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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 Response to Staff Set 1 Discovery Requests.

The original, four copies and a disc are being sent by overnight delivery.

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

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**TENNESSEE PUBLIC UTILITY COMMISSION**  
**PETITION OF**  
**Kingsport Power Company**  
**DOCKET NO. TPUC 21-00107**  
**Data Requests and Requests for the Production**  
**of Documents by the TENNESSEE PUBLIC UTILITY COMMISSION**  
**Staff Set 1**  
**To Kingsport Power Company**

**Data Request Staff 1-1:**

Please update all the pro-forma schedules requested in MFR 82 to reflect the Company's currently proposed revenue deficiency in light of the positions and adjustments set forth in the rebuttal testimonies of Company witnesses. Please use Excel format and leave formulas intact.

**Response Staff 1-1:**

Please see attachment “Kingsport Exhibits for Revenue Requirement – Revised MFR 82” which provides an update to the originally filed MFR 82 incorporating any changes or positions accepted by the Company as noted in Rebuttal testimony. The attachment has been slightly reformatted and styled similarly to the “Exhibits for Revenue Requirement” as previously provided by the Consumer Advocate (CA). Tabs: OpsResults, CompRateBase, CompIncStmt, and Taxes Other include the CA’s revised revenue requirement proposal as of 5/3/2022 . The Company’s margin change was calculated by scaling the originally proposed margin change to meet the revised revenue requirement.

The Company’s updated revenue requirement of approximately \$7.9 million includes the following changes as outlined, or unopposed, in rebuttal testimony:

**Rate Base**

Accept CA level of net plant (includes TRP&MS rate base through 6/30/22)

Accept CA level of Materials & Supplies

Accept ADFIT allocation correction and recalculate using proration method as discussed in witness Jessica Criss rebuttal

**Revenue**

Accept CA attrition year billing units and revenue calculation except for classes: GS-TOD, EHG, IP-TRAN and SL as discussed in witness Katharine Walsh rebuttal

Accept CA Other Revenue except for reconnection decrease as discussed in witness Eleanor Keeton rebuttal

**Expense**

Accept CA attrition year billing units and revenue/expense calculation for Purchased Power except where noted for classes: GS-TOD, EHG, IP-TRAN and SL

Accept CA adjustments to TRP&MS expense. Expense to remain in rider

Accept CA depreciation expense

Accept CA removal of indirect lobbying charges

Accept CA level of Other O&M expense (omit Carrying Charge component of A/R Factoring Expense and Charitable Contributions)

Accept CA level of Other income/expense

Accept CA level of property tax expense

Recalculate FIT and SIT per NOI changes and as discussed in witness Jessica Criss rebuttal for flowthrough items

Other

GRCF – remove A/R Factoring expense from uncollectible ratio

**TENNESSEE PUBLIC UTILITY COMMISSION**  
**PETITION OF**  
**Kingsport Power Company**  
**DOCKET NO. TPUC 21-00142**  
**Data Requests and Requests for the Production**  
**of Documents by the TENNESSEE PUBLIC UTILITY COMMISSION**  
**Staff Set 1**  
**To Kingsport Power Company**

**Data Request Staff 1-2:**

Please provide an updated, redlined version of the Company's currently proposed service tariffs (attached as Exhibit No. 3 (WKC) to the direct testimony of Company witness William K. Castle) to reflect the positions and adjustments set forth in the rebuttal testimonies of Company witnesses.

**Response Staff 1-2:**

The Company and TPUC Staff have agreed that the Company will provide this response at such time that the approved revenue requirement and apportionment are known.

**KINGSPORT POWER COMPANY**  
**INDEX TO SCHEDULES**  
For the 12 Months Ending December 31, 2022

	<u>Schedule</u>
Results of Operations	1
Average Rate Base	2
Comparative Rate Base	3
Income Statement at Current Rates	4
Comparative Income Statement at Current Rates	5
Margin Summary	6
Taxes Other than Income Taxes	7
Excise and Income Taxes	8
Income Statement at Proposed Rates	9
Rate of Return Summary	10
Revenue Conversion Factor	11
Proposed Margin Change	12
Proposed Revenue Change	13

**KINGSPORT POWER COMPANY**  
Results of Operations  
For the 12 Months Ending December 31, 2022

Line No.		Kingsport Power	Consumer Advocate	Difference
1	Rate Base	\$ 138,524,264	\$ 128,541,218	\$ -9,983,046
2	Operating Income At Current Rates	2,990,415	4,198,129	1,207,713
3	Earned Rate Of Return	2.16%	3.27%	1.11%
4	Fair Rate Of Return	6.36%	4.97%	-1.40%
5	Required Operating Income	8,810,143	6,382,071	-2,428,072
6	Operating Income Deficiency (Surplus)	5,819,728	2,183,943	-3,635,785
7	Gross Revenue Conversion Factor	<u>1.359292</u>	<u>1.340349</u>	<u>0.018944</u>
8	Revenue Deficiency/(Surplus)	\$ <u>7,910,711</u>	\$ <u>2,927,244</u>	\$ <u>4,983,466</u>

