

**DIRECT TESTIMONY OF
A. WAYNE ALLEN
ON BEHALF OF KINGSPORT POWER COMPANY
D/B/A AEP APPALACHIAN POWER
BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
DOCKET NO. 21-00107**

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION.**

2 A. My name is A. Wayne Allen. My business address is 1 Riverside Plaza,
3 Columbus, Ohio 43215. I am an Accounting Senior Manager for AEPSC, a
4 wholly owned subsidiary of AEP. AEP is the parent company of KgPCo.

5 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND EMPLOYMENT**
6 **BACKGROUND.**

7 A. I graduated summa cum laude with a Bachelor of Science Degree in Accounting
8 from Radford University in 1985. I received a Master of Business Administration
9 Degree with a concentration in Finance from Virginia Polytechnic Institute and
10 State University (Virginia Tech) in 1988. I was employed at Bell Atlantic (now
11 Verizon Communications) in 1988 as an assistant manager in the Corporate
12 Accounting department. In 1990, I joined Appalachian Power Company (APCo)
13 in Roanoke, Virginia as an Associate Staff Accountant. In 1995, I was promoted
14 to Staff Accountant, with my primary responsibility being the development of
15 accounting information for base rate case filings in Virginia and West Virginia
16 including the preparation of schedules and ratemaking adjustments and the
17 development of jurisdictional federal income taxes. In 1998, I transferred to the
18 Regulatory Services department of APCo as a Rate Analyst. My responsibilities
19 included the development of jurisdictional cost of service studies and associated

1 allocation factors for APCo. In 2000, I transferred to the AEPSC as a Staff
2 Accountant in the Accounting Policy and Research department where I was
3 responsible for researching Generally Accepted Accounting Principles (GAAP),
4 developing the accounting for new transactions and designing accounting policies.
5 In 2002, I joined the Regulatory Accounting Services Department of Corporate
6 Accounting as a Staff Assistant and in 2004, I was promoted to the position of
7 Administrator in that same Department. In 2006, I was promoted to Principal
8 Regulatory Accounting Consultant and in 2007, I was promoted to Regulatory
9 Accounting Case Manager. In 2019, I was promoted to my current position.

10 **Q. WHAT ARE YOUR RESPONSIBILITIES AS ACCOUNTING SENIOR**
11 **MANAGER?**

12 A. My responsibilities include providing the AEP electric operating subsidiaries,
13 such as KgPCo, with accounting support for regulatory filings including the
14 preparation of cost of service adjustments, accounting schedules and testimony.
15 In addition, I monitor regulatory proceedings and legislation for accounting
16 implications and assist in determining the appropriate regulatory accounting
17 treatment.

18 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN ANY REGULATORY**
19 **PROCEEDING BEFORE THIS OR ANY OTHER COMMISSION?**

20 A. Yes. I testified before this Commission in KgPCo Docket Nos. 17-00032 and 20-
21 00127. I also sponsored testimony on behalf of KgPCo in Docket Nos. 16-00001,
22 17-00143, 18-00125 and 19-00106. Additionally, I have testified or sponsored
23 testimony in numerous proceedings on behalf of APCo before the Virginia State

1 Corporation Commission and the Public Service Commission of West Virginia
2 and I have submitted testimony on behalf of I&M before the Michigan Public
3 Service Commission. Like KgPCo, APCo and I&M are electric operating
4 subsidiaries of AEP.

5 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
6 **PROCEEDING?**

7 A. The purpose of my testimony is to sponsor the per-book financial statements of
8 KgPCo and certain accounting and ratemaking adjustments to the 12 months
9 ended June 30, 2021 test year data to reflect going-level revenues, expenses and
10 rate base. The adjustment amounts included in my testimony are provided on a
11 KgPCo distribution function basis. Functional allocation factors used to allocate
12 the total Company amounts, if applicable, were provided to me by Company
13 witness Johnston.

14 I also support the continued inclusion in rate base of the additional cash
15 investment in the pension trust fund recorded as a prepaid pension asset in
16 accordance with GAAP. In a similar manner, I support the inclusion in rate base
17 of the investment in the other postretirement employee benefits (OPEB) trust fund
18 recorded as a prepaid OPEB asset.

19 **Q. WHAT EXHIBITS ARE YOU SPONSORING?**

20 A. I am sponsoring the following exhibits:

- 21 • KgPCo Exhibit No. 1 (AWA): KgPCo Income Statement for 12 Months
22 Ended June 30, 2021;
- 23 • KgPCo Exhibit No. 2 (AWA): KgPCo Comparative Balance Sheet at June
24 30, 2021 and 2020;

- 1 • KgPCo Exhibit No. 3 (AWA): List of Going-Level Adjustments for the
- 2 Test Year Ended June 30, 2021; and
- 3 • KgPCo Exhibit No. 4 (AWA): Reduction in Pension Cost from
- 4 Cumulative Cash Contributions.

5 **Q. WERE THE EXHIBITS THAT YOU ARE SPONSORING PREPARED OR**

6 **ASSEMBLED BY YOU OR UNDER YOUR DIRECTION?**

7 A. Yes.

8 **Q. ARE YOU SPONSORING ANY MFRs?**

9 A. Yes. I am sponsoring MFRs 4, 6-8, 10, 11, 20, 24-27, 29-36, 38-47, 49, 54-56, 58

10 and 61.

11 **Q. PLEASE IDENTIFY THE TEST PERIOD AND RATE YEAR IN THIS**

12 **PROCEEDING.**

13 A. The Company is using the twelve months ended June 30, 2021 as the test period

14 in this proceeding and this test period is being adjusted for the effects of known

15 and reasonably anticipated changes through the rate year (i.e. attrition period)

16 ending December 31, 2022. The Company is anticipating that new base rates will

17 be effective July 1, 2022.

18 **Q. PLEASE DESCRIBE THE EXHIBITS THAT YOU ARE SPONSORING.**

19 A. Exhibit No. 1 (AWA) provides KgPCo's consolidated income statement as

20 reflected on the Company's books for the twelve months ended June 30, 2021.

21 The income statement line items are listed by account number, which consists of

22 the FERC Uniform System of Accounts (USofA) account (usually the first four

23 digits) and the AEP sub-account (usually the last three digits). The income

1 statement also contains a brief description of each account along with the amounts
2 charged or credited to each account for the test year.

3 Exhibit No. 2 (AWA) provides KgPCo's consolidated balance sheets
4 consisting of assets, capitalization and liabilities as reflected on the Company's
5 books as of June 30, 2021 and June 30, 2020. The balance sheet amounts are
6 listed by account number and also a brief description of each account is provided.

7 Exhibit No. 3 (AWA) lists each going-level adjustment proposed by the
8 Company. The adjustments are grouped into revenue, expense and rate base
9 categories and further grouped into sub-categories such as operating revenues,
10 operation and maintenance expense, federal income taxes and accumulated
11 provision for depreciation and amortization. Column 1 indicates the witness
12 supporting the adjustment. Column 2 provides the primary FERC USofA
13 account(s) associated with the adjustment. Column 3 contains the adjustment
14 number with a prefix to group similar adjustments (e.g., "OR" for operating
15 revenue adjustments). Column 4 provides a brief description of the adjustment.
16 Column 5 shows the amount of the adjustment as an increase or decrease to the
17 applicable FERC account(s).

18 Exhibit No. 4 (AWA) computes the effect that the additional pension
19 contributions have in reducing pension cost for KgPCo's customers. See the
20 separate discussion of prepaid pension and OPEB assets later in my testimony for
21 a more detailed description of Exhibit No. 4 (AWA).

1 **Q. PLEASE IDENTIFY THE WITNESSES THAT ARE SPONSORING THE**
2 **GOING-LEVEL ADJUSTMENTS SHOWN ON EXHIBIT NO. 3.**

3 A. The Company witnesses and the respective adjustments they are sponsoring are as
4 follows:

5	<u>Witness</u>	<u>Adjustments</u>
6	Katharine I. Walsh	OR-1 through OR-7, OM-14 and OT-33
7	A. Wayne Allen	OR-8, OM-10 through OM-13, OM-15 through OM-
8		26, DE-27, DE-28, OT-29, OT-30, OT-31, EP-37,
9		AD-38, AD-39 and AD-40
10	Eleanor K. Keeton	OR-9
11	Jessica M. Criss	OT-32, FIT-34, FIT-35, SIT-36, ADFIT-41 and
12		ADFIT-42

13 **Q. PLEASE DISCUSS THE GOING-LEVEL ADJUSTMENTS SHOWN ON**
14 **EXHIBIT NO. 3 THAT YOU ARE SPONSORING.**

15 A. Other Operating Revenues (OR-8)

16 Adjustment OR-8 increases KgPCo's other operating revenues (Account
17 454) by \$9,849 to remove adjustments to pole attachment revenues recorded in
18 the test year, which relate to prior periods.

19 Operation and Maintenance Expenses (OM-10, OM-11, OM-12, OM-13, OM-15,
20 OM-16, OM-17, OM-18, OM-19, OM-20, OM-21, OM-22, OM-23, OM-24, OM-
21 25 and OM-26)

22 Adjustment OM-10 decreases distribution expenses (Account 593) by
23 \$2,154,781 to remove the test year over/under recovery of TRP&MS Rider
24 expenses recorded in Account 5933426, TRP&MS O/U Recovery. This
25 adjustment is necessary to remove the test year impact on the cost of service of

1 the monthly over or under-recovery entries related to the TRP&MS Rider, which
2 is not part of base rates. KgPCo did not remove the test year level of TRP&MS
3 expenses and rate base from the cost of service since the Company is requesting
4 to recover an on-going level of such costs through base rates established in this
5 case inclusive of the normalization of major storm O&M expenses as described in
6 Adjustment OM-13. Upon the effective date of new base rates that include
7 recovery of the requested level of TRP&MS costs, this new level of base rate
8 recovery of TRP&MS costs will be reflected in the determination of incremental
9 costs to be recovered from or refunded through the TRP&MS Rider. Through a
10 combination of base rates and TRP&MS Rider rates, KgPCo will only recover the
11 actual level of incurred TRP&MS costs from customers.

12 KgPCo incurred \$3,826,141 of TRP O&M expenses for the test year
13 ended June 30, 2021 that are included in the cost of service. This \$3,826,141 will
14 be the new level of base rate recovery of TRP O&M expenses to be used in the
15 development of future TRP&MS Rider rates once new base rates are effective in
16 this proceeding.

17 Adjustment OM-11 increases KgPCo's A&G expenses by \$67,279 to seek
18 recovery over a 5-year amortization period of the difference between the
19 estimated incremental rate case expenses related to this base rate case and the test
20 year level of rate case expenses approved in Docket No. 16-00001. Company
21 witness Castle supports the proposed 5-year amortization period for recovery of
22 the incremental rate case expenses. The Commission approved \$506,104 of rate
23 case expenses amortized over 5 years or \$101,221 of annual amortization in base

1 rates in Docket No. 16-00001. The Company is requesting a total of \$842,500 of
2 rate case expenses associated with this base case, which is approximately one-half
3 of the actual rate case expenses incurred by KgPCo related to Docket Nos. 15-
4 00093 and 16-00001 (Docket No. 15-00093 was filed in Sept. 2015 and
5 withdrawn in Dec. 2015 and refiled as Docket No. 16-00001 in Jan. 2016). The
6 requested \$842,500 amortized over 5 years equates to \$168,500 annually included
7 in the cost of service. The anticipated expenses for this base rate case are
8 comprised of KgPCo employee expenses, billings from the AEPSC for functional
9 and operational expertise and support including expected travel expenses for
10 hearing/depositions, external attorney expenses, printing and postage and
11 newspaper public notices.

