Purchase Agreement");

WHEREAS, pursuant to Section 9.1.1 of the Purchase Agreement, Credit and Seller desire to amend the Purchase Agreement upon the terms set forth below;

WHEREAS, Credit and Seller confirm that they will continue to sell and purchase Receivables on a daily basis; and

WHEREAS, Credit and Seller desire to amend the Purchase Agreement to provide for the reconciliation of the purchase price paid by Credit with respect to the purchase and sale of Receivables daily or at some other period no less frequently than weekly as mutually agreed upon by Credit and Seller in accordance with authority granted in an order of the Securities and Exchange Commission dated September 27, 2005; and

WHEREAS, Seller desires to amend and restate Section 3.1.19 of the Purchase Agreement to state that true sale opinion is being rendered by Torys, LLP;

NOW therefore, the parties agree as follows:

1. Section 2.2 of the Purchase Agreement is hereby amended and restated in its entirety as follows:
  - 2.2 Purchase Procedure. Any sale and purchase of Receivables pursuant to this Agreement will require the delivery to and acceptance by Credit by 9:00 a.m., CST, on the particular Purchase Date, at Credit's principal office set forth in Section 9.2 hereof, of a Sale and Assignment executed by one of the individuals duly authorized by Seller pursuant to the authorization set forth in Exhibit E hereto, as such authorization may be amended from time to time by written notice to Credit. Such Sale and Assignment may be delivered by Seller to Credit by facsimile transmission or by means of computer or other electronic communications, which transmission or electronic communication the parties acknowledge will constitute the duly executed Sale and Assignment of Seller for all purposes. Credit shall deliver to Seller at Seller's principal office set forth in Section 9.2 hereof a copy of each Sale and Assignment accepted by Credit, executed by one of the individuals duly authorized by Credit, promptly following the acceptance thereof by Credit. Such Sale and

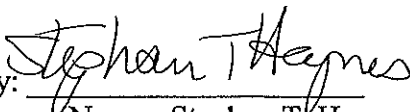
Assignment may be delivered by Credit to Seller by facsimile transmission or by means of computer or other electronic communications, which transmission or electronic communication the parties acknowledge will constitute due notification of Credit's acceptance for all purposes. Upon acceptance by Credit of the Sale and Assignment, on such Purchase Date, Credit shall allow Seller to retain from Collections received in the Depositary Accounts, or shall otherwise transfer to Seller in immediately available funds, the amount of the Purchase Price with respect to the Receivables sold pursuant to such Sale and Assignment. Any Collections retained by Seller in excess of such Purchase Price, until remitted to Credit or used by Credit to purchase new Receivables from Seller, shall be held in trust for Credit by Seller. The amount of any Purchase Price not paid in full on the Purchase Date for any Receivables shall be paid by Credit no later than the next succeeding Reconciliation Date (as defined below).

Although the Purchase Price for each Receivable sold hereunder shall be due and payable in full by Credit to Seller on the date such Receivable is purchased, a precise reconciliation of the Purchase Price between Credit and Seller shall be effected no less frequently than weekly on each Business Day selected by Credit (each such date, a "Reconciliation Date") with respect to all receivables sold since the last Reconciliation Date. On each Reconciliation Date, Seller shall determine the net amount due to or from Credit with respect to all Receivables sold since the last Reconciliation Date and either Credit or Seller, as applicable, shall wire transfer such amount in immediately available funds to the account specified by Seller, in the case of amounts owed to Seller, or to the Concentration Account, in the case of amounts owed to Credit, in the manner contemplated by Section 2.7 thereof.

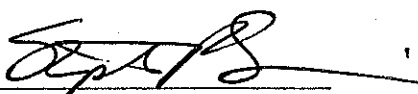
2. Section 3.1.19 of the Purchase Agreement is hereby amended and restated in its entirety, as follows:  
  
3.1.19 True Sale. Seller shall take such actions as are necessary on its part to ensure that the facts and assumptions set forth in each opinion issued by Torys, LLP, as counsel for Seller, relating to true sale issues, and in the certificates accompanying such opinion, remain true and correct in all material respects at all times.
3. This Amendment No. 1 shall be effective as of March 22, 2006.
4. Conditions to effectiveness: Pursuant to the Purchase Agreement, the consent of the Majority Purchasers shall have been obtained.
5. The Purchase Agreement (except as specifically amended herein) shall remain in full force and effect and said Purchase Agreement is hereby ratified and confirmed in all respects by each of the parties hereto.
6. **CONTROLLING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.**

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to be executed as of the date first written above.

AEP CREDIT, INC.

By:   
Name: Stephan T. Haynes  
Title: Assistant Treasurer

KINGSPORT POWER COMPANY

By:   
Name: Stephen P. Smith  
Title: Treasurer



### *THIRD AMENDED AND RESTATED PURCHASE AGREEMENT*

THIRD AMENDED AND RESTATED PURCHASE AGREEMENT ("*Purchase Agreement*") made and entered into on this 25<sup>th</sup> day of August, 2004, between AEP Credit, Inc., a Delaware corporation ("*Credit*"), and Kingsport Power Company, a Virginia corporation ("*Seller*").

#### WITNESSETH:

WHEREAS, American Electric Power Company, Inc. is Seller's parent corporation and the parent corporation, either directly or indirectly, of AEP Utilities, Inc. (formerly known as Central and South West Corporation) and of Credit;

WHEREAS, subject to the terms and conditions hereof, Seller desires to sell and Credit desires to purchase, without recourse, certain accounts receivable arising from the sale and delivery of electricity, gas and other related services in the State of Tennessee in the Seller's ordinary course of business;

WHEREAS, Credit and Seller intend the arrangements created herein to constitute a true sale of Seller's accounts receivable to Credit and not a loan or other arrangement;

WHEREAS, Credit and Seller are parties to the Second Amended and Restated Purchase Agreement dated July 25, 2003 (the "*Existing Purchase Agreement*"); and

WHEREAS, Credit and Seller desire to amend and restate the Existing Purchase Agreement pursuant to this Agreement such that the Existing Purchase Agreement continues in full force and effect as amended hereby and all obligations of each of the parties under the Existing Purchase Agreement will remain outstanding and continue in full force and effect, unpaid, unimpaired and undischarged;

NOW, THEREFORE, the parties hereto agree as follows:

#### I. DEFINITIONS

1.1 Certain Defined Terms. For all purposes of this Agreement, except as otherwise expressly provided herein or unless the context otherwise requires, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

1.1.1 Administrative Agent. "Administrative Agent" means Bank One, NA (Main Office Chicago) in its capacity as administrative agent under the Receivables Purchase Agreement and any successor administrative agent thereunder.

1.1.2 Adverse Claim. "Adverse Claim" means a lien, security interest, charge, encumbrance or other adverse right or claim of any kind of any Person, but does not include any

loss that is due solely to the financial inability or bad faith failure of any Customer to pay at maturity any amount due and payable in respect of a Receivable.

1.1.3 AEP Services Account. "AEP Services Account" means the account listed on Exhibit I-C to this Agreement in the name of American Electric Power Service Corporation or any other account established in accordance with Section 6.5 hereof.

1.1.4 AEP Services Account Agreement. "AEP Services Account Agreement" means the agreement substantially in the form of Exhibit J to this Agreement with such changes to such form as are reasonably acceptable to the Administrative Agent.

1.1.5 AEP Services Account Bank. "AEP Services Account Bank" means any institution at which the AEP Services Account is maintained.

1.1.6 AEP Utilities Account. "AEP Utilities Account" means account number 01891740044 in the name of AEP Utilities, Inc. at Huntington National Bank.

1.1.7 Agency Agreement. "Agency Agreement" means the Third Amended and Restated Agency Agreement of even date herewith, among Credit, Agent and the Administrative Agent, as the same may be amended from time to time.

1.1.8 Agent. "Agent" means (a) Seller or (b) any Person engaged by Credit to service, administer and collect the Receivables on behalf of Credit pursuant to the Agency Agreement.

1.1.9 Billed Receivable. "Billed Receivable" means an Outstanding Receivable for which, as of the time of determination, a Customer Bill has been rendered.

1.1.10 Budget Account Receivable. "Budget Account Receivable" means a contract right of Seller to receive payment for the sale and delivery of electricity, gas and other related services, regardless of the level of such services delivered, including rights of Seller pursuant to average monthly payment plans or other special payment arrangements which Seller may from time to time enter into with any Customer.

1.1.11 Business Day. "Business Day" means any day other than a Saturday, Sunday, Seller holiday, Credit holiday or public holiday or the equivalent for banks of the Federal Reserve System. Each party shall provide the other party, by December 1 of each year during the term of this Agreement, with a schedule of its holidays for the following calendar year.

1.1.12 Card Agreement. "Card Agreement" means the agreement between Seller and a Merchant Processor or Card Company whereby such Merchant Processor or Card Company agrees to purchase, pay or otherwise reimburse Seller for each Receivable for the payment of which Seller has accepted such Merchant Processor or Card Company's Credit/Charge Card.

1.1.13 Card Company. "Card Company" means any Person that is in the business of issuing nationally-recognized credit or charge cards to consumers, including, but not limited to, any issuer of a credit or charge card bearing the American Express, Discover Card, MasterCard, NOVUS or Visa logo, servicemark or trademark.

1.1.14 Collection Account. "Collection Account" is defined in the Receivables Purchase Agreement.

1.1.15 Collections. "Collections" means, with respect to any Receivable, all cash collections, negotiable instruments, other cash or non-cash proceeds or any other form of payment in respect of any such Receivable and shall include all proceeds of any Receivable within the meaning of Section 9-102(64) of the UCC. "Collections" shall also mean that portion of any security deposit applied in satisfaction of a Receivable. Each Credit Card Receivable, and all Collections in respect thereof, shall constitute Collections in respect of the Receivable for the payment of which the Seller accepted a Credit/Charge Card in the related Credit Card Transaction.

1.1.16 Concentration Account. "Concentration Account" is defined in the Receivables Purchase Agreement.

1.1.17 Conduit Purchaser. "Conduit Purchaser" is defined in the Receivables Purchase Agreement.

1.1.18 Committed Purchaser. "Committed Purchaser" is defined in the Receivables Purchase Agreement.

1.1.19 Credit/Charge Card. "Credit/Charge Card" means any valid and unexpired credit or charge card, plate or like device bearing a logo, servicemark or trademark for American Express, Discover Card, MasterCard, NOVUS or Visa and issued by a Card Company to an obligor on any Receivable of a Seller which card Seller has agreed to accept for the payment of such Receivable in accordance with a Card Agreement between Seller and such Card Company or a Merchant Processor Agreement between the Seller and a Merchant Processor.

1.1.20 Credit Card Receivable. "Credit Card Receivable" means a Receivable owing to Seller from a Card Company or a Merchant Processor, arising out of, or in connection with, a Credit Card Transaction.

1.1.21 Credit Card Transaction. "Credit Card Transaction" means, with respect to any Receivable, the acceptance by Agent of a Credit/Charge Card for the payment of such Receivable in accordance with the provisions of the applicable Card Agreement and/or Merchant Processor Agreement.