**KINGSPORT POWER COMPANY**  
Average Rate Base  
For the 12 Months Ending December 31, 2022

Line No.		Test Period	Attrition Adjustments	Attrition Period
	<b>Additions:</b>			
1	Utility Plant in Service	\$ 262,718,884	\$ -35,714,959	\$ 227,003,925
2	Property Held for Future Use	187,481	0	187,481
3	Construction Work in Progress	7,892,893	-2,790,280	5,102,613
4	Materials & Supplies	404,696	-104,084	300,612
5	Prepayments	<u>6,877,867</u>	<u>-821,545</u>	<u>6,056,322</u>
6	<b>Total Additions</b>	<b>\$ <u>278,081,821</u></b>	<b>\$ <u>-39,430,868</u></b>	<b>\$ <u>238,650,953</u></b>
	<b>Deductions:</b>			
7	Accumulated Depreciation	\$ 88,535,728	\$ -7,426,925	\$ 81,108,803
8	Accumulated Deferred Income Taxes	31,612,360	-16,994,811	14,617,549
9	Customer Advances for Construction	130,128	0	130,128
11	Customer Deposits	<u>4,270,209</u>	<u>0</u>	<u>4,270,209</u>
12	<b>Total Deductions</b>	<b>\$ <u>124,548,425</u></b>	<b>\$ <u>-24,421,736</u></b>	<b>\$ <u>100,126,689</u></b>
14	<b>Rate Base</b>	<b>\$ <u>153,533,396</u></b>	<b>\$ <u>-15,009,132</u></b>	<b>\$ <u>138,524,264</u></b>



**KINGSPORT POWER COMPANY**  
Comparative Rate Base  
For the 12 Months Ending December 31, 2022

Line No.		Kingsport Power	Consumer Advocate	Difference
	<b>Additions:</b>			
1	Utility Plant in Service	\$ 227,003,925	\$ 227,003,925	\$ 0
2	Property Held for Future Use	187,481	187,481	0
3	Construction Work in Progress	5,102,613	5,102,613	0
4	Materials & Supplies	300,612	300,612	0
5	Prepayments	<u>6,056,322</u>	<u>2,082,431</u>	<u>-3,973,891</u>
6	<b>Total Additions</b>	<b>\$ <u>238,650,953</u></b>	<b>\$ <u>234,677,062</u></b>	<b>\$ <u>-3,973,891</u></b>
	<b>Deductions:</b>			
7	Accumulated Depreciation	\$ 81,108,803	\$ 81,108,803	\$ 0
8	Accumulated Deferred Income Taxes	14,617,549	18,632,760	4,015,211
9	Customer Advances for Construction	130,128	702,253	572,125
10	Customer Deposits	<u>4,270,209</u>	<u>5,692,028</u>	<u>1,421,819</u>
11	<b>Total Deductions</b>	<b>\$ <u>100,126,689</u></b>	<b>\$ <u>106,135,844</u></b>	<b>\$ <u>6,009,155</u></b>
12	<b>Rate Base</b>	<b>\$ <u>138,524,264</u></b>	<b>\$ <u>128,541,218</u></b>	<b>\$ <u>-9,983,046</u></b>

**KINGSPORT POWER COMPANY**  
Income Statement at Current Rates  
For the 12 Months Ending December 31, 2022

Line No.		Test Period	Adjustments	Attrition Amount
	<b>Operating Revenues:</b>			
1	Sale of Electricity	\$ 150,383,784	\$ -7,355,498	\$ 143,028,286
2	Other Revenues	7,347,856	-6,007,362	1,340,494
3	<b>Total Operating Revenue</b>	<b>\$ 157,731,640</b>	<b>\$ -13,362,860</b>	<b>\$ 144,368,780</b>
	<b>Operating Expenses:</b>			
4	Purchased Power	\$ 117,746,450	\$ 1,942,797	\$ 119,689,247
5	Transmission Expense	731,653	-731,653	0
6	Distribution Expense	9,601,767	-6,138,270	3,463,497
7	Customer Accounts Expense	1,299,530	13,628	1,313,158
8	Customer Service & Information Expense	281,701	-168,346	113,355
9	Sales Expense	5,404	0	5,404
10	Administrative & General Expense	1,740,380	-78,878	1,661,502
11	Other O&M Expense	468,170	-280,128	188,042
12	Depreciation & Amortization Expense	8,898,343	-492,446	8,405,897
13	Other Income/Expense (Includes AFUDC)	205,418	-48,302	157,116
14	Taxes Other Than Income Taxes	11,033,842	-4,473,572	6,560,270
15	State Excise Taxes	-35,854	184,514	148,660
16	Federal Income Taxes	-267,310	-60,473	-327,783
17	<b>Total Operating Expenses</b>	<b>\$ 151,709,494</b>	<b>\$ -10,331,129</b>	<b>\$ 141,378,365</b>
18	<b>Utility Net Operating Income</b>	<b>\$ 6,022,146</b>	<b>\$ -3,031,731</b>	<b>\$ 2,990,415</b>