12 Adjustment OM-12 decreases KgPCo's distribution expenses (Account
13 589) by \$228,990 to remove pole attachment expenses recorded in the test year,
14 which relate to prior periods. This additional expense recorded in the test year
15 was due to an increase in the pole costs for CenturyLink related to 2019, which
16 was received in 2020.

17 Adjustment OM-13 increases the Company's distribution expenses
18 (Account 593) by \$751,261 to equal a 5-year average (12 months ended June 30,
19 2017 thru 12 months ended June 30, 2021) of Tennessee major storm damage
20 O&M expenses. KgPCo incurred major storm O&M expenses during the test
21 year of a negative (\$42,709) due primarily to adjustments between capital and
22 O&M expense related to the January 2020 major storm. There were no major
23 storms incurred by KgPCo during the test year. The negative (\$42,709) test year

1 storm expenses were compared to the 5-year average of major storm expenses of
2 \$708,552 to calculate the \$751,261 adjustment. This requested level of
3 normalized major storm expenses in base rates will, upon approval, result in a
4 new level of base rate recovery of major storm costs that will be reflected in the
5 determination of costs to be recovered from or refunded through the TRP&MS
6 Rider. Through a combination of base rates and TRP&MS Rider rates, KgPCo
7 will only recover the actual level of incurred major storm costs from customers.

8 Adjustment OM-15 increases the Company's payroll labor expense by
9 \$122,172 to annualize KgPCo's test year wages and salaries as of June 30, 2021.

10 Adjustment OM-16 increases the Company's payroll labor expense by
11 \$43,775 to provide for wage and salary increases through the rate year ending
12 December 31, 2022. This adjustment reflects the expected 2022 rate year merit
13 increases of approximately 2.8%.

14 Adjustment OM-17 increases the Company's A&G expenses (Account
15 926) by \$1,379 related to the matching employer savings plan contributions
16 associated with payroll-related Adjustments OM-15, OM-16 and OM-23. The
17 employer's matching contribution equals three-fourths of the employees'
18 contribution up to a maximum of 4.5% of the employees' base salary.

19 Adjustment OM-18 decreases the Company's test year A&G expenses
20 (Account 926) by \$18,216 to reflect an increase in the expected level of credits to
21 OPEB expense to be recorded in 2021 based upon the latest actuarial information
22 provided by the Company's independent actuary, Willis Towers Watson, in
23 accordance with Accounting Standards Codification (ASC) Number 715-60,

1 Compensation – Postretirement Benefits - Defined Benefit Plans – Other
2 Postretirement. This increase in expected credits is primarily related to the non-
3 service component of OPEB costs. In March 2017, the Financial Accounting
4 Standards Board (FASB) issued Accounting Standards Update (“ASU”) 2017-07
5 “Compensation – Retirement Benefits” requiring that an employer report the
6 service cost component of OPEB and pension benefits in the statements of income
7 separately from the other components of net benefit cost (i.e., “non-service cost
8 components”). The Company adopted ASU 2017-07 on its books effective
9 January 1, 2018. Under ASU 2017-07, only the service cost component of net
10 benefit cost is eligible for capitalization, as applicable, following labor.
11 Previously, both the service cost component and the non-service cost components
12 of net benefit cost were capitalized as applicable.

13 Adjustment OM-19 increases the Company’s A&G expenses (Account
14 926) by \$36,093 to reflect an increase in the expected level of pension expense to
15 be recorded in 2021 based upon the latest actuarial information provided by the
16 Company’s independent actuary, Willis Towers Watson, in accordance with ASC
17 715-30, Defined Benefit Plans – Pension. This increase in expense is related to an
18 expected increase in both the service and non-service component of pension costs.
19 See above description of Adjustment OM-18 for a discussion of service vs. non-
20 service benefit costs.

21 Adjustment OM-20 decreases the Company’s A&G expenses (Account
22 926) by \$189 to reflect group life insurance expenses based upon the 2021

1 insurance rates. The adjustment also annualizes these expenses based on the
2 number of participating employees as of July 1, 2020.

3 Adjustment OM-21 increases the Company's A&G expenses (Account
4 926) by \$31,759 to reflect group medical insurance expenses based upon the 2021
5 insurance rates. The adjustment also annualizes these expenses based on the
6 number of participating employees as of July 1, 2020.

7 Adjustment OM-22 increases the Company's A&G expenses (Account
8 926) by \$579 to reflect group dental insurance expenses based upon the 2021
9 insurance rates. The adjustment also annualizes these expenses based on the
10 number of participating employees as of July 1, 2020.

11 Adjustment OM-23 decreases the Company's A&G expenses by \$131,483
12 to adjust the test year level of incentive compensation plan (ICP) expense for
13 KgPCo employees to a target payout factor of 1.0, which represents the
14 achievement of targeted goals and objectives.

15 Adjustment OM-24 increases the Company's A&G expenses (Account
16 921) by \$19,660 to amortize the deferral of distribution function costs recorded on
17 KgPCo's books through June 30, 2021 related to the impacts of COVID-19.
18 KgPCo is requesting recovery of deferred COVID costs totaling \$98,299 recorded
19 in Account 1823587, COVID-19 Deferred Expense, over 5 years. Company
20 witness Castle supports the proposed 5-year amortization period for recovery of
21 the deferred COVID expenses. In the September 16, 2020 order issued in Docket
22 No. 20-00047, the TPUC ordered, "all issues related to the utilities' potential
23 recovery of costs related to the COVID-19 public health emergency may be

1 considered in future, individual docketed proceedings.” The types of COVID-19
2 costs deferred by KgPCo include the Company’s absorption of the per transaction
3 fee for residential customers making payments by credit card as well as costs
4 related to implementing social distancing requirements, facilitating working
5 remotely, cleaning and disinfecting supplies and services, personal protection
6 equipment and printed COVID-19 safety materials.

7 Adjustment OM-25 decreases the Company’s customer service and
8 information (CS&I) expenses (Account 908) by \$114,477 to remove the test year
9 amortization of the RTO demand response (RTODR) regulatory asset approved in
10 Docket No. 16-00001. Company witness Castle discusses KgPCo’s request to
11 terminate the RTODR tariff. The approved Stipulation and Settlement Agreement
12 (“Stipulation”) in Docket No. 16-00001 provided for recovery of \$572,386 of the
13 RTODR regulatory asset amortized over 5 years or \$114,477 amortized annually
14 in base rates.

15 Adjustment OM-26 decreases the Company’s CS&I expenses (Account
16 908) by \$56,645 to remove the test year level of on-going RTODR expenses
17 recorded in Account 9080023, Dem Response Prog Exp KG, since the program is
18 being proposed for termination. See above description for Adjustment OM-25.

19 The on-going RTODR expenses consist of payments made by KgPCo to
20 Curtailment Service Providers (CSP) under the provisions of the RTODR tariff.

21 Depreciation and Amortization Expenses (DE-27 and DE-28)

22 Adjustment DE-27 annualizes and increases test year depreciation and
23 amortization expenses (Accounts 403 and 404) by \$294,281 using June 30, 2021

1 depreciable distribution plant balances including KgPCo's distribution function
2 portion of intangible and general plant and current depreciation rates that were
3 approved by the Commission in Docket No. 16-00001. The contra entry
4 (Adjustment AD-38) to Adjustment DE-27 has been included as an increase to the
5 accumulated provision for depreciation and amortization balance.

6 Adjustment DE-28 decreases the going-level depreciation and
7 amortization expenses (Accounts 403 and 404) by \$176,221 to reflect an
8 annualized December 2022 level of depreciation expense based on KgPCo's
9 depreciable distribution function plant balances estimated through November
10 2022 including forecasted net plant in-service additions (i.e., additions less
11 estimated retirements) from July 1, 2021 through a 13-month average ending
12 November 30, 2022. Company witness Walker supports the forecasted
13 distribution plant in-service additions used in this adjustment and also in
14 Adjustment EP-37.

15 To build up the associated accumulated depreciation balances for the 13-
16 month average period ending December 31, 2022 that I describe below for
17 Adjustment AD-39, I applied the current KgPCo depreciation rates to the monthly
18 estimated KgPCo distribution function plant balances including forecasted net
19 plant in-service additions from July 2021 through May 2022 and also applied the
20 proposed depreciation rates sponsored by Company witness Cash to the monthly
21 estimated KgPCo distribution function plant balances including forecasted net
22 plant in-service additions from June 2022 through November 2022. The resulting
23 one-month KgPCo distribution function depreciation expense for December 2022

1 (end of the rate year) of \$678,397 was multiplied by 12 to compute an annualized
2 level of depreciation expense of \$8,140,764. This amount was then compared to
3 the going-level depreciation expense of \$8,316,985 calculated in Adjustment DE-
4 27 based on June 30, 2021 (end of the test year) depreciable plant balances to
5 determine the (\$176,221) amount of Adjustment DE-28.

6 Company witness Cash is recommending revised depreciation accrual
7 rates based on a test year-end December 31, 2020 depreciation study. Consistent
8 with the approval of KgPCo's current depreciation rates, the Company requests
9 that revised depreciation rates be effective on the first day of the month following
10 approval of new base rates in this proceeding.

11 Taxes Other than Income Taxes (OT-29, OT-30 and OT-31)

12 Adjustment OT-29 provides for the FICA tax expense associated with
13 Adjustment OM-15 (which annualized wages and salaries), Adjustment OM-16
14 (which recognized the wage and salary increases), and Adjustment OM-23 (which
15 decreased ICP expense to target) and increases KgPCo's distribution function tax
16 expense (Account 408) by \$2,095. Employee salaries exceeding the test year
17 \$137,700 FICA tax limitation have been excluded from this calculation.

18 Adjustment OT-30 provides for the Medicare tax expense associated with
19 Adjustments OM-15, OM-16 and OM-23 and increases KgPCo's distribution
20 function tax expense (Account 408) by \$500.

21 Adjustment OT-31 adjusts for the known increase in the FICA base wage
22 limitation from \$137,700 in 2020 to \$142,800 for 2021, which results in an
23 increase in KgPCo's distribution function tax expense (Account 408) of \$859.

1 This adjustment uses data applicable to those KgPCo employees subject to the
2 2020 FICA base wage limitation of \$137,700 and provides for the additional
3 employer matching FICA expense at 6.20%.

4 **Q. DOES THIS CONCLUDE YOUR DISCUSSION OF GOING-LEVEL**
5 **ADJUSTMENTS AFFECTING OPERATING INCOME?**

6 A. Yes.

7 **Q. PLEASE CONTINUE NOW WITH YOUR DISCUSSION OF THE**
8 **COMPANY'S GOING-LEVEL ADJUSTMENTS TO RATE BASE THAT**
9 **YOU ARE SPONSORING.**

10 A. I am sponsoring the following adjustments to rate base:

11 Utility Plant in-Service (EP-37)

12 Adjustment EP-37 increases electric plant in service (Account 101) by
13 \$18,157,474 to reflect a 13-month average for the rate year ending December 31,
14 2022 of KgPCo's forecasted depreciable distribution function plant in-service
15 additions (provided to me by Company witness Walker) including intangible and
16 general plant net of estimated retirements from July 2021 through December
17 2022. This adjustment includes forecasted TRP capital projects net of estimated
18 retirements through the 13-month average period ending December 31, 2022. I
19 calculated estimated retirements totaling \$3,697,115 for KgPCo's distribution
20 function plant by comparing the average actual retirements recorded on the
21 Company's books by 300-level electric plant account for the most recent 16-year
22 period from 2005 through 2020 to KgPCo's actual plant in service balances also
23 by 300-level electric plant account for the same 16-year period. This comparison

1 resulted in the computation of a monthly average percentage of retirements for
2 each 300-level electric plant account that was applied to the forecasted plant in-
3 service additions for each month from July 2021 through December 2022 to
4 estimate the retirements for this period.

