

S. Morris Hadden
William C. Bovender
William C. Argabrite
Jimmie Carpenter Miller
Mark S. Dessauer
Gregory K. Haden
Michael L. Forrester
Stephen M. Darden
Edward J. Webb, Jr.
James N. L. Humphreys
Suzanne Sweet Cook
Michael S. Lattier
Scott T. Powers

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

HUNTER·SMITH·DAVIS
SINCE 1916 LLP

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

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

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

**Of Counsel*

www.hdsdlaw.com

KPOW-10311

November 17, 2021

VIA EMAIL (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
TO OPEN A DOCKET AND ISSUE A
PROTECTIVE ORDER IN ADVANCE OF FILING
OF A GENERAL RATE CASE IN THE DOCKET
SO OPENED
DOCKET NO.: 21-00107

Dear Chairman Hill:

We are, at this time, electronically filing the PETITION OF KINGSFORT POWER d/b/a AEP APPALACHIAN POWER GENERAL RATE CASE, along with the Attestation of Christian T. Beam, President and COO of Kingsport Power.

By overnight delivery, the original and six hard copies of the Petition and Attestation will be forwarded to the TPUC office.

Please note that, with the pre-approval of TPUC staff, we are utilizing Kingsport's iManage Cloud based file sharing platform which has been set up for this proceeding to make available to TPUC, the Consumer Advocate and the public; commencing on November 18, 2021:

- (a) electronic pre-filed testimony and exhibits

<https://www.imanageshare.com/f/77JbdIeEUEK>

- (b) responses to 84 Minimum Filing Requirements

<https://www.imanageshare.com/f/34cS573ATgW>

Moreover, there are both public and confidential versions of the information being supplied. TPUC has access to both versions. The Consumer Advocate which is receiving two hard copies on November 18, 2021, will have access to confidential information upon their intervention in the Docket and agreement to adhere to the terms and conditions of the Protective Order.

Should there be any questions, please contact us.

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.)
Edward L. Petrini, Esq. (w/enc.)
Rachel Bowen, Esq. (w/enc.)
Karen H. Stachowski, Esq. (w/enc.)
James R. Bacha, Esq. (w/enc.)

Via Email: Kelly.Grams@tn.gov

Via Email: david.foster@tn.gov

Via Email: monica.smith-ashford@tn.gov

Via Email: mquinan@t-mlaw.com

Via Email: epetrini@cblaw.com

Via Email: Rachel.Bowen@ag.tn.gov

Via Email: Karen.Stachowski@ag.tn.gov

Via Email: jrbacha@aep.com

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

IN RE:

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

DOCKET NO.: 21-00107

Comes Petitioner, Kingsport Power Company, d/b/a AEP Appalachian Power (“Kingsport” or “KgPCo”), and, pursuant to T.C.A. § 65-5-101 and § 65-5-103, and the Rules and Regulations of the Tennessee Public Utility Commission (“TPUC”), requests that the TPUC approve this Petition relative to adjustments to its rates and charges for the provision of electric service and put into effect revised tariffs. In support hereof, KgPCo would show the following:

1. It is represented that any notice or communication with respect to this or any related Petition be sent to the following:

A. William K. Castle, Director, Regulatory Services VA/TN
Appalachian Power Company
Three James Center
Suite 1100 1051 E. Cary Street
Richmond, VA 23219-4029
Ph: (804) 698-5540
Email: wkcastle@aep.com

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

C. James R. Bacha, Esq.
American Electric Power Service Corporation
1 Riverside Plaza
Columbus, Ohio 43215
Ph: (614) 716-1615
Email: jrbacha@aep.com

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

2. Kingsport is a Virginia corporation with its principal office located in Kingsport, Sullivan County, Tennessee. It is engaged in the business of distributing electric power to approximately 50,000 customers in its service area which includes parts of Sullivan, Washington and Hawkins Counties, Tennessee, the City of Kingsport, Tennessee, and the Town of Mount Carmel, Tennessee. KgPCo purchases all of its electric power requirements from Appalachian Power Company, whose rates and charges are subject to the jurisdiction of the Federal Energy Regulatory Commission.

3. In this Petition, KgPCo requests an increase in its base rates to reflect, among other items, current and proposed levels of capital investment and expenses, including the current and proposed level of TRP capital expenditures and the test year level of TRP expenses; inclusion of an average level of major storm expenses; updates to certain other costs and recovery of deferred pandemic expenses; and various tax adjustments to reflect current circumstances.

4. KgPCo's current base rates were established in a proceeding before the Tennessee Regulatory Authority, predecessor of the TPUC, in 2016. KgPCo's existing rates are not adequate to permit it an opportunity to recover its reasonable operating costs and to earn a fair

and reasonable rate of return on its investment. In order for KgPCo to maintain its facilities and provide services in accordance with the requirements of its customers and the requirements of the TPUC, attract capital on terms which are reasonable, and to produce a reasonable rate of return, KgPCo must be granted a general increase in its rates. As supported by the information contained in this filing, Kingsport is requesting a rate increase in base rates of approximately \$14.4 million. Because the Company is also proposing to reset its TRP & MS Rider rates to \$0, the net increase to customers is approximately \$ 6.9 million.

5. KgPCo continues to operate very efficiently; yet, it is not achieving a fair return on its investment with the rates currently in effect. KgPCo's rate of return on rate base after adjustments and assignments, as of June, 2021, was -0.83%. Such a return is not fair and reasonable.