**KINGSPORT POWER COMPANY**  
Comparative Income Statement at Current Rates  
For the 12 Months Ending December 31, 2022

Line No.		Kingsport Power	Consumer Advocate	Difference
	<b>Operating Revenues:</b>			
1	Sale of Electricity	\$ 143,028,286	\$ 143,711,352	\$ 683,066
2	Other Revenues	1,340,494	1,515,094	174,600
3	<b>Total Operating Revenue</b>	<b>\$ 144,368,780</b>	<b>\$ 145,226,446</b>	<b>\$ 857,666</b>
	<b>Operating Expenses:</b>			
4	Purchased Power	\$ 119,689,247	\$ 119,667,677	\$ -21,570
5	Transmission Expense	0	0	0
6	Distribution Expense	3,463,497	3,251,786	-211,711
7	Customer Accounts Expense	1,313,158	1,192,405	-120,753
8	Customer Service & Information Expense	113,355	105,666	-7,689
9	Sales Expense	5,404	5,268	-136
10	Administrative & General Expense	1,661,502	985,159	-676,343
11	Other O&M Expense	188,042	188,042	0
12	Depreciation Expense	8,405,897	8,405,897	0
13	Other Income/Expense (Includes AFUDC)	157,116	157,116	0
14	Taxes Other Than Income Taxes	6,560,270	6,510,169	-50,101
15	State Excise Taxes	148,660	194,505	45,845
16	Federal Income Taxes	-327,783	364,627	692,410
17	<b>Total Operating Expenses</b>	<b>\$ 141,378,365</b>	<b>\$ 141,028,317</b>	<b>\$ -350,048</b>
18	<b>Utility Net Operating Income</b>	<b>\$ 2,990,415</b>	<b>\$ 4,198,129</b>	<b>\$ 1,207,713</b>

**KINGSPORT POWER COMPANY**  
Margin Summary  
For the 12 Months Ending December 31, 2022

Line No.	Customer Class	Revenues <sup>1</sup>	Power Cost	Margin
1	Residential Service	\$ 65,355,008	\$ 57,730,035	\$ 7,624,973
2	Small General Service	3,185,298	1,854,126	1,331,172
3	Medium General Service	11,688,459	8,216,031	3,472,428
4	Large General Service	17,882,161	12,335,761	5,546,400
5	Industrial Power Service	35,591,218	33,430,531	2,160,687
6	Church Service	1,049,298	729,142	320,156
7	Public School Service	2,701,277	2,464,910	236,367
8	Electric Heating General Service	3,116,105	2,316,181	799,924
9	Outdoor Lighting Service	901,548	202,879	698,669
10	Street Lighting Service	<u>1,557,915</u>	<u>409,651</u>	<u>1,148,264</u>
11	<b>Total Electric Sales Revenue</b>	<b>\$ 143,028,286</b>	<b>\$ 119,689,247</b>	<b>\$ 23,339,039</b>
12	Other Revenues	<u>1,340,494</u>	<u>0</u>	<u>1,340,494</u>
13	<b>Total Revenues</b>	<b>\$ <u>144,368,780</u></b>	<b>\$ <u>119,689,247</u></b>	<b>\$ <u>24,679,533</u></b>

1 Excludes franchise fee revenue and other adjustments to current, test year revenue

**KINGSPORT POWER COMPANY**  
Taxes Other than Income Taxes  
For the 12 Months Ending December 31, 2022

Line No.		Kingsport Power	Consumer Advocate	Difference
1	Property Taxes	\$ 1,292,221	\$ 1,292,221	\$ 0
2	TPUC Inspection Fee	533,862	533,862	0
3	Payroll Taxes	157,295	107,194	-50,101
4	Franchise Tax	364,122	364,122	0
5	Gross Receipts Tax	4,211,650	4,211,650	0
6	Allocated & Other Taxes	<u>1,120</u>	<u>1,120</u>	<u>0</u>
7	<b>Total</b>	<b>\$ <u>6,560,270</u></b>	<b>\$ <u>6,510,169</u></b>	<b>\$ <u>-50,101</u></b>

**KINGSPORT POWER COMPANY**  
Excise and Income Taxes  
For the 12 Months Ending December 31, 2022

Line No.		Kingsport Power Company
	<b>Operating Revenues:</b>	
1	Sale of Electricity	\$ 143,028,286
2	Other Revenues	1,340,494
3	<b>Total Operating Revenue</b>	<b>\$ 144,368,780</b>
	<b>Expenses:</b>	
4	Purchased Power	\$ 119,689,247
5	Transmission Expense	0
6	Distribution Expense	3,463,497
7	Customer Accounts Expense	1,313,158
8	Customer Service & Information Expense	113,355
9	Sales Expense	5,404
10	Administrative & General Expense	1,661,502
11	Other Expense	188,042
12	Depreciation Expense	8,405,897
13	Other Income/Expense (Includes AFUDC)	157,116
14	Taxes Other Than Income Taxes	6,560,270
15	<b>Total Operating Expenses</b>	<b>\$ 141,557,488</b>
16	<b>NOI Before Excise and Income Taxes</b>	<b>\$ 2,811,292</b>
17	Interest Expense	1,901,938
18	<b>Pre-tax Book Income</b>	<b>\$ 909,354</b>
	<b>State Excise Tax:</b>	
19	Pre-tax Book Income	\$ 909,354
	Permanent Federal Adjustments	67,311 Permanent Federal Adjustments
	Temporary Federal Adjustments	3,246,206 Temporary Federal Adjustments
	TN Depreciation Adjustment	-1,935,791 TN Depreciation Adjustment
	State Taxable Income	2,287,080 State Taxable Income
20	Excise Tax Rate	6.50%
21	<b>State Excise Tax Expense</b>	<b>\$ 148,660</b>
	<b>Federal Income Tax:</b>	
22	Pre-tax Book Income	\$ 909,354
23	Excise Tax Expense	148,660
24	<b>FIT Taxable Income</b>	<b>\$ 760,694</b>
25	FIT Rate	21.00%
26	<b>Gross Federal Income Tax Expense</b>	<b>159,746</b>
27	Less Amortization of Protected Excess ADIT	-222,929
	Flowthrough - Removal Costs	-264,600
28	<b>Net Federal Income Tax Expense</b>	<b>\$ -327,783</b>