5 Accumulated Provision for Depreciation & Amortization (AD-38, AD-39 & AD-
6 40)

7 Adjustment AD-38 increases KgPCo's accumulated provision for
8 depreciation and amortization (Accounts 108 and 111) and correspondingly
9 reduces rate base by \$294,281 for accumulated depreciation and amortization
10 computed on June 30, 2021 plant in-service balances using currently approved
11 KgPCo depreciation rates. The contra entry (Adjustment DE-27) to this
12 adjustment has been included as an increase to depreciation and amortization
13 expenses.

14 Adjustment AD-39 increases KgPCo's accumulated provision for
15 depreciation and amortization (Accounts 108 and 111) and correspondingly
16 reduces rate base by \$8,542,701 for accumulated depreciation and amortization
17 from July 2021 through the 13-month average rate year ending December 31,
18 2022 based on forecasted net plant in-service additions (i.e. additions less
19 retirements) from July 2021 through November 2022 and the use of currently
20 approved KgPCo depreciation rates for July 2021 through June 2022 and the new
21 proposed depreciation rates for July through December 2022.

22 Adjustment AD-40 decreases KgPCo's accumulated provision for
23 depreciation and amortization (Accounts 108 and 111) and correspondingly

1 increases rate base by \$3,697,115 to reflect the offset to accumulated depreciation
2 for the estimated plant in-service retirements netted in Adjustment EP-37 related
3 to increasing rate base for plant additions from July 2021 through the 13-month
4 average rate year ending December 2022. The \$18,157,474 increase to utility
5 plant in-service reflected in Adjustment EP-37 has already been reduced by
6 estimated retirements over the update period. These same retirements will reduce
7 accumulated depreciation when recorded and therefore, the cost of service must
8 be adjusted to decrease accumulated depreciation by the same amount that utility
9 plant in-service is being decreased due to retirements included in Adjustment EP-
10 37.

11 **PREPAID PENSION AND OPEB ASSETS IN RATE BASE**

12 **Q. HAS THE COMPANY INCLUDED PREPAID PENSION AND OPEB**
13 **ASSETS IN RATE BASE?**

14 A. Yes. KgPCo included \$3,617,082 in its requested Distribution rate base for the
15 June 30, 2021 end of test year prepaid pension asset after allocating a portion
16 (\$524,041) of the total Company prepaid pension asset balance of \$4,141,123
17 (recorded in Account 1650010) to the Transmission function. Also, KgPCo
18 included \$1,963,818 in its Distribution rate base for the June 30, 2021 end of test
19 year prepaid OPEB asset after allocating a portion (\$284,517) of the total
20 Company prepaid OPEB asset balance of \$2,248,335 (recorded in Account
21 1650035) to the Transmission function.

1 **Q. DID THE TPUC APPROVE THE INCLUSION OF PREPAID PENSION**
2 **OR OPEB ASSETS IN RATE BASE IN THE COMPANY’S MOST**
3 **RECENT BASE RATE CASE?**

4 A. Yes. In Docket No. 16-00001, the TPUC’s Order approved a Stipulation that
5 included \$4,209,463 of prepaid pension costs in rate base.

6 **Q. DOES THE COMPANY’S PREPAID PENSION ASSET CONTINUE TO**
7 **PROVIDE BENEFITS TO CUSTOMERS AS IT DID IN THE LAST BASE**
8 **CASE?**

9 A. Absolutely. The Company’s inclusion of the prepaid pension asset in rate base
10 reflects the fact that KgPCo’s customers continue to benefit from the additional
11 pension funding through substantially reduced pension cost. The prepaid pension
12 asset recorded on the Companies’ books under the provisions of ASC 715-30,
13 Defined Benefit Plans – Pension, is the cumulative amount of cash contributions
14 to the pension trust fund in excess of the cumulative amount of pension cost.
15 Note that the prepaid pension asset is separate from the related accumulated
16 deferred income taxes recorded thereon that serve to reduce the combined rate
17 base effect.

18 **Q. ARE YOU SPONSORING AN EXHIBIT THAT QUANTIFIES THE**
19 **REDUCTION TO PENSION COSTS DUE TO THE COMPANY’S**
20 **ADDITIONAL PENSION CONTRIBUTIONS?**

21 A. Yes. I am sponsoring KgPCo Exhibit No. 4 (AWA), which shows that the
22 additional pension contributions recorded as a prepaid pension asset reduced, by
23 approximately \$670,000, the 2020 pension costs on a total Company basis that

1 KgPCo would otherwise have incurred and recorded on its books. In other words,
2 had the additional pension contributions not been made, the Company's total
3 amount of 2020 pension cost before allocation to the Distribution function would
4 have been approximately \$990,000 instead of approximately \$320,000.

5 **Q. PLEASE DESCRIBE KGPCO EXHIBIT NO. 4 (AWA).**

6 A. Exhibit No. 4 (AWA) computes the effect that the additional pension
7 contributions have in reducing pension cost for customers. The additional
8 pension contributions recorded as a prepaid pension asset, which are shown in the
9 third column of the exhibit, are equal to the pension plan contributions shown in
10 the first column, less the ASC 715-30 pension cost shown in the second column.
11 The fourth column shows each year's assumed rate of return that was used in
12 determining that year's ASC 715-30 pension cost as recorded on the Company's
13 books, while the fifth column shows the investment return on the additional
14 contributions, or the amount of pension cost savings resulting from the prepaid
15 pension asset. The final column shows the cumulative effect on the balance of
16 pension plan assets resulting from the additional contributions and the investment
17 return thereon.

18 **Q. IS IT APPROPRIATE TO INCLUDE THE PREPAID OPEB ASSET IN**
19 **RATE BASE SIMILAR TO THE INCLUSION OF THE PREPAID**
20 **PENSION ASSET?**

21 A. Yes. KgPCo's prepaid OPEB asset is related to the large credits to OPEB
22 expense recorded on the Company's books for the test year and the previous
23 seven years back to 2014. KgPCo recorded \$0.4 million in OPEB credits to

1 expense on its books for the test year and recognized similar OPEB expense
2 credits ranging from \$0.1 million to \$0.4 million each year from 2014 through
3 2020. Customers benefit from the OPEB credits to expense through reduced cost
4 of service.

5 **Q. PLEASE EXPLAIN WHY THE COMPANY HAS RECORDED CREDITS**
6 **TO OPEB EXPENSE ON ITS BOOKS EACH YEAR BACK TO 2014.**

7 A. KgPCo's OPEB costs became negative due to changes made to retiree medical
8 coverage that were announced by the Company at the end of 2012. These
9 changes included the capping of contributions to retiree medical costs thus
10 reducing the Company's future exposure to medical cost inflation. Additionally,
11 effective for employees hired after December 2013, retiree medical coverage will
12 not be provided by the Company.

13 **Q. DID THE COMPANY INCLUDE PENSION EXPENSE AND CREDITS TO**
14 **OPEB EXPENSE IN THE COST OF SERVICE IN THIS PETITION?**

15 A. Yes. The Company's Distribution cost of service includes both the test year
16 OPEB expense credits as well as pension expense recorded on the books after
17 allocation of a portion of the total Kingsport amounts to the Transmission
18 function and as adjusted to the 2021 actuarially determined amounts described
19 above in Adjustments OM-18 and OM-19.

20 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

21 A. Yes.

Exhibit No. 1 (AWA)

**Kingsport Power Corp Consol
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**TWELVE MONTHS ENDED
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FERC Form INCOME STATEMENT

Line 1	Utility Operating Income	
4400001	Residential Sales-W/Space Htg	12,660,486.88
4400002	Residential Sales-W/O Space Ht	2,761,392.23
4400005	Residential Fuel Rev	51,446,221.85
	Residential Sales	66,868,100.96
4420001	Commercial Sales	14,511,967.95
4420002	Industrial Sales (Excl Mines)	7,856,984.66
4420005	C&I Sales - Affil Cos	139.46
4420006	Sales to Pub Auth - Schools	115,045.71
4420007	Sales to Pub Auth - Ex Schools	1,604,655.97
4420013	Commercial Fuel Rev	22,305,813.76
4420016	Industrial Fuel Rev	33,846,229.05
4420019	Affiliated C&I Sales -Fuel Rev	21.94
	Commercial Sales	80,240,858.50
4440000	Public Street/Highway Lighting	1,663,091.05
4440002	Public St & Hwy Light Fuel Rev	14,413.66
4450001	Oth Sales Pblc Auth (Inc Sch)	588,577.00
4450004	Oth Sales Public Auth Fuel Rev	1,913,087.52
	Public Streets and Highway Lighting	4,179,169.23
	Sales for Resale	0.00
4491002	Prov Rate Refund-Nonaffiliated	(111,376.00)
4491003	Prov Rate Refund - Retail	(26,747.00)
4491004	Prov Rate Refund - Affiliated	(766,221.00)
4491018	Prov Rate Refund - Tax Reform	-
	Less Rate Refund Provision	(904,344.00)
4500000	Forfeited Discounts	222,224.31
4510001	Misc Service Rev - Nonaffil	200,175.74
4540001	Rent From Elect Property - Af	48,677.04
4540002	Rent From Elect Property-NAC	6,125.00
4540004	Rent From Elect Prop-ABD-Nonaf	34,392.45
4540005	Rent from Elec Prop-Pole Atch	594,565.76
4560015	Other Electric Revenues - ABD	209,806.81
4561006	PJM Trans Owner Admin Rev	2,050.60
4561007	PJM Network Integ Trans Svc	740,044.87
4561029	PJM NITS Revenue Whsl Cus-NAff	179,052.07
4561030	PJM TO Serv Rev Whls Cus-NAff	609.11
4561033	PJM NITS Revenue - Affiliated	5,025,158.72
4561034	PJM TO Adm. Serv Rev - Aff	14,994.13
4561058	NonAffil PJM Trans Enhncmt Rev	126,979.10
4561059	Affil PJM Trans Enhancmnt Rev	113,863.88
4561061	NAff PJM RTEP Rev for Whsl-FR	4,052.28
4561063	PROVISION RTO Rev Affiliated	(152,174.96)
4561064	PROVISION RTO Rev WhslCus-NAf	(10,555.02)
4561065	PROVISION RTO Rev - NonAff	(12,156.78)
4561073	PROVISION RTO Rev-Affil NoElim	(27.78)
	Other Operating Revenues	7,347,857.33
Line 2	Operating Revenues (400)	157,731,642.02
Line 3	Operating Expenses	
	Fuel Expense	0.00
	Steam Power Operations	0.00
	Nuclear Power Operations	0.00
	Hydraulic Power Operations	0.00
	Other Power Operations	0.00
5550027	Purch Pwr-Non-Fuel Portion-Aff	80,187,719.10
5550046	Purch Power-Fuel Portion-Affil	34,806,328.30
5550551	Purch PWR-TN Under/Over FPPAR	2,752,402.47
5570020	MATL-COMPUTER HARDWARE	0.33
	Purchased Power	117,746,450.20
	401 Operation Expense	0.00
5600000	Oper Supervision & Engineering	194,290.32
5612000	Load Dispatch-Mntr&Op TransSys	7,977.59
5614006	SPP Transmission Charges	0.11