1.1.22 Credit and Collection Procedure. "Credit and Collection Procedure" means the credit and collection policies and practices to be followed by Agent in respect of Receivables, as set forth in Exhibit D to the Agency Agreement, with such changes to such credit and collection policies and practices as are permitted under Section 4.12 hereof, or as may be required by applicable statutes, rules and regulations.

1.1.23 Customer. "Customer" means any Person obligated to make payment to Seller for purchases from Seller of electricity, gas and other related services.

1.1.24 Customer Bill. "Customer Bill" means an invoice or any other evidence of a Customer's obligation to Seller rendered to a Customer for payment to Seller for purchases from Seller of electricity, gas and other related services.

1.1.25 Depository Account. "Depository Account" means one of the concentration accounts, depository accounts or similar accounts listed on Exhibit I-A to this Agreement and any other such account established in accordance with Section 6.5 hereof.

1.1.26 Depository Account Agreement. "Depository Account Agreement" means each agreement substantially in the form of Exhibit G to this Agreement with such changes to such form as are reasonably acceptable to the Funding Agents and any other agreement pursuant to which Seller has established a Depository Account.

1.1.27 Depository Account Bank. "Depository Account Bank" means any institution at which a Depository Account is maintained.

1.1.28 Estimation Correction Amount. "Estimation Correction Amount" means, as of any date of determination, (a) the Face Amount of Receivables for which Customer Bills were posted on such date, minus (b) that portion of the Face Amount that Credit has previously paid to Seller for the Receivables represented by such Customer Bills.

1.1.29 Event of Bankruptcy. "Event of Bankruptcy" means :

(a) that Seller shall admit in writing its inability, or fail generally, to pay its debts as they become due;

(b) (i) a proceeding shall have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect of Seller in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator, conservator or other similar official of Seller or for any substantial part of its property, or for the winding-up or liquidation of its affairs and (ii) either such proceedings shall remain undismissed or unstayed for a period of sixty (60) days or any of the actions sought in such proceedings shall occur;

(c) the commencement by Seller of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or Seller's consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator, conservator or other similar official of Seller or for any substantial part of its property, or any general assignment for the benefit of creditors; or

(d) Seller shall take any corporate action in furtherance of any of the actions set forth in the preceding clause (a), (b) or (c).

1.1.30 Face Amount. "Face Amount" means (a) for a Billed Receivable, the unpaid balance thereof duly owed to Seller by a Customer (excluding any portion of the unpaid balance

relating to charges which are not Outstanding Receivables), (b) for an Unbilled Receivable, the estimated dollar amount due from a Customer arising from the sale and delivery by Seller to Customer of electricity, gas and other related services in the ordinary course of business (excluding any amount due relating to charges which are not Outstanding Receivables), and (c) for a Budget Account Receivable, the contractual amount due and owing for the sale and delivery by Seller to Customer of electricity, gas and other related services in the ordinary course of business; in any such case determined on the Purchase Date on which such Outstanding Receivable is purchased by Credit hereunder (excluding any amount due relating to charges which are not Outstanding Receivables). In the calculation of "Face Amount", there shall be no double-counting of Credit Card Receivables and Receivables for the payment of which the Seller accepted Credit/Charge Cards in the related Credit Card Transaction.

1.1.31 Funding Agent. "Funding Agent" is defined in the Receivables Purchase Agreement.

1.1.32 Governmental Approvals. "Governmental Approvals" means all consents, approvals, authorizations, orders, registrations or qualifications of any Person or public authority as may be required by any appropriate regulatory authority in respect of the transactions contemplated hereby.

1.1.33 Lock-Box. "Lock-Box" means each postal box or code listed on Exhibit I-B to this Agreement and any other such postal box or code established in accordance with Section 6.5 hereof.

1.1.34 Material Adverse Effect. "Material Adverse Effect" means a material adverse effect on (a) the ability of Seller to perform its material obligations under this Agreement or the Agency Agreement (other than as a result of any deterioration in the financial condition of the Seller), (b) the validity or enforceability of, or collectibility of, amounts payable by Seller under this Agreement or the Agency Agreement, (c) the status, existence, perfection or priority of the interest of Credit in the Receivables, or (d) the validity, enforceability or collectibility of all or any material portion of the Receivables.

1.1.35 Merchant Processor. "Merchant Processor" means any Person which is engaged customarily in the business of acting as a merchant processor for Credit/Charge Cards.

1.1.36 Merchant Processor Agreement. "Merchant Processor Agreement" means the agreement between Seller and a Merchant Processor whereby such Merchant Processor agrees to purchase, pay or otherwise reimburse Seller for receivables arising out of a Credit Card Transaction.

1.1.37 Mortgage. [Reserved].

1.1.38 Outstanding Receivable. "Outstanding Receivable" means any of Seller's rights to payment, whether or not evidenced by a Customer Bill, (i) arising from the sale and delivery (on or before 12:01 a.m., of the Seller's Business Day preceding the applicable Purchase Date) of electricity, gas and other related services in the ordinary course of business, including without limitation, Billed Receivables, Unbilled Receivables and Budget Account Receivables or (ii)

constituting a Credit Card Receivable. Outstanding Receivable shall not include any securitized transition charges or transition property created pursuant to a financing order issued by Seller's state public utility regulatory commission.

1.1.39 Person. "Person" means any natural person, corporation, company, voluntary association, partnership, joint venture, trust (including a business trust), unincorporated organization or government (or any agency, instrumentality or political subdivision thereof).

1.1.40 P.O. Box Transfer Notice. "P.O. Box Transfer Notice" means an agreement substantially in the form of Exhibit O to the Receivables Purchase Agreement, or such other agreement in form and substance reasonably acceptable to the Funding Agents.

1.1.41 Purchase Date. "Purchase Date" means each day on or after the date hereof on which Outstanding Receivables are purchased by Credit from Seller pursuant to this Agreement.

1.1.42 Purchase Price. "Purchase Price" means the price paid by Credit to Seller for the purchase by Credit from Seller of Receivables on any Purchase Date pursuant to this Agreement.

1.1.43 Receivable. "Receivable" means any Outstanding Receivable that has been purchased by Credit from Seller pursuant to this Agreement.

1.1.44 Receivables Purchase Agreement. "Receivables Purchase Agreement" means the Second Amended and Restated Receivables Purchase Agreement dated as of the date hereof among Credit, American Electric Power Service Corporation, as servicer, the persons party thereto as conduit purchasers, committed purchasers and funding agents, and Bank One, NA (Main Office Chicago), as administrative agent, as the same may be amended and supplemented from time to time.

1.1.45 Sale and Assignment. "Sale and Assignment" means the sale and assignment agreement in substantially the form attached hereto as Exhibit A.

1.1.46 Servicer. "Servicer" means American Electric Power Service Corporation in its capacity as servicer under the Receivables Purchase Agreement and any successor servicer thereunder.

1.1.47 Sub-Agent. "Sub-Agent" is defined in the Agency Agreement.

1.1.48 Termination Date. "Termination Date" means the date specified for termination of Credit's obligation to purchase Outstanding Receivables hereunder in the notice contemplated by Section 7.1 hereof.

1.1.49 Unbilled Receivable. "Unbilled Receivable" means any Outstanding Receivable for which, as of the time of determination, a Customer Bill has not been rendered.

1.1.50 UCC. "UCC" means the Uniform Commercial Code as from time to time in effect in the State or States in which the Seller sells electricity, gas or related services.

## II. PURCHASE OF OUTSTANDING RECEIVABLES

**2.1 Purchases.** Purchases of Outstanding Receivables made on any Purchase Date will be made at a Purchase Price determined in accordance with page 2 of Exhibit A hereto. In accordance with the purchase procedure set out in Section 2.2 hereof and subject to and upon the terms and conditions set forth herein, on each Purchase Date, Credit shall purchase from Seller, without recourse, and Seller shall sell and assign to Credit, all right, title and interest in and to all of the Outstanding Receivables of Seller described in the applicable Sale and Assignment, including all right, title and interest in all Collections whenever received by Seller. Credit and Seller hereby agree that each such purchase of Outstanding Receivables shall constitute a true sale of all rights, title and interest in and to such Outstanding Receivables and to all amounts paid in respect of such Outstanding Receivables.

It is, further, not the intention of Seller and Credit that the purchases of Outstanding Receivables hereunder be deemed a grant of a security interest in all right, title and interest of Seller in and to such Outstanding Receivables to secure a debt or other obligation of Seller. However, if notwithstanding the intention of the parties hereto, the purchase of the Outstanding Receivables hereunder is characterized as a secured loan rather than a sale, this Agreement shall constitute a security agreement under applicable law. For this purpose, Seller hereby grants to Credit a security interest in all of Seller's right, title and interest in, to and under all of the Outstanding Receivables, whether now existing or hereafter acquired or arising and all Collections with respect thereto. Credit shall have, with respect to the property described in this paragraph of Section 2.1, and in addition to all the other rights and remedies available to Credit under this Agreement and applicable law, any additional rights and remedies of a secured party under any applicable UCC.

**2.2 Purchase Procedure.** Any sale and purchase of Receivables pursuant to this Agreement will require the delivery to and acceptance by Credit by 9:00 a.m., CST, on the particular Purchase Date, at Credit's principal office set forth in Section 9.2 hereof, of a Sale and Assignment executed by one of the individuals duly authorized by Seller pursuant to the authorization set forth in Exhibit E hereto, as such authorization may be amended from time to time by written notice to Credit. Such Sale and Assignment may be delivered by Seller to Credit by facsimile transmission or by means of computer or other electronic communications, which transmission or electronic communication the parties acknowledge will constitute the duly executed Sale and Assignment of Seller for all purposes. Upon acceptance by Credit of the Sale and Assignment, on such Purchase Date, Credit shall wire transfer the respective Purchase Price in immediately available funds to the account specified by Seller, in the manner contemplated by Section 2.7 hereof. Credit shall deliver to Seller at Seller's principal office set forth in Section 9.2 hereof a copy of each Sale and Assignment accepted by Credit, executed by an authorized officer of Credit, promptly following the acceptance thereof by Credit. Such Sale and Assignment may be delivered by Credit to Seller by facsimile transmission or by means of computer or other electronic communications, which transmission or electronic communication the parties acknowledge will constitute due notification of Credit's acceptance for all purposes.

**2.3 Determination of Unbilled Receivable.** Any determination by Seller of the Face Amount of an Unbilled Receivable shall be a reasonable, good faith estimate of the appropriate



dollar amount of such Outstanding Receivable, based on Seller's most recent projections for billing cycles not yet invoiced.

2.4 Information Concerning Unbilled Revenue Schedule. Within fifteen Business Days following the end of each calendar month, Seller shall deliver to Credit information concerning Seller's unbilled revenue schedule, in the form of Exhibit C hereto, for the next six calendar months. Seller shall at all times maintain a rolling six month unbilled revenue schedule based upon Seller's most recent revenue projections.

2.5 Estimation Correction Amount. The Estimation Correction Amount shall be calculated by Credit on each Business Day on which a cycle is billed, and shall be included in the calculation of the Purchase Price for Receivables on each Purchase Date, as set forth in Exhibit A hereto.