**KINGSPORT POWER COMPANY**  
Income Statement at Proposed Rates  
For the 12 Months Ending December 31, 2022

Line No.		Current Rates	Rate Increase	Proposed Rates
	<b>Operating Revenues:</b>			
1	Sale of Electricity	\$ 143,028,286	\$ 7,910,711	\$ 150,938,997
2	Other Revenues	1,340,494	11,620	1,352,114
3	<b>Total Operating Revenue</b>	<b>\$ 144,368,780</b>	<b>\$ 7,922,331</b>	<b>\$ 152,291,111</b>
	<b>Operating Expenses:</b>			
4	Purchased Power	\$ 119,689,247	\$	\$ 119,689,247
5	Transmission Expense	0		
6	Distribution Expense	3,463,497		3,463,497
7	Customer Accounts Expense	1,313,158	9,832	1,322,990
8	Customer Service & Information Expense	113,355		113,355
9	Sales Expense	5,404		5,404
10	Administrative & General Expense	1,661,502		1,661,502
11	Other O&M Expense	188,042		188,042
12	Depreciation & Amortization Expense	8,405,897		8,405,897
13	Other Income/Expense (Includes AFUDC)	157,116		157,116
14	Taxes Other Than Income Taxes	6,560,270	33,628	6,593,898
15	State Excise Taxes	148,660	512,127	660,787
16	Federal Income Taxes	-327,783	1,547,016	1,219,233
17	<b>Total Operating Expenses</b>	<b>\$ 141,378,365</b>	<b>\$ 2,102,603</b>	<b>\$ 143,480,968</b>
18	<b>Utility Net Operating Income</b>	<b>\$ 2,990,415</b>	<b>\$ 5,819,728</b>	<b>\$ 8,810,143</b>

**KINGSPORT POWER COMPANY**  
Rate of Return Summary  
For the 12 Months Ending December 31, 2022

Line No.	Class of Capital	Kingsport		
		Percent of Total	Cost Rate	Weighted Cost Rate
1	Short-Term Debt	8.61%	0.45%	0.039%
2	Long-Term Debt	42.49%	3.14%	1.334%
3	Common Equity	48.90%	10.20%	4.988%
4	<b>Total</b>	<b>100.00%</b>		<b>6.36%</b>
5				
6				
	<b>Interest Expense Short-Term Debt:</b>			
7	Rate Base			\$ 138,524,264
8	Short-Term Weighted Debt Cost			0.04%
9	<b>Short-Term Debt Interest Expense</b>			<b>\$ 54,024</b>
	<b>Interest Expense Long-Term Debt:</b>			
10	Rate Base			\$ 138,524,264
11	Long-Term Weighted Debt Cost			1.33%
12	<b>Long-Term Debt Interest Expense</b>			<b>\$ 1,847,914</b>
13	<b>Total Interest Expense</b>			<b>\$ 1,901,938</b>



**KINGSPORT POWER COMPANY**  
Revenue Conversion Factor  
For the 12 Months Ending December 31, 2022

Line No.		<u>Amount</u>	<u>Balance</u>
1	Operating Revenues		1.000000
2	Add: Forfeited Discounts	0.001469	<u>0.001469</u>
3	Balance		1.001469
4	Uncollectible Ratio	0.001241	<u>0.001243</u>
5	Balance		1.000226
6	Tennessee Regulatory Authority Inspection Fee	0.004250	<u>0.004251</u>
7	Balance		0.995975
8	State Excise Tax	0.065000	<u>0.064738</u>
9	Balance		0.931237
10	Federal Income Tax	0.210000	<u>0.195560</u>
11	Balance		<u>0.735677</u>
12	Revenue Conversion Factor (Line 1 / Line 11)		<u><u>1.359292</u></u>

**KINGSPORT POWER COMPANY**  
Proposed Margin Change  
For the 12 Months Ending December 31, 2022

Line No.	Customer Class	Current Margin	Margin Change	Proposed Margin	Percent Change	Original Company Filing Margin Change
1	Residential Service	\$ 7,624,973	\$ 3,841,427	\$ 11,466,400	50.38%	6,980,783
2	Small General Service	1,331,172	214,754	1,545,926	16.13%	390,259
3	Medium General Service	3,472,428	830,948	4,303,376	23.93%	1,510,029
4	Large General Service	5,546,400	1,452,645	6,999,045	26.19%	2,639,800
5	Industrial Power Service	2,160,687	833,196	2,993,883	38.56%	1,514,115
6	Church Service	320,156	70,355	390,511	21.98%	127,852
7	Public School Service	236,367	211,986	448,353	89.69%	385,229
8	Electric Heating General Service	799,924	247,038	1,046,961	30.88%	448,926
9	Outdoor Lighting Service	698,669	79,675	778,344	11.40%	144,789
10	Street Lighting Service	1,148,264	128,687	1,276,951	11.21%	233,856
11	<b>Total Electric Sales Margin</b>	<b>\$ 23,339,039</b>	<b>7,910,711</b>	<b>31,249,750</b>	<b>33.89%</b>	<b>14,375,638</b>
12	Other Revenues	1,340,494	11,620	1,352,114	0.87%	55% Scale margin change
13	<b>Total Margin</b>	<b>\$ 24,679,533</b>	<b>\$ 7,922,331</b>	<b>\$ 32,601,864</b>	<b>32.10%</b>	