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FERC Form	INCOME STATEMENT	
5615000	Reliability, Plng&Stds Develop	8,455.55
5620001	Station Expenses - Nonassoc	70,149.59
5630000	Overhead Line Expenses	3,260.53
5660000	Misc Transmission Expenses	183,674.09
5660010	GreenHat Settlement	(134.90)
5660011	Misc Transm Exp - Affiliate	891.03
	Transmission Operations	468,563.91
	Regional Market Expense	0.00
5800000	Oper Supervision & Engineering	326,999.64
5820000	Station Expenses	135,870.34
5830000	Overhead Line Expenses	107,723.94
5840000	Underground Line Expenses	49,743.51
5850000	Street Lighting & Signal Sys E	131,708.25
5860000	Meter Expenses	85,035.64
5870000	Customer Installations Exp	47,321.90
5880000	Miscellaneous Distribution Exp	674,885.56
5890001	Rents - Nonassociated	467,382.19
	Distribution Expense	2,026,670.97
	Gas Operations	0.00
9010000	Supervision - Customer Accts	19,225.51
9020000	Meter Reading Expenses	(751.46)
9020002	Meter Reading - Regular	19,342.64
9020003	Meter Reading - Large Power	3,747.77
9020004	Read-In & Read-Out Meters	22,905.38
9030000	Cust Records & Collection Exp	96,572.02
9030001	Customer Orders & Inquiries	759,348.88
9030002	Manual Billing	3,593.28
9030003	Postage - Customer Bills	144,384.81
9030004	Cashiering	12,177.06
9030005	Collection Agents Fees & Exp	5,176.26
9030006	Credit & Oth Collection Activi	89,939.11
9030007	Collectors	86,354.97
9030009	Data Processing	23,936.96
9030014	COVID-19 Credit Card Fees	(710.00)
9040007	Uncoll Accts - Misc Receivable	2,548.24
9050000	Misc Customer Accounts Exp	11,738.26
	Customer Account Expense	1,299,529.69
9070000	Supervision - Customer Service	11,407.72
9080000	Customer Assistance Expenses	97,538.40
9080009	Cust Assistance Expense - DSM	157.08
9080023	Dem Response Prog Exp KG	171,121.95
9100000	Misc Cust Svc&Informational Ex	1,398.26
9100001	Misc Cust Svc & Info Exp - RCS	77.09
9120000	Demonstrating & Selling Exp	5,409.72
9120001	Demo & Selling Exp - Res	0.16
9120003	Demo & Selling Exp - Area Dev	(5.92)
	Customer Service Information & Sales	287,104.46
9200000	Administrative & Gen Salaries	1,118,792.22
9210001	Off Supl & Exp - Nonassociated	(7,097.15)
9210003	Office Supplies & Exp - Trnsf	1.88
9210004	Office Utilites	8.54
9210020	EMP RECOG - Over 100 Dollars	0.19
9210021	EMP TRAVEL - Airfare	2.54
9210022	MEALS & ENT-100 Pct DEDUCTIBLE	0.95
9210023	EMP TRAVEL-MILEAGE	1.28
9210024	EMP TRAVEL-PARKING	0.07
9210026	EMP TRAVEL-CAR RENTAL	1.34
9210028	EMP TRAVEL-HOTEL & LODGING	3.01
9210030	EMP TRAVEL-OTHER	0.09
9210033	FOOD SERVICE-CATERING	0.01
9210034	In-House Training & Seminars	6.12
9210037	OEM/TECHNICAL TRAINING	0.11
9210040	DUES-BUSINESS/PROFESSIONAL	1.20

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FERC Form	INCOME STATEMENT	
9220000	Administrative Exp Trnsf - Cr	(189,645.52)
9220001	Admin Exp Trnsf to Cnstrction	(124,594.00)
9220004	Admin Exp Trnsf to ABD	(181.43)
9230001	Outside Svcs Empl - Nonassoc	232,746.51
9230003	AEPSC Billed to Client Co	(174,732.35)
9230031	SRV-OUTSIDE SERVICES (TECH)	48.94
9230034	SRV-SOFTWARE LICENSING	63.96
9240000	Property Insurance	61,867.53
9250000	Injuries and Damages	275,915.32
9250001	Safety Dinners and Awards	0.42
9250002	Emp Accident Prvntion-Adm Exp	78.51
9250006	Wrkrs Cmpnstrn Pre&Slf Ins Prv	9,440.10
9250007	Prsnal Injries&Prop Dmage-Pub	13.34
9250010	Frg Ben Loading - Workers Comp	(5,576.43)
9260000	Employee Pensions & Benefits	88.13
9260001	Edit & Print Empl Pub-Salaries	221.05
9260002	Pension & Group Ins Admin	2,415.72
9260003	Pension Plan	335,214.97
9260004	Group Life Insurance Premiums	17,713.40
9260005	Group Medical Ins Premiums	598,702.45
9260007	Group L-T Disability Ins Prem	36,438.15
9260009	Group Dental Insurance Prem	23,871.60
9260010	Training Administration Exp	1,254.56
9260012	Employee Activities	5,435.56
9260014	Educational Assistance Pmts	1,411.70
9260021	Postretirement Benefits - OPEB	38,134.50
9260027	Savings Plan Contributions	217,469.79
9260043	OPEB - Non-Service	(429,329.53)
9260050	Frg Ben Loading - Pension	(195,244.21)
9260051	Frg Ben Loading - Grp Ins	(396,461.17)
9260052	Frg Ben Loading - Savings	(123,398.89)
9260053	Frg Ben Loading - OPEB	(38,802.11)
9260055	IntercoFringeOffset- Don't Use	(228,137.13)
9260058	Frg Ben Loading - Accrual	(5,967.11)
9260060	Amort-Post Retirement Benefit	30,531.48
9260062	Pension Plan - Non-Service	32,919.96
9280000	Regulatory Commission Exp	83.06
9280001	Regulatory Commission Exp-Adm	(3.49)
9280002	Regulatory Commission Exp-Case	58,071.83
9280003	Rate Case Amort	101,220.84
9280005	Reg Com Exp-FERC Trans Cases	887.31
9301001	Newspaper Advertising Space	1.08
9301010	Publicity	0.66
9301012	Public Opinion Surveys	1,351.89
9301014	Video Communications	10.44
9301015	Other Corporate Comm Exp	2,173.37
9302000	Misc General Expenses	29,211.03
9302003	Corporate & Fiscal Expenses	4,475.03
9302004	Research, Develop&Demonstr Exp	75.29
9302006	Assoc Bus Dev - Materials Sold	5,929.18
9302007	Assoc Business Development Exp	32,684.18
9310002	Rents - Personal Property	24,763.20
9310005	Int on Regulated Fin Leases	11,623.98
	Administration & General Operations	1,394,209.05
Line 4	Operating Expenses (401)	123,222,528.28
	Steam Plant Maintenance	0.00
	Nuclear Plant Maintenance	0.00
	Hydraulic Plant Maintenance	0.00
	Other Power Plant Maintenance	0.00
	402 Maintenance Expense	0.00
5680000	Maint Supv & Engineering	164.50
5690000	Maintenance of Structures	7,029.96
5691000	Maint of Computer Hardware	466.20

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FERC Form	INCOME STATEMENT	
5692000	Maint of Computer Software	7,552.71
5693000	Maint of Communication Equip	241.75
5700000	Maint of Station Equipment	103,478.79
5710000	Maintenance of Overhead Lines	57,933.95
5720000	Maint of Underground Lines	218.58
5730000	Maint of Misc Trnsmssn Plt	86,002.40
	Transmission Maintenance	263,088.84
5900000	Maint Supv & Engineering	2,307.76
5910000	Maintenance of Structures	6,849.82
5920000	Maint of Station Equipment	46,998.97
5930000	Maintenance of Overhead Lines	5,016,623.59
5930001	Tree and Brush Control	5,211.73
5933426	TRP&MS O/U Recovery	2,154,780.91
5940000	Maint of Underground Lines	43,923.43
5950000	Maint of Lne Trnf,Rglators&Dvi	12,966.16
5960000	Maint of Strt Lghtng & Signal S	47,741.89
5970000	Maintenance of Meters	14,464.91
5980000	Maint of Misc Distribution Plt	223,226.58
	Distribution Maintenance	7,575,095.75
	Gas Maintenance	0.00
9350000	Maintenance of General Plant	6,559.93
9350001	Maint of Structures - Owned	61,753.84
9350002	Maint of Structures - Leased	81,213.86
9350012	Maint of Data Equipment	470.97
9350013	Maint of Cmmncation Eq-Unall	104,821.40
9350015	Maint of Office Furniture & Eq	88,655.13
9350016	Maintenance of Video Equipment	0.37
9350017	Maint of Misc General Property	532.52
9350019	Maint of Gen Plant-SCADA Equ	230.24
9350024	Maint of DA-AMI Comm Equip	1,932.63
	Adminstration & General Maintenance	346,170.89
Line 5	Maintenance Expenses (402)	8,184,355.48
4030001	Depreciation Exp	7,765,672.16
Line 6	Depreciation Expense (403)	7,765,672.16
4031001	Depr - Asset Retirement Oblig	2,179.56
Line 7	Depreciation Expense for Asset Retirement Costs (403.1)	2,179.56
4040001	Amort. of Plant	1,059,587.49
4040007	Cloud Implement - Amort Plant	20,235.75
Line 8	Amort. & Depl. Of Utility Plant (404-405)	1,079,823.24
Line 9	Amort. Of Utility Plant Acq. Adj. (406)	0.00
Line 10	Amort. Property Losses, Unrecov Plant and Regulatory Study	0.00
Line 11	Amort. Of Conversion Expenses (407)	
4073000	Regulatory Debits	51,106.55
Line 12	Regulatory Debits (407.3)	51,106.55
4074000	Regulatory Credits	438.52
Line 13	(Less) Regulatory Credits (407.4)	438.52
4081002	FICA	407,884.15
4081003	Federal Unemployment Tax	2,327.38
408100520	Real Personal Property Taxes	662,973.97
408100521	Real Personal Property Taxes	842,724.00
408100620	State Gross Receipts Tax	4,211,650.00
4081007	State Unemployment Tax	38.95
408100819	State Franchise Taxes	42,442.00
408100820	State Franchise Taxes	197,900.00
408100821	State Franchise Taxes	211,000.00
408101819	St Publ Serv Comm Tax-Fees	0.01
408101820	St Publ Serv Comm Tax-Fees	332,311.51
408101821	St Publ Serv Comm Tax-Fees	329,428.24
408101920	State Sales and Use Taxes	705.67
408101921	State Sales and Use Taxes	159.42
408102320	Local Privilege-Franchise Tax	1,973,605.01
408102321	Local Privilege-Franchise Tax	2,052,489.21
408102920	Real-Pers Prop Tax-Cap Leases	323.55