2.6 Carrying Cost Variance Payment. At the end of each calendar month, a carrying cost variance payment shall be calculated in accordance with Exhibit F. Seller or Credit, as the case may be, shall wire transfer such carrying cost variance payment to the other party not later than the fifth Business Day of the succeeding month, in the manner contemplated by Section 2.7 hereof.

2.7 Coordination of Payments. Credit and Seller shall use their best efforts to coordinate the wire transfer of funds under this Agreement and under the Agency Agreement so as to avoid multiple daily wire transfers (by means of netting payments to be made by each of them on such date); provided, however, that nothing in this Section 2.7 is intended to modify in any respect any obligation of Seller or Credit to make a payment when due hereunder.

2.8 Purchase Price Credit Adjustments. If on any day:

(a) the Face Amount of a Receivable is:

- (i) reduced as a result of any discount or any adjustment or otherwise by Seller (other than cash Collections on account of the Receivables or reductions recoverable from the Agent pursuant to Section 4.1.2 of the Agency Agreement),
- (ii) reduced or canceled as a result of the exercise of a right of setoff in respect of any claim by any Person (whether such claim arises out of the same or a related transaction or an unrelated transaction), or

(b) any of the representations and warranties set forth in Section 3.1.4, Section 3.1.5 or Section 3.1.6 are no longer true with respect to any Receivable, or

(c) the amount of any Collections with respect to any Receivable which are received by any Sub-Agent and which Seller is aware have not been remitted to a Depositary Account within five (5) Business Days after the date such Sub-Agent is contractually required to remit such amount,

then, in such event, Credit shall be entitled to a credit (each, a "Purchase Price Credit") against the Purchase Price otherwise payable hereunder equal to the amount of such reduction or cancellation, in the case of any reduction described in clause (a) above, the Face Amount of such Receivable (less Collections received in respect thereof), in the case of any breach of representation and warranty described in clause (b) above, or the amount of such Collections, in the case of any failure to remit Collections described in clause (c) above. If such Purchase Price Credit exceeds the Purchase Price of the Receivables sold hereunder on any day, then Seller shall pay the remaining amount of such Purchase Price Credit in cash within five (5) Business Days thereafter.

### III. REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of Seller. Seller represents and warrants to Credit as follows:

3.1.1 Organization and Power. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Virginia, with all requisite corporate power and authority to own its properties and to transact the business in which it is now engaged or in which it presently proposes to engage. Seller's organizational identification number issued by Seller's state of incorporation is 0015685-1. Seller has only one state of incorporation. Seller is qualified to do business and is in good standing in all other jurisdictions in the United States necessary to transact the business in which it is now engaged, except where the failure to qualify would not have a material adverse effect on the transactions herein contemplated.

3.1.2 No Restrictions. The sale of Receivables pursuant to this Agreement, the performance of Seller's obligations under this Agreement and the consummation of the transactions herein contemplated do not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any Adverse Claim upon any of Seller's property or assets pursuant to the terms of any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument (other than this Agreement) to which Seller is a party or by which any of Seller's property or assets is subject, nor will such action result in any violation of the provisions of Seller's Articles of Incorporation or By-laws or any statute or any order, rule or regulation of any court or governmental agency or body of the United States, any State or any political subdivision of either having jurisdiction over Seller or any of Seller's properties; and no consent, approval, authorization, order, registration or qualification of or with any such court or any such regulatory authority or other such governmental agency or body (other than the Governmental Approvals and such other consents, approvals, authorizations, orders, registrations or qualifications as have been obtained) is required for the sale of Receivables hereunder or the consummation by Seller or the other transactions contemplated by this Agreement.

3.1.3 Authorization and Effect of Agreement. This Agreement has been duly authorized, executed and delivered by Seller and constitutes Seller's valid and legally binding obligation, enforceable against Seller in accordance with its terms, subject as to enforcement to bankruptcy, insolvency, reorganization and other similar laws of general applicability relating to or affecting creditors, rights and to general principles of equity.

3.1.4 Title of Receivables. Seller is the owner (immediately prior to sale) of all Receivables and rights to Collections in respect thereof sold by Seller to Credit hereunder, free from any Adverse Claim, and Seller, at its sole cost and expense, shall defend the Receivables and rights to Collections in respect thereof against any and all Adverse Claims (except for any Adverse Claim arising from any act or omission of Credit or an Agent other than Seller) asserted by any Person at any time. The Face Amount of each Receivable shall represent and constitute the valid and binding obligation of the respective Customer to pay such Face Amount, subject, however, in the case of Unbilled Receivables to the determination and estimation correction procedures set forth in Sections 2.3 and 2.5 hereof.

3.1.5 No Financing Statements. There is no financing statement under the UCC of any jurisdiction (or similar statement or instrument of registration or otherwise under the laws of any jurisdiction) now on file or registered in any public office covering any interest of any kind in the Outstanding Receivables or any Collections in respect thereof, or intended so to be, and Seller will neither execute nor file in any public office any financing statement (or similar statement or instrument of registration or otherwise under the laws of any jurisdiction) relating to such Outstanding Receivables or any Collections in respect thereof, except for the UCC financing statements filed or to be filed in respect of and covering the purchase of the Receivables hereunder.

3.1.6 Perfection. All filings and recordings (including UCC financing statement filings) required to perfect the title of Credit in all Receivables (and all Collections in respect thereof) when sold and when value is received therefor have been accomplished and are in full force and effect, and Seller shall at Seller's expense perform all acts and execute all documents reasonably requested by Credit at any time to evidence, perfect, maintain and enforce the title and interest of Credit in the Receivables (and all Collections in respect thereof) and the priority thereof. This Agreement, together with the filing of the financing statements contemplated hereby, is effective to transfer to Credit (and Credit shall acquire from Seller) legal and equitable title to, with the right to sell and encumber each Receivable, together with the Collections with respect thereto, free and clear of any Adverse Claim.

3.1.7 Names; Principal Place of Business. (i) The following names, legal name: Kingsport Power Company(changed from Kingsport Utilities, Incorporated on December 31, 1963), trade name(s): American Electric Power (in the states of Tennessee and Virginia) constitute all present and former corporate names under which Seller has transacted business, (ii) the chief executive office is, and for at least 6 months has been, located at 1 Riverside Plaza, in Franklin County, Ohio and Seller at all times has had more than one place of business in Ohio or a single place of business in Ohio located in Franklin County.

3.1.8 Financial Statements. Seller has delivered to Credit the balance sheets and statements of capitalization and the related statements of income and retained earnings of Seller (a) for the period ended December 31, 2003, accompanied by the related opinion of Seller's auditors, as filed on Form 10-K and (b) for the periods ended March 31, 2004 and June 30, 2004, as filed on Forms 10-Q with the Securities and Exchange Commission. All such financial statements present fairly the financial position of Seller as of the respective dates indicated and the results of operations for the respective periods.

3.1.9 Investment Company. Seller is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

3.1.10 No Default or Unmatured Default. [Reserved].

3.1.11 Bulk Sales Act. No transaction contemplated hereby requires compliance with any bulk sales act or similar law.

3.1.12 Actions, Suits. There are no actions, suits or proceedings pending, or to the best of Seller's knowledge, threatened, against or affecting Seller, or any of its properties, in or before any court, arbitrator or other body, that could reasonably be expected to have a Material Adverse Effect. Seller is not in default with respect to any order of any court, arbitrator or governmental body which default could reasonably be expected to have a Material Adverse Effect.

3.1.13 Accuracy of Information. All information heretofore furnished by Seller to Credit (or its assigns) for purposes of or in connection with this Agreement or the Agency Agreement or any transaction contemplated hereby or thereby is, and all such information hereafter furnished by Seller to Credit (or its assigns) will be, true and accurate in every material respect on the date such information is stated or certified and shall not be otherwise misleading in light of the circumstances under which such information was provided.

3.1.14 Use of Proceeds. No proceeds of the sale of Receivables hereunder will be used (a) for a purpose that violates, or would be inconsistent with, Regulation T, U or X promulgated by the Board of Governors of the Federal Reserve System from time to time or (b) to acquire any security in any transaction which is subject to Section 13 or 14 of the Securities Exchange Act of 1934, as amended.

3.1.15 Material Adverse Effect. Since December 31, 2003, no event has occurred that would have a Material Adverse Effect.

3.1.16 Compliance with Law. Seller has complied in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect as described in clauses (b), (c), (d) and (e) of the definition thereof.

3.1.17 Compliance with Credit and Collection Procedure. Seller has complied in all material respects with the Credit and Collection Procedure with regard to each Receivable and the related contract, and has not made any change to such Credit and Collection Procedure except as permitted hereunder.

3.1.18 Payments to Seller. With respect to each Receivable, the Purchase Price received by Seller constitutes reasonably equivalent value in consideration therefor and such transfer was not made for or on account of an antecedent debt or with actual intent to hinder, delay or defraud any entity to which Seller is indebted or was indebted at the time of such transfer.

3.1.19 True Sale. Seller shall take such actions as are necessary on its part to ensure that the facts and assumptions set forth in the opinion issued by Milbank, Tweed, Hadley & McCloy, LLP, as counsel for Seller, in connection with the closing of the Receivables Purchase Agreement, and relating to true sale issues, and in the certificates accompanying such opinion, remain true and correct in all material respects at all times.

3.1.20 Instructions to Customers and Sub-Agents. Seller has instructed (x) all Customers to remit all Collections directly to a Sub-Agent, to a Lock-Box, to the AEP Utilities Account or to a Depositary Account to which only amounts owed to Seller are deposited, and (y) all Sub-Agents to remit all Collections directly to a Depositary Account to which only amounts owed to Seller are deposited.

3.2 Representations and Warranties of Credit. Credit represents and warrants to Seller as follows:

3.2.1 Organization and Power. Credit is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with all requisite corporate power and authority to own its properties and to transact the business in which it is now engaged or in which it proposes to engage.

3.2.2 No Restrictions. The purchase by Credit of Receivables pursuant to this Agreement and the consummation of the transactions herein contemplated will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under the terms of, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which Credit is a party or by which Credit is bound or to which any of the property or assets of Credit is subject, nor will such action result in any violation of the provisions of the certificate of incorporation or the by-laws of Credit or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over Credit or any of Credit's properties; and no consent, approval, authorization, order, registration or qualification of or with any court or any such regulatory authority or other governmental agency or body (other than the Governmental Approvals and such other consents, approvals, authorizations, orders, registrations or qualifications as have been obtained) is required for the purchase by Credit of Receivables hereunder or the consummation by Credit of the other transactions contemplated by this Agreement.

3.2.3 Authorization and Effect of Agreement. This Agreement has been duly authorized, executed and delivered by Credit and constitutes the valid and legally binding obligation of Credit enforceable against Credit in accordance with its terms, subject as to enforcement to bankruptcy, insolvency, reorganization and other similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

3.2.4 Purchase for Credit's Account. Any purchase by Credit of Receivables pursuant to this Agreement will be for the account of Credit and not as agent for or with a view toward resale to any other party; provided, however, that the provisions of this Section 3.2.4 shall not prevent Credit from engaging in any financing transaction relating to the Receivables.

3.2.5 Adequate Financing. Credit shall at all times maintain available lines of credit and financing arrangements that are sufficient to support its obligation to purchase Outstanding Receivables hereunder.