**KINGSPORT POWER COMPANY**  
Proposed Revenue Change  
For the 12 months Ending December 31, 2022

Line No.	Customer Class	Revenue <sup>1</sup>	Revenue Change	Proposed Revenue	Percent Change
1	Residential Service	\$ 65,355,008	\$ 3,841,427	\$ 69,196,435	5.9%
2	Small General Service	3,185,298	214,754	3,400,052	6.7%
3	Medium General Service	11,688,459	830,948	12,519,407	7.1%
4	Large General Service	17,882,161	1,452,645	19,334,806	8.1%
5	Industrial Power Service	35,591,218	833,196	36,424,414	2.3%
6	Church Service	1,049,298	70,355	1,119,653	6.7%
7	Public School Service	2,701,277	211,986	2,913,263	7.8%
8	Electric Heating General Service	3,116,105	247,038	3,363,143	7.9%
9	Outdoor Lighting Service	901,548	79,675	981,223	8.8%
10	Street Lighting Service	<u>1,557,915</u>	<u>128,687</u>	<u>1,686,602</u>	8.3%
11	<b>Total Electric Sales Revenue</b>	<b>\$ 143,028,286</b>	<b>7,910,711</b>	<b>150,938,997</b>	5.5%
12	Other Revenues	<u>1,340,494</u>	<u>11,620</u>	<u>1,352,114</u>	0.9%
13	<b>Total Revenue</b>	<b>\$ <u>144,368,780</u></b>	<b>\$ <u>7,922,331</u></b>	<b>\$ <u>152,291,111</u></b>	5.5%

1 From tab "Margin Summary." Excludes franchise fee revenue and other adjustments from current, test year revenue

**KINGSPORT POWER COMPANY**  
**INDEX TO SCHEDULES**  
For the 12 Months Ending December 31, 2022

	<b><u>Schedule</u></b>
Results of Operations	1
Average Rate Base	2
Comparative Rate Base	3
Income Statement at Current Rates	4
Comparative Income Statement at Current Rates	5
Margin Summary	6
Taxes Other than Income Taxes	7
Excise and Income Taxes	8
Income Statement at Proposed Rates	9
Rate of Return Summary	10
Revenue Conversion Factor	11
Proposed Margin Change	12
Proposed Revenue Change	13

**KINGSPORT POWER COMPANY**  
Results of Operations  
For the 12 Months Ending December 31, 2022

Line No.		<b>Kingsport Power</b>	<b>Consumer Advocate</b>	<b>Difference</b>
1	Rate Base	\$ 138,524,264	\$ 128,541,218	\$ -9,983,046
2	Operating Income At Current Rates	2,990,415	4,198,129	1,207,713
3	Earned Rate Of Return	2.16%	3.27%	1.11%
4	Fair Rate Of Return	6.36%	4.97%	-1.40%
5	Required Operating Income	8,810,143	6,382,071	-2,428,072
6	Operating Income Deficiency (Surplus)	5,819,728	2,183,943	-3,635,785
7	Gross Revenue Conversion Factor	<u>1.359292</u>	<u>1.340349</u>	<u>0.018944</u>
8	<b>Revenue Deficiency/(Surplus)</b>	<b>\$ <u>7,910,711</u></b>	<b>\$ <u>2,927,244</u></b>	<b>\$ <u>4,983,466</u></b>

**KINGSPORT POWER COMPANY**  
Average Rate Base  
For the 12 Months Ending December 31, 2022

Line No.		Test Period	Attrition Adjustments	Attrition Period
	<b>Additions:</b>			
1	Utility Plant in Service	\$ 262,718,884	\$ -35,714,959	\$ 227,003,925
2	Property Held for Future Use	187,481	0	187,481
3	Construction Work in Progress	7,892,893	-2,790,280	5,102,613
4	Materials & Supplies	404,696	-104,084	300,612
5	Prepayments	<u>6,877,867</u>	<u>-821,545</u>	<u>6,056,322</u>
6	<b>Total Additions</b>	<b>\$ <u>278,081,821</u></b>	<b>\$ <u>-39,430,868</u></b>	<b>\$ <u>238,650,953</u></b>
	<b>Deductions:</b>			
7	Accumulated Depreciation	\$ 88,535,728	\$ -7,426,925	\$ 81,108,803
8	Accumulated Deferred Income Taxes	31,612,360	-16,994,811	14,617,549
9	Customer Advances for Construction	130,128	0	130,128
11	Customer Deposits	<u>4,270,209</u>	<u>0</u>	<u>4,270,209</u>
12	<b>Total Deductions</b>	<b>\$ <u>124,548,425</u></b>	<b>\$ <u>-24,421,736</u></b>	<b>\$ <u>100,126,689</u></b>
14	<b>Rate Base</b>	<b>\$ <u>153,533,396</u></b>	<b>\$ <u>-15,009,132</u></b>	<b>\$ <u>138,524,264</u></b>

