

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

<b>IN RE:</b>	)	
	)	
<b>PETITION OF KINGSPORT POWER</b>	)	
<b>COMPANY D/B/A AEP APPALACHIAN</b>	)	
<b>POWER FOR OCTOBER, 2021</b>	)	
<b>THROUGH DECEMBER, 2022 ANNUAL</b>	)	<b>DOCKET NO. 23-00019</b>
<b>RECOVERY UNDER THE TARGETED</b>	)	
<b>RELIABILITY PLAN AND MAJOR</b>	)	
<b>STORM RIDER (“TRP&amp;MS”),</b>	)	
<b>ALTERNATIVE RATE MECHANISMS</b>	)	
<b>APPROVED IN DOCKET NO. 17-00032</b>	)	
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**CONSUMER ADVOCATE’S SECOND SET OF DISCOVERY REQUESTS  
TO KINGSPORT POWER COMPANY**

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This Second Set of Discovery Requests is hereby provided to Kingsport Power Company d/b/a AEP Appalachian Power (“Kingsport” or the “Company”) pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-01-02-.11. The Consumer Advocate Division of the Office of the Attorney General (“Consumer Advocate”) requests that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Advocate Division, John Sevier Building, 500 Dr. Martin L. King Jr. Blvd., Nashville, Tennessee 37243, c/o Mason C. Rush on or before 2:00 p.m. (CDT), April 21, 2023.

**PRELIMINARY MATTERS AND DEFINITIONS**

This Second Set of Discovery Requests incorporates by reference the same Preliminary Matters and Definitions as set forth in the *Consumer Advocate’s First Informal Discovery Request to Kingsport* sent to the Company on March 27, 2023, and are to be considered

continuing in nature, and are to be supplemented from time to time as information is received by the Company which would make a prior response inaccurate, incomplete, or incorrect.

## **SECOND SET OF DISCOVERY REQUESTS**

2-1. Missing Data. Refer to Kingsport's Response to Consumer Advocate DR No. 1-11, File "CA 1-11 Attachment 1.xlsx" regarding TRP O&M Expenses. Provide a legend for the "Project" field listed on this spreadsheet that provides a name and description for each project.

### **RESPONSE:**

2-2. Source & Support. Refer to Kingsport's Response to Consumer Advocate DR No. 1-11, File "CA 1-11 Attachment 1.xlsx" regarding TRP O&M Expenses. Provide the following information:

- A. Provide a narrative description of the Company's processes for including these transactions in the TRP&MS filing for recovery;
- B. Identify and provide the source for the data presented here; and
- C. If the data presented here comes from the Company's ledger, then identify the account numbers containing this data.

### **RESPONSE:**

2-3. Source & Support. Refer to Kingsport's Response to Consumer Advocate DR No. 1-11, File "CA 1-11 Attachment 3.xlsx" regarding MS O&M Expenses. Provide the following information:

- A. Provide a narrative description of the Company's processes for including these transactions in the TRP&MS filing for recovery;
- B. Identify and provide the source for the data presented here; and
- C. If the data presented here comes from the Company's ledger, then identify the account numbers containing this data.

### **RESPONSE:**

2-4. Source & Support. Refer to Kingsport's Response to Consumer Advocate DR No. 1-11, File "CA 1-11 Attachment 2.xlsx" regarding Capitalized TRP Plant Additions. Provide the following information:

- A. Provide a narrative description of the Company's processes for including these transactions in the TRP&MS filing for recovery;
- B. Identify and provide the source for the data presented here; and
- C. If the data presented here comes from the Company's ledger, then identify the account numbers containing this data.

**RESPONSE:**

2-5. Source & Support. Refer to the Direct Testimony of Malinda L. Dielman, File "KgPCo Exhibit 1 (MLD).xlsx", Cells M27 to M31 regarding the Monthly Carrying Charge Rate of 0.63683% for August through December 2022. Provide the source and support for this calculation.

**RESPONSE:**

2-6. Source & Support. Refer to the Direct Testimony of Malinda L. Dielman, File "KgPCo Exhibit 1 (MLD).xlsx", Cells I27 to I30, regarding the post rate case amounts of ADIT for August 2022 through November 2022. It appears that the Company has incorrectly relied upon the December 2022 end-of-year calculation shown in its response to Consumer Advocate DR No. 1-09 Attachment 32, instead of the individual monthly calculations that should be presented in Consumer Advocate DR No. 1-09, Attachments 28, 29, 30 and 31. Therefore, update the calculations shown in Consumer Advocate DR No. 1-09, Attachments 28, 29, 30 and 31 to calculate the monthly Cumulative ADIT balances for August 2022 through November 2022, specifically showing the calculation of the plant additions and repair allowance for each month.