6. KgPCo seeks approval of a base rate increase of approximately \$14.4 million. Due to the reset of TRP & MS Rider rates to 0, the increase to the total bill of a residential customer using 1500 kWh would be approximately \$10.21 per month in the first year, or 7.0%.

7. The requested rate increase would provide a projected rate of return of 6.36% on an adjusted total rate base of approximately \$147.0 million, and a 10.2% rate of return on common equity.

8. In support of the request for an increase in base rates, submitted herewith are EXHIBITS including KgPCo's consolidated income statement as reflected on KgPCo's books for the twelve months ending June 30, 2021, in EXHIBIT No. 1(AWA). KgPCo also submits its consolidated balance sheets, in EXHIBIT No. 2(AWA). KgPCo proposes setting rates based on a test year ending June 31, 2021, with certain adjustments through the rate year ending December 31, 2022. Each going level adjustment proposed by KgPCo is listed in EXHIBIT

No. 3(AWA). The adjustments are grouped into revenue, expense, and rate base categories and further grouped into sub-categories such as operating revenues, operation and maintenance expenses, depreciation and amortization expenses, federal income taxes, and utility plant in service.

9. KgPCo has three recovery mechanisms the FTRAR, FPPAR and TRP & MS that are adjusted annually. The Company proposes that the riders will continue to operate as they currently do but the TRP & MS recovery mechanism will require an adjustment to reflect the respective level of such costs in base rates, approved in this proceeding. The Company is proposing to set the FTRAR rider to 0%.

10. KgPCo proposes to make the rates set forth in its proposed tariff which is KgPCo Exhibit No. 3(WKC) to the direct testimony of William K. Castle and Minimum Filing Requirement Five effective, on a service rendered basis on and after July 1, 2022, and respectfully requests that the Commission establish a procedural schedule in this matter designed to effectuate such result.

In support of the Petition, KgPCo submits herewith responses to the eighty-four Minimum Filing Requirements and the pre-filed testimony and exhibits of the following witnesses:

(A) William K. Castle

(B) Franz D. Messner

(C) Aaron D. Walker

(D) A. Wayne Allen

(E) Jason A. Cash

(F) Jessica M. Criss

(G) Eleanor K. Keeton

(H) Karen M. Johnston

(I) Michael H. Ward

(J) Katharine I. Walsh


As discussed with both the TPUC's Staff and the Consumer Advocate, KgPCo is also making its responses to the eighty-four Minimum Filing Requirements available to Staff, the Consumer Advocate and other respondents, in both electronic EXCEL and PDF format, by means of folders in the iManage Cloud-based file sharing platform set up for this proceeding. The platform contains two folders-one for public information and one for confidential information. The public information, including redacted version of confidential information, will be made available to individuals that request access to the following link:
<https://www.imanageshare.com/f/34cS573ATgW>. Respondents that agree to adhere to the provisions of the Protective Ruling issued in this Docket on September 17, 2021, will be provided access to the confidential folder.

WHEREFORE, Petitioner Kingsport Power Company d/b/a AEP Appalachian Power requests that the TPUC:

1. Docket this submittal and schedule the proceeding for hearing;
2. Grant KgPCo's request to increase its base rates as discussed herein;
3. Approve KgPCo's Tariff No. 3, including its revised Terms and Conditions of Service, as filed;
4. Resolve issues set forth in this Petition; and
5. Grant such further and other relief as the TPUC finds appropriate.

Respectfully submitted,

**KINGSPORT POWER COMPANY d/b/a AEP
APPALACHIAN POWER**

By: 
William C. Bovender, Esq. (BPR #000751)
HUNTER, SMITH & DAVIS, LLP
1212 N. Eastman Road
P. O. Box 3740
Kingsport, TN 37664
(423) 378-8858; Fax: (423) 378-8801
Email: bovender@hsdlaw.com

OF COUNSEL:

James R. Bacha, Esq. (VSB #74536)
American Electric Power Service Corporation
1 Riverside Plaza
Columbus, OH 43215
(614) 716-1615; Fax: (614) 716-2950
Email: jrbacha@aep.com

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

*Attorneys for Kingsport Power Company
d/b/a AEP Appalachian Power*

VERIFICATION

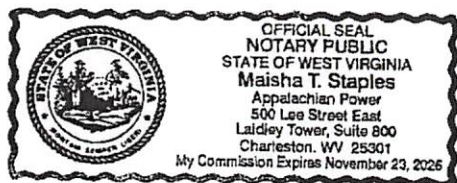
I, **CHRISTIAN T. BEAM**, on behalf of Kingsport Power Company d/b/a AEP Appalachian Power ("Kingsport"), being duly sworn, state that: I am **President & COO** of Kingsport; the facts and allegations contained in the foregoing Petition are true, except so far as they are therein stated to be upon information, and that so far as they are therein stated to be upon information, I believe them to be true; and, as representative of Kingsport, I am signing on behalf thereof.



STATE OF WEST VIRGINIA)

CITY/COUNTY OF KANAWHA)

Before me, a Notary Public in and for the aforesaid jurisdiction, personally appeared **CHRISTIAN T. BEAM**, who, being by me first duly sworn, did depose and say that he/she is a **President & COO** of Kingsport Power Company d/b/a AEP Appalachian Power, that he/she has read the foregoing Petition and knows the contents thereof and that the facts therein stated are true to the best of his/her knowledge and belief. Subscribed and sworn to before me this 12th day of November, 2021.




NOTARY PUBLIC

My Commission Expires: November 23, 2026