**KINGSPORT POWER COMPANY**  
Comparative Rate Base  
For the 12 Months Ending December 31, 2022

Line No.		<u>Kingsport Power</u>	<u>Consumer Advocate</u>	<u>Difference</u>
	<b>Additions:</b>			
1	Utility Plant in Service	\$ 227,003,925	\$ 227,003,925	\$ 0
2	Property Held for Future Use	187,481	187,481	0
3	Construction Work in Progress	5,102,613	5,102,613	0
4	Materials & Supplies	300,612	300,612	0
5	Prepayments	<u>6,056,322</u>	<u>2,082,431</u>	<u>-3,973,891</u>
6	<b>Total Additions</b>	<b>\$ <u>238,650,953</u></b>	<b>\$ <u>234,677,062</u></b>	<b>\$ <u>-3,973,891</u></b>
	<b>Deductions:</b>			
7	Accumulated Depreciation	\$ 81,108,803	\$ 81,108,803	\$ 0
8	Accumulated Deferred Income Taxes	14,617,549	18,632,760	4,015,211
9	Customer Advances for Construction	130,128	702,253	572,125
10	Customer Deposits	<u>4,270,209</u>	<u>5,692,028</u>	<u>1,421,819</u>
11	<b>Total Deductions</b>	<b>\$ <u>100,126,689</u></b>	<b>\$ <u>106,135,844</u></b>	<b>\$ <u>6,009,155</u></b>
12	<b>Rate Base</b>	<b>\$ <u>138,524,264</u></b>	<b>\$ <u>128,541,218</u></b>	<b>\$ <u>-9,983,046</u></b>

**KINGSPORT POWER COMPANY**  
Income Statement at Current Rates  
For the 12 Months Ending December 31, 2022

Line No.		Test Period	Adjustments	Attrition Amount
	<b>Operating Revenues:</b>			
1	Sale of Electricity	\$ 150,383,784	\$ -7,355,498	\$ 143,028,286
2	Other Revenues	7,347,856	-6,007,362	1,340,494
3	<b>Total Operating Revenue</b>	<b>\$ 157,731,640</b>	<b>\$ -13,362,860</b>	<b>\$ 144,368,780</b>
	<b>Operating Expenses:</b>			
4	Purchased Power	\$ 117,746,450	\$ 1,942,797	\$ 119,689,247
5	Transmission Expense	731,653	-731,653	0
6	Distribution Expense	9,601,767	-6,138,270	3,463,497
7	Customer Accounts Expense	1,299,530	13,628	1,313,158
8	Customer Service & Information Expense	281,701	-168,346	113,355
9	Sales Expense	5,404	0	5,404
10	Administrative & General Expense	1,740,380	-78,878	1,661,502
11	Other O&M Expense	468,170	-280,128	188,042
12	Depreciation & Amortization Expense	8,898,343	-492,446	8,405,897
13	Other Income/Expense (Includes AFUDC)	205,418	-48,302	157,116
14	Taxes Other Than Income Taxes	11,033,842	-4,473,572	6,560,270
15	State Excise Taxes	-35,854	184,514	148,660
16	Federal Income Taxes	-267,310	-60,473	-327,783
17	<b>Total Operating Expenses</b>	<b>\$ 151,709,494</b>	<b>\$ -10,331,129</b>	<b>\$ 141,378,365</b>
18	<b>Utility Net Operating Income</b>	<b>\$ 6,022,146</b>	<b>\$ -3,031,731</b>	<b>\$ 2,990,415</b>



**KINGSPORT POWER COMPANY**  
Comparative Income Statement at Current Rates  
For the 12 Months Ending December 31, 2022

Line No.		<u>Kingsport Power</u>	<u>Consumer Advocate</u>	<u>Difference</u>
	<b>Operating Revenues:</b>			
1	Sale of Electricity	\$ 143,028,286	\$ 143,711,352	\$ 683,066
2	Other Revenues	1,340,494	1,515,094	174,600
3	<b>Total Operating Revenue</b>	<b>\$ <u>144,368,780</u></b>	<b>\$ <u>145,226,446</u></b>	<b>\$ <u>857,666</u></b>
	<b>Operating Expenses:</b>			
4	Purchased Power	\$ 119,689,247	\$ 119,667,677	\$ -21,570
5	Transmission Expense	0	0	0
6	Distribution Expense	3,463,497	3,251,786	-211,711
7	Customer Accounts Expense	1,313,158	1,192,405	-120,753
8	Customer Service & Information Expense	113,355	105,666	-7,689
9	Sales Expense	5,404	5,268	-136
10	Administrative & General Expense	1,661,502	985,159	-676,343
11	Other O&M Expense	188,042	188,042	0
12	Depreciation Expense	8,405,897	8,405,897	0
13	Other Income/Expense (Includes AFUDC)	157,116	157,116	0
14	Taxes Other Than Income Taxes	6,560,270	6,510,169	-50,101
15	State Excise Taxes	148,660	194,505	45,845
16	Federal Income Taxes	-327,783	364,627	692,410
17	<b>Total Operating Expenses</b>	<b>\$ <u>141,378,365</u></b>	<b>\$ <u>141,028,317</u></b>	<b>\$ <u>-350,048</u></b>
18	<b>Utility Net Operating Income</b>	<b>\$ <u>2,990,415</u></b>	<b>\$ <u>4,198,129</u></b>	<b>\$ <u>1,207,713</u></b>

**KINGSPORT POWER COMPANY**  
Margin Summary  
For the 12 Months Ending December 31, 2022

<b>Line No.</b>	<b>Customer Class</b>	<b>Revenues<sup>1</sup></b>	<b>Power Cost</b>	<b>Margin</b>
1	Residential Service	\$ 65,355,008	\$ 57,730,035	\$ 7,624,973
2	Small General Service	3,185,298	1,854,126	1,331,172
3	Medium General Service	11,688,459	8,216,031	3,472,428
4	Large General Service	17,882,161	12,335,761	5,546,400
5	Industrial Power Service	35,591,218	33,430,531	2,160,687
6	Church Service	1,049,298	729,142	320,156
7	Public School Service	2,701,277	2,464,910	236,367
8	Electric Heating General Service	3,116,105	2,316,181	799,924
9	Outdoor Lighting Service	901,548	202,879	698,669
10	Street Lighting Service	<u>1,557,915</u>	<u>409,651</u>	<u>1,148,264</u>
11	<b>Total Electric Sales Revenue</b>	<b>\$ 143,028,286</b>	<b>\$ 119,689,247</b>	<b>\$ 23,339,039</b>
12	Other Revenues	<u>1,340,494</u>	<u>0</u>	<u>1,340,494</u>
13	<b>Total Revenues</b>	<b>\$ <u>144,368,780</u></b>	<b>\$ <u>119,689,247</u></b>	<b>\$ <u>24,679,533</u></b>