**RESPONSE:**

2-7. Missing Information. Refer to Kingsport's Response to Consumer Advocate DR No. 1-9, File "CA 1-09 Attachment 25 May 2022 JE Support.xlsx", Tab "Tax ADIT", Cell M39 regarding tax depreciation for 2022. It appears that the tax depreciation for 2022 has been omitted. Provide an update to this calculation with the appropriate tax depreciation.

**RESPONSE:**

2-8. Missing Information. Refer to Kingsport's Response to Consumer Advocate DR No. 1-9, File "CA 1-09 Attachment 24 April 2022 JE Support.xlsx", Tab "Tax ADIT", Cell M39 regarding tax depreciation for 2022. It appears that the tax depreciation for 2022 has been omitted. Provide an update to this calculation with the appropriate tax depreciation.

**RESPONSE:**

2-9. Missing Information. Refer to Kingsport's Response to CA DR1-9, File <CA 1-09 Attachment 23 March 2022 JE Support.xlsx>, Tab "Tax ADIT", Cell M39 regarding tax depreciation for 2022. It appears that the tax depreciation for 2022 has been omitted. Provide an update to this calculation with the appropriate tax depreciation.

**RESPONSE:**

2-10. Missing Information. Refer to Kingsport's Response to CA DR1-9, File <CA 1-09 Attachment 22 February 2022 JE Support.xls>, Tab "Tax ADIT", Cell M40 regarding tax depreciation for 2022. It appears that the tax depreciation for 2022 has been omitted. Provide an update to this calculation with the appropriate tax depreciation.

**RESPONSE:**

2-11. Missing Information. Refer to Kingsport's Response to Consumer Advocate DR No. 1-9, File "CA 1-09 Attachment 21 January 2022 JE Support.xlsx", Tab "Tax ADIT", Cell M40 regarding tax depreciation for 2022. It appears that the tax depreciation for 2022 has been omitted. Provide an update to this calculation with the appropriate tax depreciation.

**RESPONSE:**

2-12. Missing Information. Refer to Kingsport's Response to Consumer Advocate DR No. 1-9, File "CA 1-09 Attachment 26 June 2022 JE Support.xlsx", Tab "Tax ADIT", Cells I29 to M30 regarding the 2018 vintage plant tax depreciation. In previous ADIT calculations, the Company used inappropriate tax depreciation rates. Beginning with this spreadsheet (June 2022), the Company properly applies the appropriate tax depreciation rates to 2018 plant additions. However, the Company appears to make no effort to correct the previous monthly calculations for these inaccurate tax depreciation rates. Provide an update to the Company's previous calculations for incorrect tax depreciation expense calculated on 2018 vintage plant additions.

**RESPONSE:**

2-13. Missing Information. Refer to Kingsport's Response to Consumer Advocate DR No. 1-9, File "CA 1-09 Attachment 27 July 2022 JE Support.xlsx", Tab "Tax ADIT", Cell E30 regarding the 2018 repair allowance of \$-407,499. In previous ADIT calculations, the Company used an inappropriate repair allowance. Beginning with this spreadsheet (July 2022), the Company properly applies the appropriate tax repair allowance to the tax depreciation calculation. However, the Company appears to make no effort to correct the previous monthly calculations for these inaccurate repair allowances. Provide an update

to the Company's previous calculations for incorrect repair allowances calculated on 2018 vintage plant additions.

**RESPONSE:**

2-14. Missing Information. Refer to Kingsport's Response to Consumer Advocate DR No. 1-9, File "CA 1-09 Attachment 26 June 2022 JE Support.xlsx", Tab "Tax ADIT", Cells J32 to M33 regarding the 2019 vintage plant tax depreciation. In previous ADIT calculations, the Company used inappropriate tax depreciation rates. Beginning with this spreadsheet (June 2022), the Company properly applies the appropriate tax depreciation rates to 2019 plant additions. However, the Company appears to make no effort to correct the previous monthly calculations for these inaccurate tax depreciation rates. Provide an update to the Company's previous calculations for incorrect tax depreciation expense calculated on 2019 vintage plant additions.

**RESPONSE:**

2-15. Missing Information. Refer to Kingsport's Response to Consumer Advocate DR No. 1-9, File "CA 1-09 Attachment 27 July 2022 JE Support.xlsx", Tab "Tax ADIT", Cell E33 regarding the 2019 repair allowance of \$-793,582. In previous ADIT calculations, the Company used an inappropriate repair allowance. Beginning with this spreadsheet (July 2022), the Company properly applies the appropriate tax repair allowance to the tax depreciation calculation. However, the Company appears to make no effort to correct the previous monthly calculations for these inaccurate repair allowances. Provide an update to the Company's previous calculations for incorrect repair allowances calculated on 2019 vintage plant additions.