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FERC Form	INCOME STATEMENT	
4081033	Fringe Benefit Loading - FICA	(232,617.28)
4081034	Fringe Benefit Loading - FUT	(1,441.83)
4081035	Fringe Benefit Loading - SUT	(61.83)
Line 14	Taxes Other Than Income Taxes (408.1)	11,033,842.13
4091001	Income Taxes, UOI - Federal	476,975.74
	Income Taxes Federal	476,975.74
4265009	Factored Cust A/R Exp - Affil	251,424.39
4265010	Fact Cust A/R-Bad Debts-Affil	188,042.32
	Factored Accounts Rec Expenses	439,466.71
	Tax Effect on Factored Accounts Rec Expenses (21%)	92,288.01
Line 15	Income Taxes - Federal (409.1)	569,263.75
409100218	Income Taxes UOI - State	1.53
409100219	Income Taxes UOI - State	70,001.75
409100220	Income Taxes UOI - State	(76,714.58)
409100221	Income Taxes UOI - State	(49,743.61)
Line 16	Income Taxes - Other (409.1)	(56,454.91)
4101001	Prov Def I/T Util Op Inc-Fed	5,569,542.52
4101002	Prov Def I/T Util Op Inc-State	281,378.61
Line 17	Provision for Deferred Income Taxes (410.1)	5,850,921.13
4111001	Prv Def I/T-Cr Util Op Inc-Fed	6,359,924.06
4111002	Prv Def I/T-Cr UtilOpInc-State	123,951.35
Line 18	(Less) Provision for Deferred Income Taxes-Cr (411.1)	6,483,875.41
Line 19	Investment Tax Credit Adj. - Net (411.4)	0.00
Line 20	(Less) Gains from Disp. Of Utility Plant (411.6)	0.00
Line 21	Losses from Disp. Of Utility Plant (411.7)	0.00
Line 22	(Less) Gains from Disposition of Allowances (411.8)	0.00
Line 23	Losses from Disposition of Allowances (411.9)	0.00
4111005	Accretion Expense	1,581.81
Line 24	Accretion Expense (411.10)	1,581.81
Line 25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru	151,220,505.24
Line 26	Net Util Oper Inc (Enter Tot. line 2 less 25) Carry to Pg 117, line	6,511,136.78
Line 27	Net Util Oper Inc (Carried FORWARD FROM PAGE 114)	6,511,136.78
Line 28	Other Income and Deductions	
Line 29	Other Income	
Line 30	Nonutility Operating Income	
Line 31	Revenues From Merchandising, Jobbing & Contract Work (41	0.00
Line 32	(Less) Costs and Exp. Merchandising, Job. & Contract Work (0.00
Line 33	Revenues From Nonutility Operations (417)	0.00
Line 34	(Less) Expenses of Nonutility Operations (417.1)	0.00
Line 35	Nonoperating Rental Income (418)	0.00
Line 36	Equity in Earnings of Subsidiary Companies (418.1)	0.00
4190002	Int & Dividend Inc - Nonassoc	703.46
4190005	Interest Income - Assoc CBP	601.85
Line 37	Interest and Dividend Income (419)	1,305.31
4191000	Allw Oth Fnds Usd Drng Cnstr	4,794.54
Line 38	Allowance for Other Funds Used During Construction (419.1)	4,794.54
4210002	Misc Non-Op Inc-NonAsc-Rents	130.90
4210007	Misc Non-Op Inc - NonAsc - Oth	231,793.17
4210009	Misc Non-Op Exp - NonAssoc	(20.88)
Line 39	Miscellaneous Nonoperating Income (421)	231,903.19
Line 40	Gain on Disposition of Property (421.1)	0.00
Line 41	TOTAL Other Income (Enter Total of lines 31 thru 40)	238,003.04
Line 42	Other Income Deductions	
Line 43	Loss on Disposition of Property (421.2)	0.00
Line 44	Miscellaneous Amortization (425)	0.00
4261000	Donations	28,703.46
Line 45	Donations (426.1)	28,703.46
Line 46	Life Insurance (426.2)	0.00
4263001	Penalties	47.14
Line 47	Penalties (426.3)	47.14
4264000	Civic and Political Activity	76,616.65
4264001	Non-deduct Lobbying per IRS	3,754.77

**Kingsport Power Corp Consol
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**TWELVE MONTHS ENDED
June 2021**

FERC Form	INCOME STATEMENT	
Line 48	Exp. For Certain Civic, Political & Related Activities (426.4)	80,371.42
4265002	Other Deductions - Nonassoc	2,914.65
4265004	Social & Service Club Dues	3,620.90
4265007	Regulatory Expenses	868.41
4265009	Factored Cust A/R Exp - Affil	251,424.39
4265010	Fact Cust A/R-Bad Debts-Affil	188,042.32
Line 49	Other Deductions (426.5)	446,870.67
Line 50	TOTAL Other Income Deductions (Total of lines 43 thru 49)	555,992.69
Line 51	Taxes Applic. To Other Income and Deductions	
408200520	Real Personal Property Taxes	1,120.00
408200521	Real Personal Property Taxes	546.00
Line 52	Taxes Other Than Income Taxes (408.2)	1,666.00
4092001	Inc Tax, Oth Inc&Ded-Federal	73,470.62
	Federal Income Taxes NonOperating	73,470.62
4265009	Factored Cust A/R Exp - Affil	251,424.39
4265010	Fact Cust A/R-Bad Debts-Affil	188,042.32
	Factored Accounts Rec Expenses	439,466.71
	Tax Effect on Factored Accounts Rec Expenses (21%)	92,288.01
Line 53	Income Taxes - Federal (409.2)	(18,817.39)
409200219	Inc Tax Oth Inc Ded - State	12,867.98
409200220	Inc Tax Oth Inc Ded - State	11,047.64
Line 54	Income Taxes - Other (409.2)	23,915.62
4102001	Prov Def I/T Oth I&D - Federal	46,361.94
Line 55	Provision for Deferred Inc. Taxes (410.2)	46,361.94
4112001	Prv Def I/T-Cr Oth I&D-Fed	11,785.52
Line 56	(Less) Provision for Deferred Income Taxes-Cr (411.2)	11,785.52
Line 57	Investment Tax Credit Adj.-Net (411.5)	0.00
Line 58	(Less) Investment Tax Credits (420)	0.00
Line 59	TOTAL Taxes on Other Income and Deductions (Total of line 53, 54, 56, 57, 58)	41,340.65
Line 60	Net Other Income and Deductions (Total of lines 41, 50, 59)	(359,330.30)
Line 61	Interest Charges	
Line 62	Interest on Long-Term Debt (427)	0.00
Line 63	Amort. Of Debt Disc. And Expense (428)	0.00
Line 64	Amortization of Loss on Reacquired Debt (428.1)	0.00
Line 65	(Less) Amort. Of Premium on Debt-Credit (429)	0.00
Line 66	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)	0.00
4300001	Interest Exp - Assoc Non-CBP	2,084,299.97
4300003	Int to Assoc Co - CBP	54,369.57
Line 67	Interest on Debt to Assoc. Companies (430)	2,138,669.54
4310002	Interest on Customer Deposits	247,608.93
4310007	Lines Of Credit	71,291.06
Line 68	Other Interest Expense (431)	318,899.99
4320000	Allw Brwed Fnds Used Cnstr-Cr	43,772.91
Line 69	(Less) Allowance for Borrowed Funds Used During Constructi	43,772.91
Line 70	Net Interest Charges (Total of lines 62 thru 69)	2,413,796.62
Line 71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)	3,738,009.85
Line 72	Extraordinary Items	
Line 73	Extraordinary Income (434)	0.00
Line 74	(Less) Extraordinary Deductions (435)	0.00
Line 75	Net Extraordinary Items (Total of line 73 less line 74)	0.00
Line 76	Income Taxes-Federal and Other (409.3)	0.00
Line 77	Extraordinary Items After Taxes (line 75 less line 76)	0.00
Line 78	Net Income (Total of line 71 and 77)	3,738,009.85

Exhibit No. 2 (AWA)

Kingsport Power Corp Consol
June 2021

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			Jun 2021 CURRENT MONTH	Jun 2020 PRIOR YEAR
BALANCE SHEET				
Line 1	UTILITY PLANT			
1010001	Plant in Service		254,107,072.52	232,310,344.81
1010008	Cloud Implement - PIS		122,490.97	71,549.78
1011001	Capital Leases		971,024.09	955,564.45
1011006	Prov-Leased Assets		(295,310.44)	(386,240.30)
1011012	Accrued Capital Leases		5,965.00	-
1011031	Operating Lease		3,231,920.00	3,001,354.34
1011036	Prov - Operating Lease Assets		(609,943.11)	(341,642.20)
	Plant In Service (101)		257,533,219.03	235,610,930.88
	Electric Plant Purchased or Sold (102)		-	-
	Experimental Electric Plant Unclass (103)		-	-
	Electric Plant Lease to Others (104)		-	-
1050001	Held For Fut Use		187,481.44	187,481.44
	Electric Plant Held for Future Use (105)		187,481.44	187,481.44
1060001	Const Not Classifd		8,486,221.03	16,752,912.14
1060007	Cloud Implement - CCNC		3,099.40	-
	Completed Construction Not Class (106)		8,489,320.43	16,752,912.14
	Electric Plant Acquisition Adjustment (114)		-	-
Line 2	Utility Plant (101-106, 114)		266,210,020.90	252,551,324.46
1070000	Construction Work In Progress		-	-
1070001	CWIP - Project		7,856,594.06	10,609,593.32
1070007	Cloud Implementation Costs		36,299.23	-
Line 3	Construction Work in Progress (107)		7,892,893.29	10,609,593.32
Line 4	Utility Plant		274,102,914.19	263,160,917.78
1080000	Accum Prov for Deprec of Plant		-	-
1080001	A/P for Deprec of Plt		76,875,552.48	73,759,825.67
1080005	RWIP - Project Detail		(749,294.85)	(908,921.82)
1080011	Cost of Removal Reserve		9,801,167.80	7,716,960.65
1110001	A/P for Amort of Plt		2,584,809.65	2,180,037.70
1110007	Cloud Implement - A/P Amrt Plt		23,492.43	3,256.68
Line 5	(Less) Accum. Prov. For Depr. Amort. Depl. (108,110,111,115)		88,535,727.51	82,751,158.88
Line 6	Net Utility Plant		185,567,186.68	180,409,758.90
Line 7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.		-	-
Line 8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		-	-
Line 9	Nuclear Fuel Assemblies in Reactor (120.3)		-	-
Line 10	Spent Nuclear Fuel (120.4)		-	-
Line 11	Nuclear Fuel Under Capital Leases (120.6)		-	-
Line 12	(Less) Accum. Prov. For Amort. Of Nucl. Fuel Assemblies (12		-	-
Line 13	Net Nuclear Fuel		-	-
Line 14	Net Utility Plant (Enter Total of lines 6 and 13)		185,567,186.68	180,409,758.90
Line 15	Utility Plant Adjustments (116)		-	-
Line 16	Gas Stored Underground - Noncurrent (117)		-	-
Line 17	OTHER PROPERTY AND INVESTMENTS			
1210001	Nonutility Property - Owned		78,622.00	78,622.00
Line 18	Nonutility Property (121)		78,622.00	78,622.00
Line 19	(Less) Accum. Prov. For Depr. And Amort. (122)		-	-
Line 20	Investments in Associated Companies (123)		-	-
Line 21	Investment in Subsidiary Companies (123.1)		-	-
Line 23	Noncurrent Portion of Allowances		-	-
1240002	Oth Investments-Nonassociated		3.00	3.00
Line 24	Other Investments (124)		3.00	3.00
Line 25	Sinking Funds (125)		-	-
Line 26	Depreciation Fund (126)		-	-
Line 27	Amortization Fund - Federal (127)		-	-
Line 28	Other Special Funds (128)		-	-
1290001	Non-UMWA PRW Funded Position		2,785,946.00	1,911,799.44
1290002	SFAS 106 - Non-UMWA PRW		204,758.27	183,191.02
Line 29	Special Funds (Non Major Only) (129)		2,990,704.27	2,094,990.46
1750002	Long-Term Unreal Gns - Non Aff		1,895.00	352.00
1750022	L/T Asset MTM Collateral		(1,893.00)	-
Line 30	Long-Term Portion of Derivative Assets (175)		2.00	352.00
Line 31	Long-Term Portion of Derivative Assets - Hedges (176)		-	-