1 Excludes franchise fee revenue and other adjustments to current, test year revenue

**KINGSPORT POWER COMPANY**  
Taxes Other than Income Taxes  
For the 12 Months Ending December 31, 2022

Line No.		Kingsport Power	Consumer Advocate	Difference
1	Property Taxes	\$ 1,292,221	\$ 1,292,221	\$ 0
2	TPUC Inspection Fee	533,862	533,862	0
3	Payroll Taxes	157,295	107,194	-50,101
4	Franchise Tax	364,122	364,122	0
5	Gross Receipts Tax	4,211,650	4,211,650	0
6	Allocated & Other Taxes	<u>1,120</u>	<u>1,120</u>	<u>0</u>
7	<b>Total</b>	<b><u>\$ 6,560,270</u></b>	<b><u>\$ 6,510,169</u></b>	<b><u>\$ -50,101</u></b>

**KINGSPORT POWER COMPANY**  
Excise and Income Taxes  
For the 12 Months Ending December 31, 2022

Line No.		<b>Kingsport Power Company</b>
	<b>Operating Revenues:</b>	
1	Sale of Electricity	\$ 143,028,286
2	Other Revenues	1,340,494
3	<b>Total Operating Revenue</b>	<b>\$ 144,368,780</b>
	<b>Expenses:</b>	
4	Purchased Power	\$ 119,689,247
5	Transmission Expense	0
6	Distribution Expense	3,463,497
7	Customer Accounts Expense	1,313,158
8	Customer Service & Information Expense	113,355
9	Sales Expense	5,404
10	Administrative & General Expense	1,661,502
11	Other Expense	188,042
12	Depreciation Expense	8,405,897
13	Other Income/Expense (Includes AFUDC)	157,116
14	Taxes Other Than Income Taxes	6,560,270
15	<b>Total Operating Expenses</b>	<b>\$ 141,557,488</b>
16	<b>NOI Before Excise and Income Taxes</b>	<b>\$ 2,811,292</b>
17	Interest Expense	1,901,938
18	<b>Pre-tax Book Income</b>	<b>\$ 909,354</b>
	<b>State Excise Tax:</b>	
19	Pre-tax Book Income	\$ 909,354
	Permanent Federal Adjustments	67,311 Permanent Federal Adjustments
	Temporary Federal Adjustments	3,246,206 Temporary Federal Adjustments
	TN Depreciation Adjustment	-1,935,791 TN Depreciation Adjustment
	State Taxable Income	2,287,080 State Taxable Income
20	Excise Tax Rate	6.50%
21	<b>State Excise Tax Expense</b>	<b>\$ 148,660</b>
	<b>Federal Income Tax:</b>	
22	Pre-tax Book Income	\$ 909,354
23	Excise Tax Expense	148,660
24	<b>FIT Taxable Income</b>	<b>\$ 760,694</b>
25	FIT Rate	21.00%
26	<b>Gross Federal Income Tax Expense</b>	<b>159,746</b>
27	Less Amortization of Protected Excess ADIT	-222,929
	Flowthrough - Removal Costs	-264,600
28	<b>Net Federal Income Tax Expense</b>	<b>\$ -327,783</b>

**KINGSPORT POWER COMPANY**  
Income Statement at Proposed Rates  
For the 12 Months Ending December 31, 2022

Line No.		Current Rates	Rate Increase	Proposed Rates
	<b>Operating Revenues:</b>			
1	Sale of Electricity	\$ 143,028,286	\$ 7,910,711	\$ 150,938,997
2	Other Revenues	1,340,494	11,620	1,352,114
3	<b>Total Operating Revenue</b>	<b>\$ 144,368,780</b>	<b>\$ 7,922,331</b>	<b>\$ 152,291,111</b>
	<b>Operating Expenses:</b>			
4	Purchased Power	\$ 119,689,247	\$	\$ 119,689,247
5	Transmission Expense	0		
6	Distribution Expense	3,463,497		3,463,497
7	Customer Accounts Expense	1,313,158	9,832	1,322,990
8	Customer Service & Information Expense	113,355		113,355
9	Sales Expense	5,404		5,404
10	Administrative & General Expense	1,661,502		1,661,502
11	Other O&M Expense	188,042		188,042
12	Depreciation & Amortization Expense	8,405,897		8,405,897
13	Other Income/Expense (Includes AFUDC)	157,116		157,116
14	Taxes Other Than Income Taxes	6,560,270	33,628	6,593,898
15	State Excise Taxes	148,660	512,127	660,787
16	Federal Income Taxes	-327,783	1,547,016	1,219,233
17	<b>Total Operating Expenses</b>	<b>\$ 141,378,365</b>	<b>\$ 2,102,603</b>	<b>\$ 143,480,968</b>
18	<b>Utility Net Operating Income</b>	<b>\$ 2,990,415</b>	<b>\$ 5,819,728</b>	<b>\$ 8,810,143</b>