#### IV COVENANTS OF SELLER

4.1 Preservation of Corporate Existence. Seller shall preserve and maintain its corporate existence, rights, franchises and privileges in the jurisdiction of its incorporation (as such rights, franchises and privileges may be modified from time to time by applicable law), and qualify and remain qualified in good standing as a foreign corporation in any other jurisdiction where any Outstanding Receivable arose and where such qualification is necessary to permit the enforcement of the obligations under Receivables against the respective Customers.

4.2 Maintenance of Offices. Seller shall maintain originals or duplicates of the principal documents (including, without limitation, computer tapes and disks) evidencing all Outstanding Receivables and Customer Bills at the address set forth in Section 9.2 hereof, and Seller shall not move its principal executive office or such documents unless (a) Seller shall have given to Credit not less than 45 days prior written notice of its intention to do so, clearly describing the new location, and (b) Seller shall have taken such action, satisfactory to Credit, to maintain the title and interest and priority of Credit in the Receivables and Collections in respect thereof at all times fully perfected and in full force and effect.

4.3 Continuing Obligations. Seller will duly fulfill all obligations on its part to be fulfilled under or in connection with the Receivables, and will do nothing to impair the rights of Credit in the Receivables; provided, however, that an adjustment or compromise of a Receivable in accordance with the Agency Agreement shall not be deemed to be a violation of this Section 4.3.

4.4 Further Action. Seller will make, execute or endorse, acknowledge, and file or deliver to Credit from time to time such vouchers, invoices, schedules, confirmatory assignments, conveyances, transfer endorsements, powers of attorney, certificates, reports and other assurances or instruments and take such further steps relating to the Receivables and Collections in respect thereof as Credit may reasonably request for the protection of the rights of Credit hereunder.

4.5 Approvals. Seller shall use its best efforts to obtain, and to assist Credit in obtaining, any and all consents, approvals, authorizations, orders, registrations and qualifications which may be required from time to time in the future to consummate the transactions contemplated by this Agreement, including without limitation the Governmental Approvals.

4.6 Sales, Adverse Claims, Etc. Except as otherwise herein provided, Seller shall not sell, assign (by operation of law or otherwise), dispose of, or create or suffer to exist any Adverse Claim upon or with respect to, Seller's undivided interest in any Receivable or Collections in respect thereof or assign any right to receive income in respect thereof. Without limiting the generality of the foregoing, Seller will not claim any ownership or other interest in the Receivables and will respond to third party inquiries with respect to the ownership of the Receivables by stating that such ownership has been entirely transferred to Credit.

4.7 Extension or Amendment of Receivables. Without the prior written consent of Credit, Seller shall not extend, amend or otherwise modify the terms of any Receivable; provided, however, that Seller may do so to the extent permitted by the Agency Agreement or as provided in the Credit and Collection Procedure.

4.8 Compliance with Laws, Etc. Seller shall comply in all material respects with applicable laws, rules, regulations and orders applicable to it, its business and properties, and all of its Outstanding Receivables.

4.9 Keeping of Records and Books of Account. Seller shall at its sole cost and expense maintain and implement, or cause to be maintained and implemented, administrative and operating procedures, and keep and maintain, or cause to be kept and maintained, all documents, books, records and other information including, without limitation, all tapes, disks or other electronically stored or computerized programs, data, records or documents, reasonably necessary or advisable for the calculation and collection of all Receivables, in accordance with the Agency Agreement. Such books and records shall appropriately reflect the sale of such Receivables to Credit.

4.10 Inspection. At any time and from time to time during regular business hours, Seller shall permit Credit, or Credit's agents or representatives (including the Agent), any Funding Agent or agents or representatives of any lender providing financing to Credit upon reasonable notification to Seller, for the purpose of protecting Credit's (and its assigns') interests hereunder, to examine and make copies of and abstracts from all books, records and documents (including, without limitation, computer tapes and disks) in the possession or under the control of Seller relating to Receivables, Collections in respect thereof, the Depositary Accounts and Lock-Boxes.

4.11 Credit and Collection Procedures. Agent shall comply in all material respects with the Credit and Collection Procedure.

4.12 Change in Business or Credit and Collection Procedure. Without the written consent of Credit, Seller shall not make any change in the character of its business and the Agent shall not make any change in the Credit and Collection Procedure which change would, in either case, impair the collection of Receivables.

4.13 Annual Financial Audit. In connection with Seller's annual independent financial audit, Seller shall instruct its independent public accounting firm to audit the accounts receivable records maintained by Seller in accordance with the audit outline set forth in Exhibit D hereto and to furnish the results of such audit to Credit's independent public accountant.

4.14 Financial Statements. Within 45 days of the end of each fiscal quarter (except for the fourth fiscal quarter) and 90 days of the end of each fiscal year, Seller shall deliver to Credit balance sheets and statements of capitalization and related statements of income and retained earnings of Seller, and such fiscal year financial statements shall be accompanied by an opinion of Seller's independent public accounting firm.



4.15 Card and Merchant Processor Agreements. Seller shall not enter into any Card Agreement or Merchant Processor Agreement with any Card Company or Merchant Processor which does not have an unsecured long-term credit rating of at least "A3" by Moody's Investors Service or "A-" by Standard & Poor's Ratings Service, a division of The McGraw Hill Companies, Inc. at the time such Card Agreement or Merchant Processor Agreement is entered into.

4.16 Orders of State Commission. Seller shall deliver to Credit any new or modified or amended order, including, without limitation, any order establishing Seller's allowed return on common equity, the "**ROCE**", received by Seller from any state public utility regulatory commission.

4.17 No Petition. Seller shall not at any time institute against Credit, or join in any institution against Credit, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States federal or state bankruptcy or similar law. Seller shall not at any time institute against any Conduit Purchaser, or join in any institution against any Conduit Purchaser, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States federal or state bankruptcy or similar law, until the expiration of one year and one day after payment in full of all outstanding indebtedness of such Conduit Purchaser.

4.18 Confidentiality. Seller shall maintain and shall cause each of its employees and officers to maintain the confidentiality of any confidential proprietary information with respect to the Conduit Purchasers, the Committed Purchasers, the Funding Agents, the Administrative Agent and their respective businesses, obtained by it in connection with the structuring, negotiating and execution of the transactions contemplated by the Receivables Purchase Agreement, except that Seller and its officers and employees may disclose such information to Seller's external accountants and attorneys and as required by any applicable law or order of any judicial or administrative proceeding.

4.19 Notice of Defaults and Unmatured Defaults. Seller shall provide written notice, as soon as it has knowledge, to (i) Credit, (ii) the Servicer and (iii) the Administrative Agent of (x) any default or event which, with the giving of notice or the passage of time or both, would constitute a default has occurred under the Mortgage or (y) the creation of any Adverse Claim, or the occurrence of any event which, with the giving of notice or the passage of time or both, would result in the creation of any Adverse Claim, on the Receivables or the Collections pursuant to the Mortgage or any other mortgage, agreement, instrument or filing.

4.20 Compliance Certificate. Seller shall furnish to Credit, together with the financial statements required hereunder, a compliance certificate substantially in the form of Exhibit H hereto signed by the chief financial officer of Seller and dated the date of such annual financial statement or such quarterly financial statement, as the case may be.

4.21 Shareholders Statements. Except if otherwise publicly available, upon the request of Credit (or its assigns), Seller shall furnish to Credit (or its assigns), promptly upon the furnishing thereof to the shareholders of Seller, copies of all financial statements so furnished.

4.22 S.E.C. Filings. Except if confidential or otherwise publicly available, upon the request of Credit (or its assigns), Seller shall furnish to Credit (or its assigns), promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports which Seller or any of its subsidiaries files with the Securities and Exchange Commission.

4.23 Change in Credit and Collection Procedure. Seller shall furnish to Credit, at least thirty (30) days prior to the effectiveness of any material change in or amendment to the Credit and Collection Procedure, a copy of the Credit and Collection Procedure then in effect and a notice indicating such change or amendment.

4.24 Other Information. Seller shall furnish to Credit, promptly from time to time, such other information, documents, records or reports relating to the Receivables as Credit (or its assigns) may from time to time reasonably request in order to protect the interests of Credit (and its assigns) under or as contemplated by this Agreement.

4.25 Notices. Until the Receivables Purchase Agreement has been terminated and all obligations of the Seller thereunder have been satisfied in full, Seller will notify Credit (and its assigns) in writing of any of the following promptly upon any of the president, controller or treasurer of Seller having actual knowledge thereof, describing the same and, if applicable, the steps being taken with respect thereto:

(a) Judgment and Proceedings. the entry of any judgment or decree against Seller if the amount of any such judgment or decree exceeds \$25,000,000;

(b) Material Adverse Effect. the occurrence of any event or condition that has, or could reasonably be expected to have, a Material Adverse Effect (including, without limitation, the failure of Seller to perform or observe any of the terms of this Agreement where such failure could reasonably be expected to have a Material Adverse Effect);

(c) Defaults Under Other Agreements. the occurrence of a default or an event of default under any other financing arrangement pursuant to which Seller is a debtor or an obligor if the amount of such financing arrangement exceeds \$25,000,000;

(d) Downgrade of Seller. any downgrade in the rating of any indebtedness of Seller by Standard and Poor's Ratings Services or by Moody's Investors Service, Inc., setting forth the indebtedness affected and the nature of such change; and

(e) Enforceability of this Agreement. the occurrence of any event which causes this Agreement to cease to be the valid and binding obligation of Seller, enforceable against it in accordance with its terms.

4.26 Marking of Records and Books. Seller shall on or prior to the date hereof, mark its master data processing records and other books and records relating to the Receivables with a legend, acceptable to Credit (or its assigns), describing Credit's ownership interests in the Receivables and further describing the interests of the Administrative Agent under the

Receivables Purchase Agreement, for the benefit of the Committed Purchasers and Conduit Purchasers.

4.27 Compliance with Contracts. Seller shall timely and fully perform and comply with all provisions, covenants and other promises required to be observed by it under the contract related to each Receivable except where failure to so perform or comply could not reasonably be expected to materially adversely effect the collectibility of such Receivable. Seller shall pay when due any taxes payable in connection with the Receivables, exclusive of taxes on or measured by income or gross receipts of Credit and its assigns, other than such taxes that are being contested in good faith by appropriate proceedings, for which adequate reserves in accordance with generally accepted accounting principles have been set aside on its books and that have not given rise to any Adverse Claims (other than Adverse Claims permitted under the Receivables Purchase Agreement).

4.28 Name Change, Offices and Records. Seller shall not change its name, type of organization, organizational identification number or jurisdiction of incorporation (within the meaning of Section 9-102 of the UCC) or relocate any office where records with respect to the Receivables are kept unless it shall have: (i) given Credit (or its assigns) at least forty-five (45) days' prior written notice thereof and (ii) delivered to Credit (or its assigns) all financing statements, instruments and other documents requested by Credit (or its assigns) in connection with such change or relocation.