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BALANCE SHEET			
Line 32	Other Property and Investments	3,069,331.27	2,173,967.46
Line 33	CURRENT AND ACCRUED ASSETS		
Line 34	Cash and Working Funds (Non-major Only) (130)		
1310000	Cash	166,391.22	104,776.31
Line 35	Cash (131)	166,391.22	104,776.31
1340048	Spec Deposits-Trading Contra	19,072.00	(6,840.00)
1340051	Spec Deposit RBC	-	12,617.45
1340053	Deposits - Flexible Spending	3,678.79	1,775.17
Line 36	Special Deposits (132-134)	22,750.79	7,552.62
Line 37	Working Funds (135)	-	-
Line 38	Temporary Cash Investments (136)	-	-
Line 39	Notes Receivable (141)	-	-
1420001	Customer A/R - Electric	12,699,958.22	12,758,237.79
1420022	Cust A/R - Factored	(9,257,123.56)	(11,261,533.13)
1420027	Low Inc Energy Asst Pr (LIEAP)	9,430.44	-
1420028	Emergency LIEAP	2,850.00	-
1420044	Customer A/R - Estimated	46,770.00	-
1420050	PJM AR Accrual	2,880.03	34,436.01
1420058	Cust A/R-Contra-Home Warranty	(53,203.49)	(49,301.62)
1420059	AR PS Bill-Cust Home Warranty	9,203.76	8,584.42
1420060	PJM Trans Enhancement Refund	210,750.30	209,075.88
1420101	Other Accounts Rec - Cust	-	938,350.48
1420102	AR Peoplesoft Billing - Cust	432,933.79	61,731.98
1420103	AR Long-Term-Customer	740,376.23	951,126.47
Line 40	Customer Accounts Receivable (142)	4,844,825.72	3,650,708.28
1430022	2001 Employee Biweekly Pay Cnv	4,790.63	3,390.69
1430081	Damage Recovery - Third Party	7,204.00	8,335.00
1430083	Damage Recovery Offset Demand	(7,204.00)	(8,335.00)
Line 41	Other Accounts Receivable (143)	4,790.63	3,390.69
Line 42	(Less) Accum. Prov. For Uncollectible Acct.-Credit (144)	-	-
Line 43	Notes Receivable from Associated Companies (145)	-	-
1460001	A/R Assoc Co - InterUnit G/L	842,860.11	1,188,752.11
1460006	A/R Assoc Co - Intercompany	276,898.49	240,341.09
1460009	A/R Assoc Co - InterUnit A/P	34.77	-
1460011	A/R Assoc Co - Multi Pmts	87,165.73	222,702.60
1460023	Factored A/R - Unbilled	98,061.22	-
1460025	Fleet - M4 - A/R	19,620.10	10,771.66
Line 44	Accounts Receivable from Assoc. Companies (146)	1,324,640.42	1,662,567.46
Line 45	Fuel Stock (151)	-	-
Line 46	Fuel Stock Expenses Undistributed (152)	-	-
Line 47	Residuals (Elec) and Extracted Products (153)	-	-
1540001	M&S - Regular	354,174.99	286,636.54
1540013	Transportation Inventory	50,520.69	50,739.69
Line 48	Plant Materials and Operating Supplies (154)	404,695.68	337,376.23
Line 49	Merchandise (155)	-	-
Line 50	Other Materials and Supplies (156)	-	-
Line 51	Nuclear Materials Held for Sale (157)	-	-
Line 52	Allowances (158.1 and 158.2)	-	-
Line 53	(Less) Noncurrent Portion of Allowances	-	-
Line 54	Stores Expense Undistributed (163)	-	-
Line 55	Gas Stored Underground - Current (164.1)	-	-
Line 56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)	-	-
1650001	Prepaid Insurance	-	-
165000219	Prepaid Taxes	-	0.01
165000220	Prepaid Taxes	-	387,976.51
165000221	Prepaid Taxes	415,249.37	-
1650009	Prepaid Carry Cost-Factored AR	6,353.08	8,926.63
1650010	Prepaid Pension Benefits	4,141,122.53	4,121,257.46
1650014	FAS 158 Qual Contra Asset	(4,141,122.53)	(4,121,257.46)
1650021	Prepaid Insurance - EIS	66,711.22	63,773.19
1650023	Prepaid Lease	95.60	-
1650035	PRW Without MED-D Benefits	2,248,335.27	1,858,036.96
1650037	FAS158 Contra-PRW Exclud Med-D	(2,248,335.27)	(1,858,036.96)
Line 57	Prepayments (165)	488,409.27	460,676.34

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BALANCE SHEET			
Line 58	Advances for Gas (166-167)		
Line 59	Interest and Dividends Receivable (171)	-	-
1720000	Rents Receivable	333,375.04	786,994.57
Line 60	Rents Receivable (172)	333,375.04	786,994.57
1730000	Accrued Utility Revenues	3,515,968.75	2,572,297.40
1730002	Acrd Utility Rev-Factored-Assc	(3,249,073.56)	(1,644,594.40)
Line 61	Accrued Utility Revenues (173)	266,895.19	927,703.00
Line 62	Miscellaneous Current and Accrued Assets (174)	-	-
1750001	Curr. Unreal Gains - NonAffil	17,196.00	-
1750002	Long-Term Unreal Gns - Non Aff	1,895.00	352.00
1750021	S/T Asset MTM Collateral	(17,179.00)	-
1750022	L/T Asset MTM Collateral	(1,893.00)	-
Line 63	Derivative Instrument Assets (175)	19.00	352.00
1750002	Long-Term Unreal Gns - Non Aff	1,895.00	352.00
1750022	L/T Asset MTM Collateral	(1,893.00)	-
Line 64	(Less) Long-Term Portion of Derivative Instrument Assets (175)	2.00	352.00
Line 65	Derivative Instrument Assets - Hedges (176)	-	-
Line 66	(Less) Long-Term Portion of Derivative Instrument Assets - Hed	-	-
Line 67	Total Current and Accrued Assets	7,856,790.95	7,941,745.49
DEFERRED DEBITS			
Line 68			
Line 69	Unamortized Debt Expenses (181)	-	-
Line 70	Extraordinary Property Losses (182.1)	-	-
Line 71	Unrecovered Plant and Regulatory Study Costs (182.2)	-	-
1823000	Other Regulatory Assets	(0.04)	156,749.48
1823007	SFAS 112 Postemployment Benef	257,176.00	259,056.00
1823077	Unreal Loss on Fwd Commitments	-	8,861.00
1823108	Reg Asset - Rate Case Expenses	16,869.94	118,090.78
1823165	REG ASSET FAS 158 QUAL PLAN	4,684,793.50	5,293,387.00
1823166	REG ASSET FAS 158 OPEB PLAN	(742,369.00)	(236,953.50)
1823299	SFAS 106 Medicare Subsidy	106,860.46	137,391.94
1823301	SFAS 109 Flow Thru Defd FIT	585,881.29	268,200.15
1823302	SFAS 109 Flow Thru Defrd SIT	5,656,185.03	5,696,322.03
1823310	RTO Demand Response costs	19,079.34	133,556.58
1823426	TRP&MS Under Recovery	6,865,240.08	9,020,020.99
1823551	TN Under-Recovery FPPA Rider	2,270,476.47	5,022,878.94
1823572	TN Under Rec - FTRAR Credits	-	-
1823587	COVID-19 Deferred Expense	103,720.06	15,122.94
1823588	COVID-19 Defer Expense-Contra	-	(15,122.94)
1823662	LSE Formula Rate Defer-Dep	300,457.00	-
Line 72	Other Regulatory Assets (182.3)	20,124,370.13	25,877,561.39
Line 73	Prelim. Survey and Investigation Charges (Electric) (183)	-	-
Line 74	Preliminary Natural Gas Survey and Investigation Charges (183.	-	-
Line 75	Other Preliminary Survey and Investigation Charges (183.2)	-	-
Line 76	Clearing Accounts (184)	-	-
Line 77	Temporary Facilities (185)	-	-
1860002	Deferred Expenses	(1,908.26)	2,810.83
186000320	Deferred Property Taxes	-	685,311.67
186000321	Deferred Property Taxes	843,260.00	-
1860007	Billings and Deferred Projects	33,217.30	60,387.10
1860077	Agency Fees - Factored A/R	250,124.03	258,122.67
1860153	Unamortized Credit Line Fees	70,130.62	25,803.78
1860185	Long Term Assoc AR	60,521.00	438,342.00
1860192	Trnsrce OU Acctg for Def Asset	20,715.69	-
Line 78	Miscellaneous Deferred Debits (186)	1,276,060.38	1,470,778.05
Line 79	Def. Losses from Disposition of Utility Plt. (187)	-	-
Line 80	Research, Devel. And Demonstration Expend. (188)	-	-
Line 81	Unamortized Loss on Reacquired Debt (189)	-	-
1901001	Accum Deferred FIT - Other	342,677.03	(69,317.22)
1901002	Accum Deferred SIT - Other	1,631,987.09	1,789,414.35
1902001	Accum Defd FIT - Oth Inc & Ded	17,203.20	51,779.62
1903001	Acc Dfd FIT - FAS109 Flow Thru	1,229,365.57	1,238,865.60
1904001	Accum Dfd FIT - FAS 109 Excess	2,935,181.57	3,197,866.51
Line 82	Accumulated Deferred Income Tax (190)	6,156,414.46	6,208,608.86
Line 83	Unrecovered Purchased Gas Costs (191)	-	-