**KINGSPORT POWER COMPANY**  
Rate of Return Summary  
For the 12 Months Ending December 31, 2022

Line No.	Class of Capital	Kingsport		
		Percent of Total	Cost Rate	Weighted Cost Rate
1	Short-Term Debt	8.61%	0.45%	0.039%
2	Long-Term Debt	42.49%	3.14%	1.334%
3	Common Equity	48.90%	10.20%	4.988%
4	<b>Total</b>	<b>100.00%</b>		<b>6.36%</b>
5				
6				
	<b>Interest Expense Short-Term Debt:</b>			
7	Rate Base			\$ 138,524,264
8	Short-Term Weighted Debt Cost			0.04%
9	<b>Short-Term Debt Interest Expense</b>			<b>\$ 54,024</b>
	<b>Interest Expense Long-Term Debt:</b>			
10	Rate Base			\$ 138,524,264
11	Long-Term Weighted Debt Cost			1.33%
12	<b>Long-Term Debt Interest Expense</b>			<b>\$ 1,847,914</b>
13	<b>Total Interest Expense</b>			<b>\$ 1,901,938</b>

**KINGSPORT POWER COMPANY**  
Revenue Conversion Factor  
For the 12 Months Ending December 31, 2022

Line No.		<u>Amount</u>	<u>Balance</u>
1	Operating Revenues		1.000000
2	Add: Forfeited Discounts	0.001469	<u>0.001469</u>
3	Balance		1.001469
4	Uncollectible Ratio	0.001241	<u>0.001243</u>
5	Balance		1.000226
6	Tennessee Regulatory Authority Inspection Fee	0.004250	<u>0.004251</u>
7	Balance		0.995975
8	State Excise Tax	0.065000	<u>0.064738</u>
9	Balance		0.931237
10	Federal Income Tax	0.210000	<u>0.195560</u>
11	Balance		<u>0.735677</u>
12	Revenue Conversion Factor (Line 1 / Line 11)		<u><u>1.359292</u></u>

**KINGSPORT POWER COMPANY**  
Proposed Margin Change  
For the 12 Months Ending December 31, 2022

Line No.	Customer Class	Current Margin	Margin Change	Proposed Margin	Percent Change	Original Company Filing Margin Change
1	Residential Service	\$ 7,624,973	\$ 3,841,427	\$ 11,466,400	50.38%	6,980,783
2	Small General Service	1,331,172	214,754	1,545,926	16.13%	390,259
3	Medium General Service	3,472,428	830,948	4,303,376	23.93%	1,510,029
4	Large General Service	5,546,400	1,452,645	6,999,045	26.19%	2,639,800
5	Industrial Power Service	2,160,687	833,196	2,993,883	38.56%	1,514,115
6	Church Service	320,156	70,355	390,511	21.98%	127,852
7	Public School Service	236,367	211,986	448,353	89.69%	385,229
8	Electric Heating General Service	799,924	247,038	1,046,961	30.88%	448,926
9	Outdoor Lighting Service	698,669	79,675	778,344	11.40%	144,789
10	Street Lighting Service	<u>1,148,264</u>	<u>128,687</u>	<u>1,276,951</u>	<u>11.21%</u>	<u>233,856</u>
11	<b>Total Electric Sales Margin</b>	<b>\$ 23,339,039</b>	<b>7,910,711</b>	<b>31,249,750</b>	<b>33.89%</b>	<b>14,375,638</b>
12	Other Revenues	<u>1,340,494</u>	<u>11,620</u>	<u>1,352,114</u>	<u>0.87%</u>	55% Scale margin change
13	<b>Total Margin</b>	<b>\$ <u>24,679,533</u></b>	<b>\$ <u>7,922,331</u></b>	<b>\$ <u>32,601,864</u></b>	<b><u>32.10%</u></b>	



**KINGSPORT POWER COMPANY**  
Proposed Revenue Change  
For the 12 months Ending December 31, 2022

Line No.	Customer Class	Revenue <sup>1</sup>	Revenue Change	Proposed Revenue	Percent Change
1	Residential Service	\$ 65,355,008	\$ 3,841,427	\$ 69,196,435	5.9%
2	Small General Service	3,185,298	214,754	3,400,052	6.7%
3	Medium General Service	11,688,459	830,948	12,519,407	7.1%
4	Large General Service	17,882,161	1,452,645	19,334,806	8.1%
5	Industrial Power Service	35,591,218	833,196	36,424,414	2.3%
6	Church Service	1,049,298	70,355	1,119,653	6.7%
7	Public School Service	2,701,277	211,986	2,913,263	7.8%
8	Electric Heating General Service	3,116,105	247,038	3,363,143	7.9%
9	Outdoor Lighting Service	901,548	79,675	981,223	8.8%
10	Street Lighting Service	<u>1,557,915</u>	<u>128,687</u>	<u>1,686,602</u>	8.3%
11	<b>Total Electric Sales Revenue</b>	<b>\$ 143,028,286</b>	<b>7,910,711</b>	<b>150,938,997</b>	5.5%
12	Other Revenues	<u>1,340,494</u>	<u>11,620</u>	<u>1,352,114</u>	0.9%
13	<b>Total Revenue</b>	<b>\$ <u>144,368,780</u></b>	<b>\$ <u>7,922,331</u></b>	<b>\$ <u>152,291,111</u></b>	5.5%

1 From tab "Margin Summary." Excludes franchise fee revenue and other adjustments from current, test year revenue