## V. CONDITIONS PRECEDENT

5.1 Conditions Precedent to All Purchases. Each purchase of Outstanding Receivables hereunder shall be subject to, unless otherwise waived by Credit in the manner set forth in Section 9.1 hereof, the following further conditions precedent:

(a) On the appropriate Purchase Date (and Seller, by accepting the Purchase Price, shall be deemed to have certified that) the representations and warranties made by Seller contained in Section 3.1 hereof and in the Agency Agreement are correct on and as of such date, as though made on and as of such date;

(b) All Governmental Approvals with respect to this Agreement and the Agency Agreement required in connection with Seller's execution, delivery and performance hereof and thereof, each Sale and Assignment and the other documents to be delivered hereunder, and the transactions documents to be delivered hereunder, and the transactions contemplated hereby required in connection with Seller's execution, delivery and performance hereof or thereof, shall have been received and shall be in effect on the appropriate Purchase Date;

(c) Credit shall have received such other approvals, opinions or documents as Credit may reasonably request;

(d) Seller shall not be in breach of any covenant of this Agreement or the Agency Agreement;

(e) Seller shall not have (i) instituted or consented to the institution of any proceeding, or filed a petition, answer, consent or other pleading, in either case, seeking reorganization of Seller or any other relief or procedure with respect to Seller, under any applicable federal or state law relating to bankruptcy, insolvency, liquidation, dissolution or similar law, (ii) consented to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of Seller or a substantial part of its property, (iii) made any assignment for the benefit of creditors, (iv) admitted in writing its inability to pay its debts generally as they become due, or (v) taken any corporate action in furtherance of any of the foregoing actions, and no involuntary proceeding shall have been instituted against Seller or its properties for any such reorganization, relief, appointment, assignment or admission;

(f) Credit shall have available lines of credit and financing arrangements that are sufficient to support its obligation to purchase Outstanding Receivables hereunder;

(g) Credit shall have received a schedule of Seller's holidays for the current calendar year, and Seller shall have received a schedule of Credit's holidays for the current calendar year; and

(h) Credit shall have received a copy of the order of Seller's state public utility regulatory commission, as in effect on the appropriate Purchase Date, which set Seller's allowed ROCE.

(i) Credit shall have received Seller's initial Unbilled Receivable schedule in the form attached as Exhibit C.

## VI. ADMINISTRATION AND COLLECTION

6.1 Appointment of Seller for Administration and Collection. Until such time as Credit shall notify Seller of the revocation of such power and authority pursuant to the Agency Agreement, Credit appoints Seller as its agent, upon the terms and conditions set forth in the Agency Agreement, to collect all Receivables.

6.2 Appointment of Another Agent. To the extent Credit, pursuant to the Agency Agreement, may engage an Agent other than Seller to service, administer and collect the Receivables, such Agent shall have all of the rights granted to Credit or to Agent thereunder.

6.3 Responsibilities of Seller. Anything herein or in the Agency Agreement to the contrary notwithstanding:

(a) Seller shall remain responsible and liable to perform all of its duties and obligations under the obligations giving rise to the Receivables, to the extent set forth therein, to the same extent as if such Receivables had not been sold hereunder; provided, however, that upon written notice from Credit to Seller that Credit has appointed an Agent other than Seller, Seller shall not be responsible or liable for those duties and obligations specified by Credit in such notice as being assumed by the new Agent.

(b) Except as set forth in subsection (a) above, neither Credit nor any Agent has any obligation or liability with respect to any Receivables.

#### 6.4 Further Action Evidencing Purchases.

(a) Seller agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be reasonably necessary or desirable or that Credit may reasonably request, in order to perfect, protect or more fully evidence the sales hereunder of Receivables and rights to Collections in respect thereof, or to enable Credit to exercise or enforce any of its rights hereunder. Without limiting the generality of the foregoing, Seller shall upon request of Credit (i) execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or appropriate for the protection of Credit's rights hereunder; and (ii) to the extent not already done, mark its data processing records evidencing all of its Outstanding Receivables with a legend, acceptable to Credit, identifying those Receivables that have been sold in accordance with this Agreement.

(b) Seller hereby authorizes Credit to file one or more financing or continuation statements, and amendments thereto and further assignments thereof relative to all or any of the Receivables and rights in Collections in respect thereof now existing or hereafter arising without the signature of Seller where permitted by law. If Seller shall fail to execute or file any financing or continuation statement, amendment, instrument or notice in accordance with subsection (a) above, Credit may, and is hereby irrevocably appointed attorney-in-fact to execute or file the same on behalf of and in the name of Seller.

(c) If Seller fails to perform any of its agreements or obligations under this Agreement or the Agency Agreement, Credit or any Agent may (but shall not be required to) itself perform, or cause performance of such agreement or obligation, and the reasonable and necessary expenses of Credit incurred in connection therewith shall be payable by Seller upon demand by Credit.

#### 6.5 Depository Account Agreements; AEP Services Account Agreement; Lock-Boxes.

(a) The names and addresses of all Depository Account Banks, together with the account numbers of the Depository Accounts at such Depository Account Banks, are accurately set forth on Exhibit I-A. The name and address of the AEP Services Account Bank, together with the account number of the AEP Services Account are accurately set forth in Exhibit I-C. The addresses and post office box numbers of all Lock-Boxes are accurately set forth on Exhibit I-B. Seller will cause each Depository Account to at all times be subject to a Depository Account Agreement among Credit, itself, the applicable Depository Account Bank and the Administrative Agent. Seller will cause the AEP Services Account to at all times be subject to the AEP Services Account Agreement among Credit, itself, the other "Sellers" (as such term is defined in the Receivables Purchase Agreement), the AEP Services Account Bank and the Administrative Agent. Seller will cause each Lock-Box to at all times be subject to a P.O. Box Transfer Notice. Seller agrees that if any Collections are received by Seller in a bank account other than a

Depository Account, the AEP Services Account or the AEP Utilities Account, such monies, instruments, cash and other proceeds will be immediately remitted to a Depository Account with any necessary endorsement and in any event within one (1) Business Day after identification thereof.

(b) Seller shall deposit all collections in respect of receivables that are not included in the Receivables in an account that is not the Collection Account or the Concentration Account. In the case of any remittances received in any Depository Account that shall have been identified, to the satisfaction of Seller, to not constitute Collections, other proceeds of the Receivables or other amounts owed to the Seller, Seller shall promptly remit such items to the Person identified to it as being the owner of such remittances. Seller shall not permit any funds to be deposited into any Depository Account that do not constitute amounts owed to Seller.

(c) Seller shall (x) instruct all Customers to submit all Collections directly to a Sub-Agent, a Lock-Box, the AEP Utilities Account or a Depository Account to which only amounts owed to Seller are deposited, and (y) instruct all Sub-Agents to submit all Collections directly to a Depository Account to which only amounts owed to Seller are deposited. Seller shall not make any changes to any Depository Account Agreement or the AEP Services Account Agreement or establish any new Lock-Box, a new AEP Services Account or any new Depository Account, or change its instructions to Customers, Sub-Agents or other Persons regarding payments to be made to any Lock-Box or any Depository Account (except for a change in instructions solely for the purpose of directing such Customers, Sub-Agents or other Persons to make such payments to another existing Lock-Box or Depository Account to which only amounts owed to Seller are deposited), unless Credit (or its assigns) has received copies of (x) a duly executed P.O. Box Transfer Notice with respect to such new Lock-Box, (y) a Depository Account Agreement duly executed by Credit, Seller, the Administrative Agent and such new Depository Bank with respect to such new Depository Account, as applicable or (z) a new AEP Services Account Agreement duly executed by Credit, Seller, the other "Sellers" as such term is defined in the Receivables Purchase Agreement, the new AEP Services Account Bank and the Administrative Agent.

(d) Within ten (10) Business Days following the request of Credit after (i) the occurrence and continuation of an Amortization Event or Seller Amortization Event with respect to Seller (as each such term is defined in the Receivables Purchase Agreement) or (ii) the commencement of any Level Two Enhancement Period (as defined in the Receivables Purchase Agreement) with respect to Seller, Seller shall cause each Depository Account to be retitled in the name of "AEP Credit, Inc."

## VII. TERMINATION

7.1 Termination. Either party to this Agreement may terminate this Agreement, together with the Agency Agreement, at any time upon not less than 30-days' written notice to the other party; provided, however that Credit shall have the right to immediately terminate this Agreement by written notice to Seller upon the occurrence of an Event of Bankruptcy. From and after the Termination Date, Credit shall have no further obligation to purchase receivables

hereunder, provided that, commencing on the date 30 days prior to the Termination Date, Credit shall no longer be obligated to purchase Unbilled Receivables hereunder. Except as contemplated in the immediately preceding sentence and in Section 7.2 hereof, termination of this Agreement or the Agency Agreement by either party shall not affect Receivables and rights in the Collections in respect thereof, or the rights and obligations of Credit or Seller with respect thereto, sold to Credit pursuant to this Agreement prior to the date of such termination, and no such termination shall affect either party's obligations to the other under Section 7.2, Article VIII, Section 9.5 and Section 9.6 hereof.

7.2 Termination Procedures. Not less than 30 days prior to the Termination Date (or, in the case of termination by Credit, on the Termination Date), Seller agrees to have accounting procedures that distinguish Receivables and Collections in respect thereof owned by Credit from other receivables and collections, and to maintain such procedures so long as any such Receivables are outstanding. Unless Credit has exercised its rights to appoint an Agent other than Seller under the Agency Agreement, following the Termination Date Seller agrees to collect all Receivables, receive all Collections in respect thereof and otherwise comply with Section 5.1 of the Agency Agreement.

## VIII. INDEMNIFICATION

### 8.1 Indemnities by Seller.

(a) Without prejudice to any other rights which Credit may have hereunder or under applicable law, Seller hereby agrees to indemnify and save harmless Credit from and against any and all damages, losses, claims, liabilities, costs and expenses (including reasonable attorneys fees and disbursements) arising out of or resulting from the breach of any representation or covenant of Seller under this Agreement or the Agency Agreement.