**RESPONSE:**

2-16. Missing Information. Refer to Kingsport's Response to Consumer Advocate DR No. 1-9, File "CA 1-09 Attachment 26 June 2022 JE Support.xlsx", Tab "Tax ADIT", Cells K35 to M36 regarding the 2020 vintage plant tax depreciation. In previous ADIT calculations, the Company used inappropriate tax depreciation rates. Beginning with this spreadsheet (June 2022), the Company properly applies the appropriate tax depreciation rates to 2020 plant additions. However, the Company appears to make no effort to correct the previous monthly calculations for these inaccurate tax depreciation rates. Provide an update to the Company's previous calculations for incorrect tax depreciation expense calculated on 2020 vintage plant additions.

**RESPONSE:**

2-17. Missing Information. Refer to Kingsport's Response to Consumer Advocate DR No. 1-9, File "CA 1-09 Attachment 27 July 2022 JE Support.xlsx", Tab "Tax ADIT", Cell 36 regarding the 2020 repair allowance of \$-564,810. In previous ADIT calculations, the Company used an inappropriate repair allowance. Beginning with this spreadsheet (July 2022), the Company properly applies the appropriate tax repair allowance to the tax depreciation calculation. However, the Company appears to make no effort to correct the previous monthly calculations for these inaccurate repair allowances. Provide an update to the Company's previous calculations for incorrect repair allowances calculated on 2020 vintage plant additions.

**RESPONSE:**

2-18. Missing Information. Refer to Kingsport's Response to Consumer Advocate DR No. 1-9, File "CA 1-09 Attachment 26 June 2022 JE Support.xlsx", Tab "Tax ADIT", Cells L38 to

M39, regarding the 2021 vintage plant tax depreciation. In previous ADIT calculations, the Company used inappropriate tax depreciation rates. Beginning with this spreadsheet (June 2022), the Company properly applies the appropriate tax depreciation rates to 2021 plant additions. However, the Company appears to make no effort to correct the previous monthly calculations for these inaccurate tax depreciation rates. Provide an update to the Company's previous calculations for incorrect tax depreciation expense calculated on 2021 vintage plant additions.

**RESPONSE:**

2-19. Missing Information. Refer to Kingsport's Response to Consumer Advocate DR No. 1-9, File "CA 1-09 Attachment 27 July 2022 JE Support.xlsx", Tab "Tax ADIT", Cell E39 regarding the 2021 repair allowance of \$-2,243,544. In previous ADIT calculations, the Company used an inappropriate repair allowance. Beginning with this spreadsheet (July 2022), the Company properly applies the appropriate tax repair allowance to the tax depreciation calculation. However, the Company appears to make no effort to correct the previous monthly calculations for these inaccurate repair allowances. Provide an update to the Company's previous calculations for incorrect repair allowances calculated on 2021 vintage plant additions.

**RESPONSE:**

2-20. Missing Information. Refer to Kingsport's Response to Consumer Advocate DR No. 1-9, File "CA 1-09 Attachment 26 June 2022 JE Support.xlsx", Tab "Tax ADIT", Cells M41 to M42 regarding the 2022 vintage plant tax depreciation. In previous ADIT calculations, the Company used inappropriate tax depreciation rates. Beginning with this spreadsheet (June 2022), the Company properly applies the appropriate tax depreciation rates to 2022 plant



additions. However, the Company appears to make no effort to correct the previous monthly calculations for these inaccurate tax depreciation rates. Provide an update to the Company's previous calculations for incorrect tax depreciation expense calculated on 2022 vintage plant additions.

**RESPONSE:**

2-21. Missing Information. Refer to Kingsport's Response to Consumer Advocate DR No. 1-9, File "CA 1-09 Attachment 27 July 2022 JE Support.xlsx", Tab "Tax ADIT", Cell E42 regarding the 2022 repair allowance of \$-724,457. In previous ADIT calculations, the Company used an inappropriate repair allowance. Beginning with this spreadsheet (July 2022), the Company properly applies the appropriate tax repair allowance to the tax depreciation calculation. However, the Company appears to make no effort to correct the previous monthly calculations for these inaccurate repair allowances. Provide an update to the Company's previous calculations for incorrect repair allowances calculated on 2022 vintage plant to additions.

**RESPONSE:**

2-22. Incorrect Calculation. Refer to Kingsport's Response to Consumer Advocate DR No. 1-9, File "CA 1-09 Attachment 19 November 2021 JE Support.xlsx", Tab "Tax ADIT", Cell I101 regarding the October 2021 book depreciation amount of \$44,183. It appears that this amount was incorrectly calculated by taking the amount for the previous month rather than the calculated book depreciation for the month. Provide an update to the Company's calculation for this incorrect book depreciation.