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BALANCE SHEET			
Line 84	Total Deferred Debits (lines 69 through 83)	27,556,844.97	33,556,948.30
Line 85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)	224,050,153.87	224,082,420.15
Line 1	PROPRIETARY CAPITAL		
2010001	Common Stock Issued-Affiliated	4,100,000.00	4,100,000.00
Line 2	Common Stock Issued (201)	4,100,000.00	4,100,000.00
Line 3	Preferred Stock Issued (204)	-	-
Line 4	Capital Stock Subscribed (202, 205)	-	-
Line 5	Stock Liability for Conversion (203, 206)	-	-
Line 6	Premium on Capital Stock (207)	-	-
2080000	Donations Recvd from Stckhldrs	40,800,000.00	40,800,000.00
Line 7	Other Paid-In Capital (208-211)	40,800,000.00	40,800,000.00
Line 8	Installments Received on Capital Stock (212)	-	-
Line 9	(Less) Discount on Capital Stock (213)	-	-
Line 10	(Less) Capital Stock Expense (214)	-	-
	Earnings	29,900,946.91	27,162,937.05
	less Equity	-	-
Line 11	Retained Earnings (215, 215.1, 216)	29,900,946.91	27,162,937.05
Line 12	Unappropriated Undistributed Subsidiary Earnings (216.1)	-	-
Line 13	(Less) Reacquired Capital Stock (217)	-	-
Line 14	Noncorporate Proprietorship (Nonmajor Only) (218)	-	-
Line 15	Accumulated Other Comprehensive Income (219)	-	-
Line 16	Total Proprietary Capital	74,800,946.91	72,062,937.05
Line 17	LONG-TERM DEBT		
Line 18	Bonds (221)	-	-
Line 19	(Less) Reacquired Bonds (222)	-	-
2230000	Advances from Associated Co	65,000,000.00	39,000,000.00
2230500	Advances from Assoc Co-Current	-	20,000,000.00
Line 20	Advances from Associated Companies (223)	65,000,000.00	59,000,000.00
Line 21	Other Long-Term Debt (224)	-	-
Line 22	Unamortized Premium on Long-Term Debt (225)	-	-
Line 23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	-	-
Line 24	Total Long-Term Debt	65,000,000.00	59,000,000.00
Line 25	OTHER NONCURRENT LIABILITIES		
2270001	Obligatns Undr Cap Lse-Noncurr	535,335.44	417,258.21
2270003	Accrued Noncur Lease Oblig	5,368.50	-
2270031	Oblig undr Oper Lease-Non Curr	2,246,746.26	2,323,793.97
Line 26	Obligations Under Capital Leases - Noncurrent (227)	2,787,450.20	2,741,052.18
Line 27	Accumulated Provision for Property Insurance (228.1)	-	-
Line 28	Accumulated Provision for Injuries and Damages (228.2)	-	-
2283005	SFAS 112 Postemployment Benef	222,651.80	222,881.39
2283006	SFAS 87 - Pensions	207,795.49	160,339.47
2283016	FAS 158 Qual Payable Long Term	335,875.48	1,011,790.07
Line 29	Accumulated Provision for Pensions and Benefits (228.3)	766,322.77	1,395,010.93
Line 30	Accumulated Miscellaneous Operating Provisions (228.4)	-	-
2290002	Acc Prv Rate Refnds-Nonassoc	138,123.00	127,716.00
Line 31	Accumulated Provision for Rate Refunds (229)	138,123.00	127,716.00
Line 32	Long-Term Portion of Derivative Instrument Liabilities	-	-
Line 33	Long-Term Portion of Derivative Instrument Liabilities-Hedges	-	-
2300001	Asset Retirement Obligations	36,092.09	34,510.28
Line 34	Asset Retirement Obligations (230)	36,092.09	34,510.28
Line 35	Total Other Noncurrent Liabilities	3,727,988.06	4,298,289.39
Line 36	CURRENT AND ACCRUED LIABILITIES		
Line 37	Notes Payable (231)	-	-
2320001	Accounts Payable - Regular	583,501.85	1,522,148.69
2320002	Unvouchered Invoices	1,007,054.04	1,644,348.22
2320003	Retention	-	28,800.60
2320076	Corporate Credit Card Liab	6,697.18	18,709.15
2320077	INDUS Unvouchered Liabilities	15,267.47	59,914.43
2320083	PJM Net AP Accrual	0.00	0.00

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BALANCE SHEET			
2320095	Home Warranty Payables	45,158.55	38,408.84
2320100	PJM Greenhat Default Payable	4.11	134.97
Line 38	Accounts Payable (232)	1,657,683.20	3,312,464.90
2330000	Corp Borrow Program (NP-Assoc)	13,172,652.27	20,352,214.99
Line 39	Notes Payable to Associated Companies (233)	13,172,652.27	20,352,214.99
2340001	A/P Assoc Co - InterUnit G/L	10,053,687.50	8,685,090.49
2340025	A/P Assoc Co - CM Bills	-	18.32
2340027	A/P Assoc Co - Intercompany	271,296.83	161,883.49
2340029	A/P Assoc Co - AEPSC Bills	442,477.80	691,201.79
2340030	A/P Assoc Co - InterUnit A/P	1,717.38	153.62
2340032	A/P Assoc Co - Multi Pmts	5,219.36	23.39
2340035	Fleet - M4 - A/P	7,415.78	2,303.05
2340037	A/P Assoc-Global Borrowing Int	376,891.65	418,291.65
Line 40	Accounts Payable to Associated Companies (234)	11,158,706.30	9,958,965.80
2350001	Customer Deposits-Active	4,270,208.63	4,312,264.79
2350003	Deposits - Trading Activity	14,009.02	-
Line 41	Customer Deposits (235)	4,284,217.65	4,312,264.79
2360001	Federal Income Tax	(840,606.78)	(369,704.72)
236000217	State Income Taxes	0.43	0.43
236000218	State Income Taxes	3.18	1.65
236000219	State Income Taxes	63,135.22	(19,734.51)
236000220	State Income Taxes	(65,666.94)	-
236000221	State Income Taxes	(49,743.61)	-
236000319	Local Income Tax	(4,213.00)	(4,213.00)
2360004	FICA	18,455.91	14,783.65
2360005	Federal Unemployment Tax	9.82	-
2360006	State Unemployment Tax	0.16	-
236000720	State Sales and Use Taxes	-	3,733.96
236000721	State Sales and Use Taxes	2,849.38	-
236000820	Real Personal Property Taxes	-	1,475,930.00
236000821	Real Personal Property Taxes	1,721,330.00	-
236001217	State Franchise Taxes	(26,036.65)	(26,036.65)
236001218	State Franchise Taxes	(25,442.00)	(25,442.00)
236001219	State Franchise Taxes	(11,466.00)	(53,042.00)
236001220	State Franchise Taxes	(57,200.00)	223,900.00
236001221	State Franchise Taxes	95,000.00	-
236002520	Local Franchise Tax	-	311,536.36
236002521	Local Franchise Tax	321,348.21	-
2360037	FICA - Incentive accrual	14,717.42	1,396.88
2360104	FICA - NON-CURRENT	81,143.53	20,348.79
2360105	FICA - CARES ACT	81,143.54	-
Line 42	Taxes Accrued (236)	1,318,761.82	1,553,458.84
2370007	Interest Accrd-Customer Depsts	1,464,208.69	1,449,987.40
Line 43	Interest Accrued (237)	1,464,208.69	1,449,987.40
Line 44	Dividends Declared (238)	-	-
Line 45	Matured Long-Term Debt (239)	-	-
Line 46	Matured Interest (240)	-	-
2410004	State Sales Tax Collected	202,911.31	200,161.50
Line 47	Tax Collections Payable (241)	202,911.31	200,161.50
2420000	Misc Current & Accrued Liab	-	70,185.00
2420001	P/R Ded - Charitable Contribut	-	2.00
2420002	P/R Ded - Medical Insurance	15,794.80	14,261.67
2420003	P/R Ded - Dental Insurance	1,602.26	1,539.32
2420013	P/R Ded - LTD Ins Premiums	333.43	299.68
2420020	Vacation Pay - This Year	328,004.38	307,154.56
2420021	Vacation Pay - Next Year	189,469.48	168,294.23
2420027	FAS 112 CURRENT LIAB	34,524.20	36,174.61
2420039	Cur Prov Rate Ref - Exc Protec	353,884.48	-
2420051	Non-Productive Payroll	50,182.13	137,116.52
2420071	P/R Ded - Vision Plan	650.27	627.12
2420076	P/R Savings Plan - Incentive	7,420.93	657.39
2420504	Accrued Lease Expense	-	1,126.01
2420511	Control Cash Disburse Account	72,971.18	364,072.99
2420512	Unclaimed Funds	1,282.02	1,458.86

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BALANCE SHEET				
2420514	Revenue Refunds Accrued		63,858.00	-
2420532	Adm Liab-Cur-S/Ins-W/C		6,889.96	11,283.72
2420558	Admitted Liab NC-Self/Ins-W/C		190,899.18	191,403.24
2420618	Accrued Payroll		218,449.86	187,524.64
2420623	Distr, Cust Ops & Reg Svcs ICP		174,807.16	16,854.01
2420624	Corp & Shrd Srv Incentive Plan		17,317.79	1,406.00
2420643	Accrued Audit Fees		2,690.07	1,283.56
2420665	Dollar Energy Assistance Pgm		486.81	784.62
Line 48	Miscellaneous Current and Accrued Liabilities (242)		1,731,518.39	1,513,509.75
2430001	Oblig Under Cap Leases - Curr		140,378.21	152,065.94
2430003	Accrued Cur Lease Oblig		596.50	-
2430031	Oblig undr Oper Lease -Current		377,951.32	338,638.87
Line 49	Obligations Under Capital Leases-Current (243)		518,926.03	490,704.81
2440001	Curr. Unreal Losses - NonAffil		-	9,213.00
2440021	S/T Liability MTM Collateral		-	(6,840.00)
Line 50	Derivative Instrument Liabilities (244)		-	2,373.00
Line 51	(Less) Long-Term Portion of Derivative Instrument Liabilities		-	-
Line 52	Derivative Instrument Liabilities-Hedges (245)		-	-
Line 53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Her		-	-
Line 54	Total Current and Accrued Liabilities (lines 37 through 53)		35,509,585.66	43,146,105.78
DEFERRED CREDITS				
Line 55	Customer Advances for Construction (252)		-	-
Line 57	Accumulated Deferred Investment Tax Credits (255)		-	-
Line 58	Deferred Gains from Disposition of Utility Plant (256)		-	-
2530000	Other Deferred Credits		(0.12)	3.92
2530016	Security Deposit		42,456.00	42,456.00
2530022	Customer Advance Receipts		662,974.02	568,612.58
2530112	Other Deferred Credits-Curr		1,200.20	73,079.30
2530124	Contr In Aid of Constr Advance		130,128.04	67,464.39
2530185	O/U Accounting of ExpensesT		-	5,821.75
2530188	Long Term Assoc AP		706,001.00	481,575.00
2530190	QUAL OF SVC PENALTIES - LT		9,944.24	10,915.73
Line 59	Other Deferred Credits (253)		1,552,703.38	1,249,928.67
2540047	Unreal Gain on Fwd Commitments		19,091.00	-
2540230	PJM trans enhancement reg liab		951,126.52	1,160,202.34
2543001	SFAS109 Flow Thru Def FIT Liab		(1.17)	(1.17)
2543551	TN Over-Recovery FPPA Rider		-	-
2543572	TN Over Recovery FTRAR Credits		126,908.18	430,124.63
2544001	SFAS 109 Exces Deferred FIT		11,397,131.49	12,041,039.25
Line 60	Other Regulatory Liabilities (254)		12,494,256.02	13,631,365.05
Line 61	Unamortized Gain on Reacquired Debt (257)		-	-
Line 62	Accum. Deferred Income Taxes-Accel. Amort. (281)		-	-
2821001	Accum Defd FIT - Utility Prop		29,243,254.80	28,720,553.73
2822001	Accum Defd FIT - Other Prop		154.89	154.89
2823001	Acc Dfrd FIT FAS 109 Flow Thru		514,122.96	264,226.17
2824001	Acc Dfrd FIT - SFAS 109 Excess		(8,506,542.16)	(9,163,826.64)
Line 63	Accum. Deferred Income Taxes-Other Property (282)		21,250,990.49	19,821,108.15
2831001	Accum Deferred FIT - Other		2,711,781.79	3,612,870.15
2833001	Acc Dfd FIT FAS 109 Flow Thru		1,301,125.30	1,242,840.98
2833002	Acc Dfrd SIT FAS 109 Flow Thru		5,656,185.03	5,696,322.03
2834001	Acc Defd FIT - SFAS 109 Excess		44,591.24	320,652.90
Line 64	Accum. Deferred Income Taxes-Other (283)		9,713,683.36	10,872,686.06
Line 65	Total Deferred Credits		45,011,633.25	45,575,087.93
Line 66	Total Liabilities And Stockholder Equity		224,050,153.87	224,082,420.15