(b) Notwithstanding any other provision of this Agreement or the Agency Agreement, and in furtherance and not in limitation of the foregoing, Seller agrees to pay Credit upon demand any and all amounts necessary to indemnify it and save it harmless from and against any and all damages, losses, claims, liabilities or expenses (including reasonable attorneys' fees and disbursements) awarded against or incurred by it arising out of or as a result of:

- (i) Credit's reliance on any representation or warranty made by or on behalf of Seller under or in connection with this Agreement or the Agency Agreement, in any report from Seller or in any other information delivered by Seller pursuant hereto or thereto, which shall have been false or incorrect when made or deemed made;
- (ii) the failure by Seller to comply with any applicable law, rule or regulation with respect to any of the Receivables, or the nonconformity of any of the Receivables with any such applicable law, rule or regulation;



- (iii) the failure of Seller to perform its duties, covenants or other obligations in accordance with the provisions of this Agreement or the Agency Agreement;
- (iv) any dispute, claim, offset or defense (other than a discharge in bankruptcy of the Customer) of the Customer to the payment of any Receivable (including, without limitation, a defense based on such Receivable not being a legal, valid and binding obligation of such Customer enforceable against it in accordance with its terms);
- (v) the failure to vest in Credit ownership of the Receivables free and clear of any Adverse Claim;
- (vi) the failure to file, or any delay in filing, financing statements, continuation statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Receivables, whether at the time of any purchase of any Receivable or at any subsequent time;
- (vii) any Adverse Claim relating to any Receivable (including, without limitation, the Adverse Claims described in Section 3.1.4 hereof);
- (viii) the commingling of Collections at any time with any other funds;
- (ix) any failure by Seller timely to deliver to Credit or the successor Agent the Collections, books, records, documents or other information which may be required to be delivered pursuant to Section 3.5 of the Agency Agreement;
- (x) any failure by Seller to comply with Section 2.3 hereof when determining the Face Amount of an Outstanding Receivable;
- (xi) any failure by Seller to be duly qualified to do business, and to be in good standing, in every jurisdiction where such qualification was required hereunder or under the Agency Agreement for the enforcement of any Receivable against the applicable Customer;
- (xii) any investigation, litigation or proceeding related to or arising from this Agreement or the Agency Agreement, the transactions contemplated hereby or thereby, the use of the proceeds of any purchase hereunder, the ownership of the Receivables or the Collections or any other investigation, litigation or proceeding relating to the Seller in which Credit becomes involved due to the transactions contemplated hereby or thereby;

- (xiii) any products liability or similar claim arising out of or in connection with merchandise, insurance or services that are the subject of the contract related to any Receivable;
- (xiv) any inability to litigate any claim against any Customer in respect of any Receivable as a result of such Customer being immune from civil and commercial law and suit on the grounds of sovereignty or otherwise from any legal action, suit or proceeding;
- (xv) any action or omission by Seller which reduces or impairs the rights of Credit with respect to any Receivable or the value of any such Receivable; or
- (xvi) any attempt by any Person to void any purchase hereunder under statutory provisions or common law or equitable action.

(c) If Credit or any other Person shall act as Agent pursuant to Section 6.2 hereof and the Agency Agreement, Credit agrees to pay Seller upon demand any and all amounts necessary to indemnify it and save it harmless from and against any and all damages, losses, claims, liabilities or expenses (including reasonable attorneys fees and disbursements) awarded against or incurred by it arising out of or as a result of Credit or such other Person acting as Agent, including but not limited to the following:

- (i) Seller's reliance on any representation made by or on behalf of Credit or such other Person, as Agent, in any report from Credit or such other Person, as Agent, or in any other information delivered by Credit or such other Person, as Agent, pursuant hereto, which shall have been false or incorrect in any material respect when made or deemed made;
- (ii) the failure by Credit or such other Person, as Agent, to comply with any applicable law, rule or regulation with respect to any of the receivables, or the nonconformity of any of the Receivables with any such applicable law, rule or regulation as a result of any action or inaction of Credit or such other Person, as Agent;
- (iii) any failure by Credit, as Agent, to timely deliver to any successor Agent the books, records, documents or other information which may be required to be delivered pursuant to Section 3.5 of the Agency Agreement; or
- (iv) any failure by Credit or such other Person, as Agent, to be duly qualified to do business, and to be in good standing, in every jurisdiction where such qualification was required for the enforcement of any Receivable against the applicable Customer.

(d) Seller shall not be liable for any loss suffered by Credit that is due solely to the financial inability or bad faith failure of any Customer to pay at maturity any amounts due and payable in respect of a Receivable.

8.2 Potential Liabilities. Each party hereto will use its best efforts to identify situations involving possible liability or obligations under this Article VIII (other than Section 8.1(b) hereof) and to determine the amount of any such liability or obligations, and, upon having notice of such situations, it will promptly advise the other party thereof.

8.3 Cooperation in Litigation. Each party hereto agrees to reasonably assist, at the request of the other party, in any action, suit or proceeding brought by or against either party by a third party relating to any of the transactions contemplated by this Agreement and the Agency Agreement, or to the collection of any Outstanding Receivables; provided that, Seller shall reimburse Credit for reasonable expenses (including attorney's fees) if any, incurred by Credit in connection with rendering such assistance. If (a) Seller shall have acknowledged that it is liable for any judgment or expenses in any action, suit or proceeding pursuant to Section 8.1 hereof, and (b) in the sole discretion of Credit, Seller has the financial ability to satisfy such judgment or expenses, then Seller shall have the right, on behalf of Credit, but at Seller's expense, to defend such action, suit or proceeding with counsel selected by it and reasonably acceptable to Credit; provided, however, that no such action shall be settled or compromised without the prior consent of Credit, which consent will not be unreasonably withheld.

## IX MISCELLANEOUS

### 9.1 Amendments, Waivers, Consents, Acknowledgements Etc.

9.1.1 Amendments, Waivers. No amendment or waiver of any provision of this Agreement or the Agency Agreement, nor consent to any departure by either party herefrom or therefrom, shall in any event be effective unless the same be in writing and signed by the other party hereto, then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given. Notwithstanding the foregoing, so long as any Receivables are the subject of the Receivables Purchase Agreement, no amendment or waiver of any of the provisions of this Agreement nor any consent to any departure by Seller herefrom shall be effective without the prior written consent of the Majority Purchasers (as such term is defined in the Receivables Purchase Agreement).

9.1.2 Acknowledgement of Security Interest. Seller (a) acknowledges that the Receivables Purchase Agreement is effective to create in favor of the Administrative Agent for the benefit of the Conduit Purchasers and the Committed Purchasers a security interest in the Receivables and the Collections with respect thereto transferred pursuant to this Agreement, and (b) acknowledges and consents to Credit's assignment to the Administrative Agent for the benefit of the Conduit Purchasers and the Committed Purchasers of all of its right, title and interest in and to this Agreement and the Agency Agreement to the Administrative Agent for the benefit of the Conduit Purchasers and the Committed Purchasers, and agrees that such Persons shall thereupon acquire and succeed to the rights of Credit under this Agreement and the Agency Agreement and shall be permitted to exercise all rights and remedies of Credit hereunder and thereunder (including, without limitation, (i) the right of Credit, at any time, to enforce this

Agreement and the Agency Agreement against Seller and Agent, and (ii) the right, at any time, to give or withhold consents, requests, notices, directions, approvals, demands, extensions, waivers under or with respect to this Agreement or the Agency Agreement or the obligations of Seller and Agent hereunder and thereunder to the same extent as Credit may do); provided, however, that Credit shall nonetheless be permitted to give all consents, requests, notices, directions, approvals, extensions or waivers, if any, which are required or permitted to be given in the normal course of business by the specific terms of this Agreement and the Agency Agreement, to the extent permitted under the Receivables Purchase Agreement.

9.1.3 Consent to Disclosure. Seller consents to the disclosure of any nonpublic information with respect to it by Credit, the Servicer, the Conduit Purchasers, the Committed Purchasers, the Funding Agents and the Administrative Agent (i) to each other, (ii) to any prospective or actual assignee or participant of any of them, (iii) to any rating agency, commercial paper dealer or provider of a surety, guaranty or credit or liquidity enhancement to any of the Conduit Purchasers, (iv) to any officers, directors, employees, outside accountants and attorneys of any of the foregoing, and (v) to any Person pursuant to any law, rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings (whether or not having the force or effect of law). Anything herein to the contrary notwithstanding, each of Credit and Seller and any successor or assign of any of the foregoing (and each employee, representative or other agent of any of the foregoing) may disclose to any and all Persons, without limitation of any kind, the "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated herein and all materials of any kind (including opinions or other tax analyses) that are or have been provided to any of the foregoing relating to such tax treatment or tax structure, and it is hereby confirmed that each of the foregoing have been so authorized since the commencement of discussions regarding the transactions.

9.1.4 AEP Credit. Seller acknowledges that the parties to the Receivables Purchase Agreement are entering into the transactions contemplated by the Receivables Purchase Agreement in reliance upon Credit's identity as a legal entity that is separate from Seller and any affiliates thereof, and covenants and agrees that it will take all reasonable steps including, without limitation, all steps that Credit, the Administrative Agent or any Funding Agent may from time to time reasonably request to maintain Credit's identity as a separate legal entity and to make it manifest to third parties that Credit is an entity with assets and liabilities distinct from those of Seller and any affiliates thereof and not just a division of Seller. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, Seller covenants and agrees that it (i) will not hold itself out to third parties as liable for the debts of Credit nor purport to own the Receivables and other assets acquired by Credit pursuant to this Agreement, (ii) will take all other actions necessary on its part to ensure that Credit is at all times in compliance with the covenants set forth in Section 6.6 of the Receivables Purchase Agreement, and (iii) will cause all tax liabilities arising in connection with the transactions contemplated in this Agreement and the Agency Agreement or otherwise to be allocated between Seller and Credit on an arm's-length basis and in a manner consistent with the procedures set forth in U.S. Treasury Regulations §§1.1502-33(d) and 1.1552-1.

9.2 Notices, Etc. All notices and other communications required or permitted hereunder shall, unless otherwise stated herein, be in writing and mailed or delivered, as to each party hereto, at such party's address specified below:

(a) If to Credit:

By courier or telecopy:  
AEP Credit, Inc.  
Treasury Department  
1616 Woodall Rodgers Freeway  
Dallas, Texas 75202  
Fax: (214) 777-1223

By Mail:  
AEP Credit, Inc.  
Treasury Department  
P. O. Box 660164  
Dallas, Texas 75266-0164

(b) If to Seller:

Notice Address  
Kingsport Power Company  
Finance Department  
1 Riverside Plaza  
Columbus, OH 43215

Location of Books & Records  
Kingsport Power Company  
301 Cleveland Avenue, S.W.  
Canton, OH 44702

Fax: (614) 716-2807

or at such other address as shall be designated by such party in a written notice to the other party hereto. All such notices and communications shall be deemed to have been duly given when delivered to the addressees at the appropriate addresses specified above.

9.3 No Waiver; Remedies. No failure on the part of either party hereto to exercise, and no delay in exercising, any right hereunder or under the Agency Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder or under the Agency Agreement preclude any other or further exercise thereof or the exercise of any other right. The remedies provided herein or in the Agency Agreement are cumulative and not exclusive of any remedies provided by law.

9.4 Binding Effect. This Agreement shall be binding upon and inure to the benefit of Credit and Seller, and their respective successors and assigns, except that the Seller may not assign its rights or obligations hereunder without the prior written consent of Credit. Credit may assign its rights or obligations hereunder in connection with any financing transaction relating to the Receivables without the consent of Seller.

9.5 Costs, Expenses and Taxes. In addition to the rights of indemnification granted to Credit under Article VIII hereof, Seller agrees to pay on demand all reasonable costs and expenses, if any (including reasonable attorneys fees and expenses), in connection with the negotiation, review, preparation, amendment, enforcement and release of this Agreement, the Agency Agreement, and the other documents and instruments to be delivered by it hereunder and thereunder. In addition, Seller agrees to pay any and all stamp and other taxes (other than

income taxes) and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement, the Agency Agreement, or such other documents and instruments to be delivered by it hereunder or under the Agency Agreement, and the assignment of Receivables hereunder, and agrees to save Credit harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

**9.6 Operating Expense Payment.** In addition to the costs, expenses and taxes specified in Section 9.5 hereof, Seller shall pay Credit for incidental operating expenses associated with the general operations of Credit and permitted to be included in the discount factor of Receivables purchased hereunder pursuant to the SEC Order (as defined below), including, without limitation, consolidated tax savings, line of credit fees, franchise taxes and other expenses of like character, but excluding, in any event, charges or expenses representing charge offs or carrying costs with respect to Receivables purchased hereunder. The amount of such operating expenses for any month shall be calculated by Credit, and communicated to Seller, no later than the twentieth working day of the following month along with appropriate supporting documentation, with the amount thereof paid either in cash or netted against the Purchase Price on the following fifth business day of the calendar month. The "**SEC Order**" shall mean the order of the Securities and Exchange Commission dated March 11, 1997 (Release No. 35-26684), as the same may be supplemented, amended or modified.