**RESPONSE:**

2-23. Incorrect Calculation. Refer to Kingsport's Response to Consumer Advocate DR No. 1-9, File "CA 1-09 Attachment 26 June 2022 JE Support.xlsx", Tab "Tax ADIT", Cells I55 to I112 regarding the historical book depreciation used for the calculation of ADIT. In previous ADIT calculations, the Company used incorrect amounts for book depreciation. Beginning with this spreadsheet (June 2022), the Company properly applies the book depreciation to the correct months (beginning with October 2017) and includes the correct book depreciation expense of \$7,255 for July 2018. However, the Company appears to make no effort to correct the previous monthly calculations for these inaccurate book depreciation expense amounts. Provide an update to the Company's previous calculations for incorrect book depreciation expense amounts.

**RESPONSE:**

2-24. Incorrect Calculation. Refer to Kingsport's Response to Consumer Advocate DR No. 1-9, File "CA 1-09 Attachment 27 July 2022 JE Support.xlsx", Tab "Tax ADIT", Cell I80, regarding the book depreciation for September 2019 of \$15,857 that is used for the calculation of ADIT. In previous ADIT calculations, the Company used an incorrect amount for book depreciation of \$14,977. Beginning with this spreadsheet (July 2022), the Company calculates the appropriate book depreciation amount for September 2019. However, the Company appears to make no effort to correct the previous monthly calculations from using the incorrect depreciation expense for September 2019. Provide an update to the Company's previous calculations for incorrect book depreciation expense amounts.

**RESPONSE:**

2-25. Missing Information. Refer to Kingsport's Response to Consumer Advocate DR No. 1-9, File "CA 1-09 Attachment 27 July 2022 JE Support.xlsx", Tab "Tax ADIT", Cell E42 regarding the 2022 repair allowance of \$-724,457. Provide the source and support for the Company's use of the repair allowance percentage of 34.88% that is embedded in this formula as a hard-coded amount.

**RESPONSE:**

2-26. Supporting Data. Provide the monthly TRP&MS Surcharge Revenue by Rate Schedule and by Rate Code from October 2021 through December 2022 in the same format as the Company's response to Consumer Advocate DR No. 3-07 in TPUC Docket No. 21-00142.

**RESPONSE:**

2-27. Missing Information. Refer to Kingsport's Response to Consumer Advocate DR No. 1-4, File "CA 1-04 Attachment 1", Tab "Exhibit 1 – final", Cell H39, regarding rate design billing determinants for the EHG Rate Schedule of \$122,463. We are unable to locate this amount in Attachment C to the Stipulation & Settlement Agreement for TPUC Docket No. 21-00107. Provide the source and support for the Company's proposed EHG billing determinant.

**RESPONSE:**

2-28. Missing Information. Refer to Kingsport's Response to Consumer Advocate DR No. 1-4, File "CA 1-04 Attachment 1", Tab "Exhibit 1 – final", Cells D41 and D43 regarding rate design allocation factors for Outdoor Lighting and Street Lighting of 1.27% and 2.69%. These allocation factors do not appear to trace to the Commission's Order allocating the rate increase in TPUC Docket No. 21-00107 which the Company has correctly calculated as 3.14% and 0.82% on the "Allocators" tab of this same

spreadsheet. Provide a narrative explanation for the Company's deviation for calculating the allocation factors for these two customer classes.

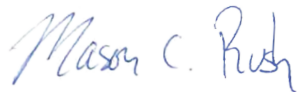
**RESPONSE:**

1-29. Missing Information. Refer to the Direct Testimony of Malinda L. Dielman, File "KgPCo Exhibit 1 (MLD).xlsx" and provide the following information:

- A. Refer to footnote "\*" which states that the "Pre-tax Return on Capital reduced by \$47,374 in July 2022 to reflect an adjustment recorded on KgPCo's books to include the Repairs Deduction from Jan. 2018 through Sept. 2020, which increased ADIT for each month." Provide the source and support for this \$47,374 adjustment.
- B. Refer to footnote "\*" which states that the "Pre-tax Return on Capital increased by \$219 in December 2022 to reflect an adjustment recorded on KgPCo's books in Q1 2023 to include Jan. 2022 through Dec. 2022 Repairs Deduction adjustment." Provide the source and support for this \$219 adjustment.
- C. Refer to footnote "\*" which states that "September 2022 and December 2022 under -recovery reduced by \$412,482 and \$7,904, respectively, for adjustment to Street Lighting revenues. December amount of \$7,904 was recorded in Q1 2023." Provide the source and support for the \$412,482 and \$7,904 adjustments.

**RESPONSE:**

RESPECTFULLY SUBMITTED,



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## **CERTIFICATE OF SERVICE**

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

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This the 17<sup>th</sup> day of April, 2023.



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**MASON C. RUSH**  
Assistant Attorney General