Exhibit No. 3 (AWA)

KINGSPORT POWER COMPANY
Distribution Base Rate Case
Docket No. 21-00107
List of Going-Level Adjustments
For the Test Year Ended 6/30/2021

Witness (1)	Account (2)	Adj. No. (3)	Description of Adjustments (4)	KGPCo Adjustments (5)
ADJUSTMENTS TO OPERATING INCOME				
OPERATING REVENUES				
<u>OPERATING REVENUES (Sale of Electricity)</u>				
1	Walsh	44X OR-1	Weather Normalization	19,838
2	Walsh	44X OR-2	Year End Customer Adjustment	(170,354)
3	Walsh	44X OR-3	Adjust revenues from a book to billed basis	(128,916)
4	Walsh	44X OR-4	Remove Franchise Fee Revenue	(4,026,094)
5	Walsh	44X OR-5	Rate Annualization - FTRAR	22,329
6	Walsh	44X OR-6	Remove FPPAR Rider Revenue	(118,380,068)
7	Walsh	44X OR-7	Remove TRP & MS Rider Revenue	(6,018,227)
SUBTOTAL OPERATING REVENUES (Sale of Electricity) ADJUSTMENTS				<u>(128,681,492)</u>
<u>OTHER ELECTRIC OPERATING REVENUES</u>				
8	Allen	454 OR-8	Increase test year pole attachment revenues to remove prior period adjustment	9,849
9	Keeton	451 OR-9	Decrease reconnect fees	(174,600)
SUBTOTAL OPERATING REVENUES - Sale of Electricity ADJUSTMENTS				<u>(164,751)</u>
TOTAL OPERATING REVENUE ADJUSTMENTS				<u>(128,846,243)</u>
OPERATING REVENUE DEDUCTIONS				
<u>OPERATION AND MAINTENANCE EXPENSES</u>				
10	Allen	593 OM-10	Remove Test Year Over/Under Recovery of Targeted Reliability Plan and Major Storm (TRP&MS) rider expenses.	(2,154,781)
11	Allen	928 OM-11	Increase test year rate case expenses to a going-level based on 5-year amortization of expected 2021-2022 KGPCo base rate case expenses	67,279
12	Allen	589 OM-12	Decrease test year pole attachment rental expenses to remove prior period adjustment	(228,990)
13	Allen	593 OM-13	Normalization of Major Storm Expenses (average of 12 months ended June 30, 2017, 2018, 2019, 2020 and 2021)	751,261
14	Walsh	555 OM-14	Remove FPPAR Expense	(117,746,450)
15	Allen	Various OM-15	Annualize base wages and salaries as of 6/30/21	122,172
16	Allen	Various OM-16	Provide for wage and salary increases through rate year ending 12/31/22	43,775
17	Allen	926 OM-17	Increase savings plan expense related to adjustments to wages and salaries and incentives	1,379
18	Allen	926 OM-18	Decrease SFAS 106 Other Post-Retirement Benefits expense to 2021 level	(18,216)
19	Allen	926 OM-19	Increase SFAS 87 pension expense to 2021 level	36,093
20	Allen	926 OM-20	Decrease group Life insurance expense to pro forma level	(189)
21	Allen	926 OM-21	Increase group Medical insurance expense to 2021 level	31,759
22	Allen	926 OM-22	Increase group Dental insurance expense to 2021 level	579
23	Allen	Various OM-23	Decrease KGPCo Incentive Compensation Plan expense to 2021 target level	(131,483)
24	Allen	921 OM-24	Increase test year expenses to Amortize COVID-19 Deferral at 6/30/21 over 5 Years	19,660
25	Allen	908 OM-25	Remove Test Year Amortization of RTO Demand Response Regulatory Asset	(114,477)
26	Allen	908 OM-26	Remove test year level of on-going RTO Demand Response expense since the program is being proposed for termination	(56,645)
SUBTOTAL OPERATION & MAINTENANCE EXPENSE ADJUSTMENTS				<u>(119,377,275)</u>
<u>DEPRECIATION & AMORTIZATION EXPENSES</u>				
27	Allen	403,404 DE-27	Increase depreciation expense based on 6/30/21 test year end depreciable plant balances and currently approved KGPCo depreciation rates	294,281
28	Allen	403,404 DE-28	Annualize December 2022 level of estimated depreciation expense using proposed new depreciation rates and forecasted plant in service balances thru 13-month average for rate year	(176,221)
SUBTOTAL DEPRECIATION & AMORTIZATION EXPENSE ADJUSTMENTS				<u>118,060</u>

KINGSPORT POWER COMPANY
Distribution Base Rate Case
Docket No. 21-00107
List of Going-Level Adjustments
For the Test Year Ended 6/30/2021

Witness (1)	Account (2)	Adj. No. (3)	Description of Adjustments (4)	KGPCo Adjustments (5)
			<u>TAXES OTHER THAN INCOME TAXES</u>	
29	Allen	408 OT-29	Increase Social Security tax expense related to adjustment of wages and salaries and incentives	2,095
30	Allen	408 OT-30	Increase Medicare tax related to wages and salaries and incentives	500
31	Allen	408 OT-31	Increase Social Security tax expense related to the FICA base increase	859
32	Criss	408 OT-32	Increase Property Taxes for forecasted Property Additions thru 13-month average ending Dec. 2022	115,151
33	Walsh	408 OT-33	Remove Franchise Fee Tax Expense	(4,026,094)
			SUBTOTAL TAXES OTHER THAN INCOME TAXES EXPENSE ADJUSTMENTS	(3,907,490)
			<u>FEDERAL INCOME TAXES</u>	
34	Criss	4091 FIT-34	Reflect Current FIT impact of adjustments	(1,269,620)
35	Criss	4111 FIT-35	Reflect Deferred FIT impact of adjustments	477,824
			SUBTOTAL FEDERAL INCOME TAXES ADJUSTMENTS	(791,796)
			<u>STATE INCOME TAXES</u>	
36	Criss	4091 SIT-36	Reflect Current SIT impact of adjustments	(412,422)
			TOTAL OPERATING REVENUE DEDUCTIONS	(124,370,922)
			NET ADJUSTMENTS TO OPERATING INCOME	(4,475,320)
			RATE BASE ITEMS	
			NET UTILITY PLANT	
			<u>UTILITY PLANT IN SERVICE - ORIGINAL COST</u>	
37	Allen	101,106 EP-37	Forecasted plant In-service Capital Additions from July 2021 thru 13-month average ending Dec 2022 net of estimated retirements	18,157,474
			SUBTOTAL UTILITY PLANT IN SERVICE	18,157,474
			<u>ACCUMULATED PROVISION FOR DEPRECIATION & AMORTIZATION</u>	
38	Allen	108,111 AD-38	Increase A/D provision for the contra to the increase in depreciation expense based on 6/30/21 depreciable plant balances and currently approved KGPCo depreciation rates	294,281
39	Allen	108,111 AD-39	Increase A/D provision from 7/1/21 through the 13-month average ending 12/31/22 including forecasted net plant in-service additions using new proposed KGPCo depreciation rates	8,542,701
40	Allen	108,111 AD-40	Decrease A/D provision for estimated electric plant in service retirements from 7/1/21 thru the 13-month average ending 12/31/22	(3,697,115)
			SUBTOTAL ACC. PROVISION FOR DEPRECIATION & AMORTIZATION ADJUSTMENTS	5,139,867
			TOTAL NET UTILITY PLANT ADJUSTMENTS	13,017,607
			<u>ACCUMULATED DEFERRED FEDERAL INCOME TAXES</u>	
41	Criss	282 ADFIT-41	Increase ADFIT (i.e. decrease rate base) to reflect going-level adjustments.	176,453
42	Criss	282,283 ADFIT-42	Decrease ADFIT (i.e. increase rate base) to reflect a Net Operating Loss Carryforward on a separate return basis.	(11,826,798)
			SUBTOTAL ACCUMULATED DEFERRED FEDERAL INCOME TAXES	(11,650,345)
			TOTAL RATE BASE ITEMS	24,667,952

Exhibit No. 4 (AWA)

Effect of Additional Pension Contributions Recorded As Prepaid Pension Asset in Reducing Pension Cost
Total Company Amounts

Kingsport Power Company					
Plan	Less Qualified	Additional	Investment Return		Balance of
Contributions	ASC 715-30 Cost	Contributions	Rate	Amount	Plan Assets
ASC 715-30 Savings					
2005 Pension Balance @ 12/31					4,449,169
2006 Return on 2005 Balance			8.50%	378,179	4,827,348
2006 Contribution	-	136,816	(136,816)		4,690,532
2007 Return on 2006 Balance			8.50%	410,325	5,100,857
2007 Contribution	-	64,384	(64,384)		5,036,473
2008 Return on 2007 Balance			8.00%	408,069	5,444,542
2008 Contribution	-	52,492	(52,492)		5,392,050
2009 Return on 2008 Balance			8.00%	435,563	5,827,613
2009 Contribution	-	238,906	(238,906)		5,588,707
2010 Return on 2009 Balance			8.00%	466,209	6,054,916
2010 Contribution	595,076	343,908	251,168		6,306,084
2011 Return on 2010 Balance			7.75%	488,722	6,794,805
2011 Contribution	1,582,000	369,000	1,213,000		8,007,805
2012 Return on 2011 Balance			7.25%	580,566	8,588,371
2012 Contribution	767,000	419,827	347,173		8,935,544
2013 Return on 2012 Balance			6.50%	580,810	9,516,355
2013 Contribution	-	560,949	(560,949)		8,955,406
2014 Return on 2013 Balance			6.00%	537,324	9,492,730
2014 Contribution	252,000	536,638	(284,638)		9,208,092
2015 Return on 2014 Balance			6.00%	552,486	9,760,578
2015 Contribution	264,000	387,614	(123,614)		9,636,964
2016 Return on 2015 Balance			6.00%	578,218	10,215,181
2016 Contribution	242,000	315,967	(73,967)		10,141,214
2017 Return on 2016 Balance			6.00%	608,473	10,749,687
2017 Contribution	291,000	311,666	(20,666)		10,729,021
2018 Return on 2017 Balance			6.00%	643,741	11,372,762
2018 Contribution	-	241,084	(241,084)		11,131,678
2019 Return on 2018 Balance			6.25%	695,730	11,827,408
2019 Contribution	-	181,398	(181,398)		11,646,010
2020 Return on 2019 Balance			5.75%	669,646	12,315,656
2020 Contribution	388,000	320,679	67,321		12,382,977
Total Additional Contributions Above	4,381,076	4,481,328	(100,252)		
Cumulative Prior Years			4,449,170		
Prepaid Pension Balance at December 2020			4,348,918		

Actual Pension Cost (Qualified)

2020
320,679

Prepaid Contribution Savings Above

669,646

Pension Cost Without Contribution Savings

990,325

Note: This schedule computes the pension cost savings from the additional pension contributions since 2005 that were recorded as prepaid pension asset based on additional trust fund investment earnings on the additional contributions.