**9.7 Execution in Counterparts.** This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

**9.8 Separability Clause.** Any provisions of this Agreement which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

**9.9 No Petition: Set-Off.** Seller hereby irrevocably and unconditionally waives all right of set-off that it may have under contract (including this Agreement), applicable law or otherwise with respect to any property, funds or monies of Credit at any time held by or in the possession of Seller.

**9.10 CONTROLLING LAW; WAIVER OF JURY TRIAL. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. EACH OF SELLER AND CREDIT HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers hereto duly authorized, as of the date first above written.

AEP CREDIT, INC.

By: Wendy G. Hargus  
Name: Wendy G. Hargus  
Title: Assistant Treasurer

KINGSPORT POWER COMPANY

By: Susan Tomasky  
Name: Susan Tomasky  
Title: Vice President



**TENNESSEE PUBLIC UTILITY COMMISSION  
PETITION OF  
Kingsport Power Company  
DOCKET NO. TPUC 21-00107 Rate Case Discovery  
Data Requests and Requests for the Production  
of Documents by the THE CONSUMER PROTECTION AND ADVOCATE DIVISION OF  
THE ATTORNEY GENERAL'S OFFICE  
CA Supp. Set 2  
To Kingsport Power Company**

**Data Request CA 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 CA 2-77:**

Project 000001121 is for Corporate Memberships.

**TENNESSEE PUBLIC UTILITY COMMISSION  
PETITION OF  
Kingsport Power Company  
DOCKET NO. TPUC 21-00107 Rate Case Discovery  
Data Requests and Requests for the Production  
of Documents by the THE CONSUMER PROTECTION AND ADVOCATE DIVISION OF  
THE ATTORNEY GENERAL'S OFFICE  
CA Supp. Set 2  
To Kingsport Power Company**

**Data Request CA 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 CA 2-78:**

- a. Yes.
- b. See CA 2-78 Attachment 1 for the Commission's approval in 2015 of Kingsport Power's request for "optional Home Warranty Programs to be offered to Kingsport customers by HomeServe USA Corporation as set forth in the Petition." As stated in the Company's 2015 Petition in Docket No. 15-00064, "revenue derived by Kingsport will be dedicated to reduce the costs of residential service, and as such, will reduce the amount of revenues collected from Kingsport's residential customers."
- c. See CA 2-78 Attachment 2 for the requested GL detail by account included in the requested cost of service inclusive of \$110,925 of revenues in Account 456 related to the Home Warranty Program.

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**November 3, 2015**

**IN RE:**

**PETITION OF KINGSPORT POWER COMPANY D/B/A  
APPALACHIAN POWER FOR APPROVAL OF HOME  
WARRANTY PROGRAMS**

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**DOCKET NO.  
15-00064**

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**ORDER GRANTING PETITION FOR APPROVAL  
OF HOME WARRANTY PROGRAMS**

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This matter came before Chairman Herbert H. Hilliard, Director Kenneth C. Hill and Director Robin Morrison of the Tennessee Regulatory Authority (“TRA” or the “Authority”), the voting panel assigned to this Docket, at a regularly scheduled Authority Conference held on October 19, 2015 for consideration of the *Petition for Approval of Home Warranty Programs* (“*Petition*”) filed on June 1, 2015 by Kingsport Power Company d/b/a AEP Appalachian Power (“Kingsport” or “Company”).

**BACKGROUND AND PETITION**

Kingsport is a Virginia corporation with its principal office in the City of Kingsport, Tennessee, and is engaged in the business of furnishing electric power service to approximately 47,000 retail customers in its service delivery area, which includes the City of Kingsport, Tennessee, and portions of the Town of Mt. Carmel, Tennessee and Sullivan, Washington and Hawkins Counties in Tennessee. Kingsport is a wholly-owned subsidiary of American Electric Power Company (“AEP”), a New York corporation. American Electric Power Service Corporation (“AEPSC”) is a wholly-owned subsidiary of AEP that provides managerial,

administrative, supervisory, accounting, financial, legal, technical and other services to Kingsport and other AEP public utility subsidiaries, pursuant to a service agreement.

On June 1, 2015, Kingsport filed the *Petition* seeking Authority approval to offer home warranty programs to its customers by HomeServe USA Corp. (“HomeServe”). According to the *Petition*, HomeServe is a Pennsylvania corporation which is not affiliated with Kingsport, AEP or AEPSC. HomeServe will offer Kingsport’s customers the opportunity to purchase optional home warranty programs which are designed to cover exterior and interior electrical lines, heating and cooling systems, water heaters, exterior water and sewer/septic tank service lines, interior plumbing and drainage systems, surge protection and other systems as appropriate. Kingsport, however, will not provide warranty or repair services to its customers in connection with the home warranty programs.<sup>1</sup>

On June 25, 2015, the Consumer Advocate and Protection Division of the Office of the Attorney General (“Consumer Advocate”) filed a *Petition to Intervene*. At the regularly-scheduled Authority Conference held on June 29, 2015, the voting panel assigned to this docket voted unanimously to convene a contested case proceeding and appoint the Authority’s general counsel or her designee to act as Hearing Officer to prepare the matter for hearing before the panel on the merits.<sup>2</sup> The Hearing Officer granted the Consumer Advocate’s *Petition to Intervene* on August 14, 2015.<sup>3</sup>

On September 29, 2015, Kingsport made a supplemental filing of revised marketing materials related to the proposed home warranty program. According to the Company, these

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<sup>1</sup> *Petition*, pp. 1-2 (June 1, 2015).

<sup>2</sup> See *Order Convening a Contested Case and Appointing a Hearing Officer* (July 6, 2015).

<sup>3</sup> See *Order Granting Consumer Advocate’s Petition to Intervene* (August 14, 2015).

revisions grew out of discussions with the Consumer Advocate and were made in anticipation of the Consumer Advocate's agreement to not oppose Kingsport's *Petition*.<sup>4</sup>

On September 30, 2015, the Consumer Advocate filed a letter stating that it would not oppose Kingsport's *Petition*. In the letter, however, the Consumer Advocate states it disfavors such programs because they raise certain consumer protection concerns and notes that the Company is not absolved from potential liability under the Tennessee Consumer Protection Act and/or other state or federal laws.<sup>5</sup>

The panel conducted a Hearing in this matter at the regularly scheduled Authority Conference held on October 19, 2015. The Hearing was duly noticed by the Authority on October 9, 2015. At the Hearing, Kingsport presented its *Petition* and a potential witness was available for questions by the panel and Authority Staff. The Consumer Advocate affirmed that it did not oppose the *Petition*. No member of the public sought to comment on the *Petition*.

### **FINDINGS AND CONCLUSIONS**

At the conclusion of the Hearing, based upon the administrative record, the panel voted unanimously to approve the proposed optional Home Warranty Programs to be offered to Kingsport customers by HomeServe USA Corporation as set forth in the *Petition*, subject to the following conditions:

1. The Company shall account for its financial activities related to the HomeServe warranty programs in accordance with the Uniform System of Accounts;
2. All charges billed to customers for HomeServe warranty programs shall be clearly identified as nonregulated charges and shall be set forth separately in a nonregulated services section of the customer's bill;

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<sup>4</sup> *Supplemental Filing of Revised Marketing Materials of Home Warranty Program*, p. 1 (September 28, 2015).

<sup>5</sup> Letter from Erin Merrick to Chairman Herbert H. Hilliard, pp. 1, 3-4 (September 30, 2015).

3. Unless otherwise expressly stated by the customer, any partial payment of a total bill shall be applied first to the billed regulated electric charges, with the remaining portion, if any, applied to the billed nonregulated charges; and

4. The Company shall include a message on customers' bills stating that the HomeServe warranty programs are optional and do not have to be purchased in order to receive electric service; that HomeServe is not affiliated with the Company; that HomeServe is not regulated by the Tennessee Regulatory Authority; and that failure to pay the nonregulated charges for the HomeServe warranty programs will not affect the customer's electric service or cause the customer's electric service to be terminated.

The panel further clarified that the Authority's approval of the *Petition* shall not be construed as any endorsement or recommendation of the home warranty programs offered to Kingsport customers; that the Authority's approval does not constitute an invitation or permission to market the home warranty programs to Kingsport customers through telephone or fax solicitations; and that the Authority's approval is not intended and does not create a business relationship between HomeServe USA and Kingsport customers.

**IT IS THEREFORE ORDERED THAT:**

1. Kingsport Power Company d/b/a AEP Appalachian Power's *Petition for Approval of Home Warranty Programs* is approved, subject to the following conditions:
  - a. Kingsport Power Company shall account for its financial activities related to the HomeServe warranty programs in accordance with the Uniform System of Accounts;
  - b. All charges billed to customers for HomeServe warranty programs shall be clearly identified as nonregulated charges and shall be set forth separately in a nonregulated services section of the customer's bill;

c. Unless otherwise expressly stated by the customer, any partial payment of a total bill shall be applied first to the billed regulated electric charges, with the remaining portion, if any, applied to the billed nonregulated charges; and

d. Kingsport Power Company shall include a message on customers' bills stating that the HomeServe warranty programs are optional and do not have to be purchased in order to receive electric service; that HomeServe is not affiliated with Kingsport Power Company; that HomeServe is not regulated by the Tennessee Regulatory Authority; and that failure to pay the nonregulated charges for the HomeServe warranty programs will not affect the customer's electric service or cause the customer's electric service to be terminated.

2. The Authority's approval of the *Petition* shall not be construed as any endorsement or recommendation of the home warranty programs offered to Kingsport Power Company customers.

3. The Authority's approval of the *Petition* does not constitute an invitation or permission to market the home warranty programs to Kingsport Power Company customers through telephone or fax solicitations.

4. The Authority's approval is not intended and does not create a business relationship between HomeServe USA Corp. and Kingsport Power Company customers.

**Chairman Herbert H. Hilliard, Director Kenneth C. Hill and Director Robin Morrison concur.**

**ATTEST:**

  
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**Earl R. Taylor, Executive Director**

Unit	Period	Year	Account	Descr	Dept	Amount	PC Bus Unit	W/O	Project	Journal ID	Line Descr
230	1	2021	9302007	Record JE Reclass Corrections	10752	6.00	DISTR	AE01551101	HWARRANTY	AJEREC5505	O&M WO Correction
230	1	2021	9302007	Record JE Reclass Corrections	10752	0.40	DISTR	AE01551101	HWARRANTY	AJEREC5505	O&M WO Correction
230	2	2021	9302007	Record JE Reclass Corrections	10752	11.10	DISTR	AE01551101	HWARRANTY	AJEREC5288	O&M WO Correction
230	2	2021	9302007	Record JE Reclass Corrections	10752	0.88	DISTR	AE01551101	HWARRANTY	AJEREC5288	O&M WO Correction
230	3	2021	9302007	Record JE Reclass Corrections	10752	7.80	DISTR	AE01551101	HWARRANTY	AJEREC0202	O&M WO Correction
230	3	2021	9302007	Record JE Reclass Corrections	10752	0.64	DISTR	AE01551101	HWARRANTY	AJEREC0202	O&M WO Correction
230	4	2021	9302007	Record JE Reclass Corrections	10752	0.40	DISTR	AE01551101	HWARRANTY	AJEREC2324	O&M WO Correction
230	4	2021	9302007	Record JE Reclass Corrections	10752	6.45	DISTR	AE01551101	HWARRANTY	AJEREC2324	O&M WO Correction
230	5	2021	9302007	Record JE Reclass Corrections	10752	0.08	DISTR	AE01551101	HWARRANTY	AJEREC5996	O&M WO Correction
230	5	2021	9302007	Record JE Reclass Corrections	10752	5.55	DISTR	AE01551101	HWARRANTY	AJEREC5996	O&M WO Correction
230	6	2021	9302007	Record JE Reclass Corrections	10752	0.64	DISTR	AE01551101	HWARRANTY	AJEREC2981	O&M WO Correction
230	6	2021	9302007	Record JE Reclass Corrections	10752	6.75	DISTR	AE01551101	HWARRANTY	AJEREC2981	O&M WO Correction
230	7	2020	9302007	Record JE Reclass Corrections	10752	7.50	DISTR	AE01551101	HWARRANTY	AJEREC3025	O&M WO Correction
230	7	2020	9302007	Record JE Reclass Corrections	10752	0.64	DISTR	AE01551101	HWARRANTY	AJEREC3025	O&M WO Correction
230	8	2020	9302007	Record JE Reclass Corrections	10752	9.30	DISTR	AE01551101	HWARRANTY	AJEREC2463	O&M WO Correction
230	8	2020	9302007	Record JE Reclass Corrections	10752	1.28	DISTR	AE01551101	HWARRANTY	AJEREC2463	O&M WO Correction
230	9	2020	9302007	Record JE Reclass Corrections	10752	0.88	DISTR	AE01551101	HWARRANTY	AJEREC5491	O&M WO Correction
230	9	2020	9302007	Record JE Reclass Corrections	10752	7.50	DISTR	AE01551101	HWARRANTY	AJEREC5491	O&M WO Correction
230	10	2020	9302007	Record JE Reclass Corrections	10752	7.65	DISTR	AE01551101	HWARRANTY	AJEREC1895	O&M WO Correction
230	10	2020	9302007	Record JE Reclass Corrections	10752	0.96	DISTR	AE01551101	HWARRANTY	AJEREC1895	O&M WO Correction
230	11	2020	9302007	Record JE Reclass Corrections	10752	8.25	DISTR	AE01551101	HWARRANTY	AJEREC8105	
230	11	2020	9302007	Record JE Reclass Corrections	10752	0.80	DISTR	AE01551101	HWARRANTY	AJEREC8105	
230	12	2020	9302007	Record JE Reclass Corrections	10752	0.48	DISTR	AE01551101	HWARRANTY	AJEREC4997	O&M WO Correction
230	12	2020	9302007	Record JE Reclass Corrections	10752	5.25	DISTR	AE01551101	HWARRANTY	AJEREC4997	O&M WO Correction

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Unit	Period	Year	Account	Descr	Dept	Amount	PC Bus Unit	W/O	Project	Journal ID	Line Descr
230	1	2021	9040007	To record Home Warranty progra	10550	39.12	DISTR	G0000230	HWARRANTY	CADHMWAR	Home Warranty Bad Debt
230	2	2021	9040007	To record Home Warranty progra	10550	930.75	DISTR	G0000230	HWARRANTY	CADHMWAR	Home Warranty Bad Debt
230	3	2021	9040007	To record Home Warranty progra	10550	242.92	DISTR	G0000230	HWARRANTY	CADHMWAR	Home Warranty Bad Debt
230	4	2021	9040007	To record Home Warranty progra	10550	60.74	DISTR	G0000230	HWARRANTY	CADHMWAR	Home Warranty Bad Debt
230	5	2021	9040007	To record Home Warranty progra	10550	147.38	DISTR	G0000230	HWARRANTY	CADHMWAR	Home Warranty Bad Debt
230	6	2021	9040007	To record Home Warranty progra	10550	136.37	DISTR	G0000230	HWARRANTY	CADHMWAR	Home Warranty Bad Debt
230	7	2020	9040007	To record Home Warranty progra	10550	152.34	DISTR	G0000230	HWARRANTY	CADHMWAR	Home Warranty Bad Debt
230	8	2020	9040007	To record Home Warranty progra	10550	60.58	DISTR	G0000230	HWARRANTY	CADHMWAR	Home Warranty Bad Debt
230	9	2020	9040007	To record Home Warranty progra	10550	189.14	DISTR	G0000230	HWARRANTY	CADHMWAR	Home Warranty Bad Debt
230	10	2020	9040007	To record Home Warranty progra	10550	52.29	DISTR	G0000230	HWARRANTY	CADHMWAR	Home Warranty Bad Debt
230	11	2020	9040007	To record Home Warranty progra	10550	309.43	DISTR	G0000230	HWARRANTY	CADHMWAR	Home Warranty Bad Debt
230	12	2020	9040007	To record Home Warranty progra	10550	140.04	DISTR	G0000230	HWARRANTY	CADHMWAR	Home Warranty Bad Debt

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Unit	Period	Year	Account	Descr	Dept	Amount	PC Bus Unit	W/O	Project	Journal ID	Line Descr
230	1	2021	4560015	To record Home Warranty progra	10550	(9,251.66)	DISTR	AR01551101	HWARRANTY	CADHMMWAR	Home Warranty Billing
230	1	2021	4560015	Intercompany Billing	99920	(74.70)	DISTR	AR01551101	HWARRANTY	INTCOM2080	Intercompany Billing
230	2	2021	4560015	Intercompany Billing	99920	(30.00)	DISTR	AR01551101	HWARRANTY	INTCOM9193	Intercompany Billing
230	2	2021	4560015	To record Home Warranty progra	10550	(9,341.63)	DISTR	AR01551101	HWARRANTY	CADHMMWAR	Home Warranty Billing
230	3	2021	4560015	To record Home Warranty progra	10550	(9,420.71)	DISTR	AR01551101	HWARRANTY	CADHMMWAR	Home Warranty Billing
230	4	2021	4560015	To record Home Warranty progra	10550	(9,428.71)	DISTR	AR01551101	HWARRANTY	CADHMMWAR	Home Warranty Billing
230	4	2021	4560015	Intercompany Billing	99920	104.70	DISTR	AR01551101	HWARRANTY	INTCOM6426	Intercompany Billing
230	5	2021	4560015	To record Home Warranty progra	10550	(9,467.01)	DISTR	AR01551101	HWARRANTY	CADHMMWAR	Home Warranty Billing
230	6	2021	4560015	To record Home Warranty progra	10550	(9,609.01)	DISTR	AR01551101	HWARRANTY	CADHMMWAR	Home Warranty Billing
230	7	2020	4560015	To record Home Warranty progra	10550	(8,620.08)	DISTR	AR01551101	HWARRANTY	CADHMMWAR	Home Warranty Billing
230	7	2020	4560015	Intercompany Billing	99920	(95.85)	DISTR	AR01551101	HWARRANTY	INTCOM8784	Intercompany Billing
230	8	2020	4560015	Intercompany Billing	99920	(116.10)	DISTR	AR01551101	HWARRANTY	INTCOM5427	Intercompany Billing
230	8	2020	4560015	To record Home Warranty progra	10550	(8,828.58)	DISTR	AR01551101	HWARRANTY	CADHMMWAR	Home Warranty Billing
230	9	2020	4560015	To record Home Warranty progra	10550	(8,819.36)	DISTR	AR01551101	HWARRANTY	CADHMMWAR	Home Warranty Billing
230	9	2020	4560015	Intercompany Billing	99920	(142.65)	DISTR	AR01551101	HWARRANTY	INTCOM3110	Intercompany Billing
230	10	2020	4560015	To record Home Warranty progra	10550	(9,062.23)	DISTR	AR01551101	HWARRANTY	CADHMMWAR	Home Warranty Billing
230	10	2020	4560015	Intercompany Billing	99920	(59.40)	DISTR	AR01551101	HWARRANTY	INTCOM1090	Intercompany Billing
230	11	2020	4560015	Intercompany Billing	99920	(180.90)	DISTR	AR01551101	HWARRANTY	INTCOM6866	Intercompany Billing
230	11	2020	4560015	To record Home Warranty progra	10550	(9,174.52)	DISTR	AR01551101	HWARRANTY	CADHMMWAR	Home Warranty Billing
230	12	2020	4560015	To record Home Warranty progra	10550	(9,253.41)	DISTR	AR01551101	HWARRANTY	CADHMMWAR	Home Warranty Billing
230	12	2020	4560015	Intercompany Billing	99920	(53.10)	DISTR	AR01551101	HWARRANTY	INTCOM4274	Intercompany Billing

(110,924.91)

**TENNESSEE PUBLIC UTILITY COMMISSION  
PETITION OF  
Kingsport Power Company  
DOCKET NO. TPUC 21-00107 Rate Case Discovery  
Data Requests and Requests for the Production  
of Documents by the THE CONSUMER PROTECTION AND ADVOCATE DIVISION OF  
THE ATTORNEY GENERAL'S OFFICE  
CA Supp. Set 2  
To Kingsport Power Company**

**Data Request CA 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 CA 2-79:**

This response contains confidential information and is being provided pursuant to the Protective Order dated September 17, 2021 in this docket.

Please see CA 2-79 Confidential Attachments 1 through 3 for examples of the "Corporate and Informational" advertisements noted in Company's response to CA 1-137. Of the amounts shown on these 3 examples, Kingsport was billed \$1,298.93.

CA 2-79 Confidential Attachments 1 through 3  
CONFIDENTIAL – PRODUCED SUBJECT TO PROTECTIVE ORDER

**TENNESSEE PUBLIC UTILITY COMMISSION  
PETITION OF  
Kingsport Power Company  
DOCKET NO. TPUC 21-00107 Rate Case Discovery  
Data Requests and Requests for the Production  
of Documents by the THE CONSUMER PROTECTION AND ADVOCATE DIVISION OF  
THE ATTORNEY GENERAL'S OFFICE  
CA Supp. Set 2  
To Kingsport Power Company**

**Data Request CA 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 CA 2-80:**

Please see the Company's response to CA 1-129, Use of Corporate Aircraft Policy. Not dissimilar to the Tennessee Guidelines for the Use of State Aircraft (November 15, 2005, paragraph I.B.), the policy recognizes the value of executives' and senior employees' time. Similarly, policies have strict limitations on the use of the aircraft to ensure they are employed economically.