

S. Morris Hadden
Jimmie Carpenter Miller
Gregory K. Haden
Michael L. Forrester
Stephen M. Darden
James N. L. Humphreys¹
Michael S. Lattier^{5,6}
Scott T. Powers
Leslie Tentler Ridings
Christopher D. Owens^{1,3}
Jason A. Creech
Meredith Bates Humbert

HUNTER·SMITH·DAVIS
SINCE 1916 LLP

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

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

Joseph B. Harvey⁴
Caroline Ross Williams¹
Marcy E. Walker²
J. Christopher Rose¹
Sydney B. Gilbert
Will A. Ellis
Jordan T. Richardson
Laura Medlin Mickel²
Colin M. Wyvill

Of Counsel:
William C. Bovender
William C. Argabrite
Mark S. Dessauer
Jeannette Smith Tysinger
John B. Buda⁷
Sarah E. Larkin

www.hsdllaw.com

Respond to:
Kingsport Office
Joseph B. Harvey
423-378-8854
jharvey@hsdlaw.com

All Attorneys Licensed in Tennessee
Unless Noted

Additional Bar Memberships:
VA¹, NC², KY³, GA⁴, FL⁵, MT⁶, CA only⁷
April 25, 2024

KPOW-15921

Electronically Filed in TPUC Docket
Room on April 25, 2024 at 10:42 a.m.

VIA EMAIL (tpuc.docketroom@tn.gov) & FEDEX

Herbert H. Hilliard, 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 KINGSPORT POWER
COMPANY d/b/a AEP APPALACHIAN POWER
FOR JANUARY, 2023 – DECEMBER 2023 ANNUAL
RECOVERY UNDER THE TARGETED RELIABILITY
PLAN AND MAJOR STORM RIDER (“TRP&MS”),
ALTERNATIVE RATE MECHANISMS APPROVED IN
DOCKET NO. 17-00032
DOCKET NO.: 24-00010

Dear Chairman Hilliard:

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

Kingsport Power Company d/b/a AEP Appalachian Power’s Responses to Consumer Advocate’s Second Discovery Requests.

The original, four (4) copies, and CD containing exhibits in both PDF and Excel format are being sent via Federal Express. Access to Kingsport’s Responses and exhibits also is being provided to the Consumer Advocate and Staff on the iManage System, in both PDF and Excel format. The file size for the exhibits is too large to send by email.

Very sincerely yours,

HUNTER, SMITH & DAVIS, LLP

Joseph B. Harvey

Enclosure

Page 2
April 25, 2024

cc: Kelly Grams, General Counsel (w/enc.) *Via U.S. Mail and Email: Kelly.Grams@tn.gov*
Monica L. Smith-Ashford, Esq. (w/enc.) *Via U.S. Mail and Email: monica.smith-ashford@tn.gov*
David Foster (w/enc.) *Via U.S. Mail and Email: david.foster@tn.gov*
Vance Broemel, Esq. (w/enc.) *Via U.S. Mail and Email: vance.broemel@ag.tn.gov*
Shilina B. Brown, Esq. (w/enc.) *Via U.S. Mail and Email: Shilina.Brown@ag.tn.gov*
James R. Bacha, Esq. (w/enc.) *Via Email: jrbacha@aep.com*
James G. Ritter, Esq. (w/enc.) *Via Email: jritter@aep.com*
William C. Bovender, Esq. (w/enc.) *Via Email: bovender@hsdlaw.com*
William K. Castle (w/enc.) *Via Email: wkcastle@aep.com*

TENNESSEE PUBLIC UTILITY COMMISSION
PETITION OF
Kingsport Power Company
DOCKET NO. 24-00010
Data Requests and Requests for the Production
of Documents by the CONSUMER ADVOCATE DIVISION
CA Set 2
To Kingsport Power Company

Data Request CA Set 2-1.:

Undocumented Adjustments. Refer to the “OM Summary” tab of the <KgPCo Exhibit No. 4 (JDS) O&M AP Invoices> spreadsheet provided in response to CA1-11 regarding the TRP O&M Expenses. Specifically refer to Cells B63 and F63 regarding a \$25,000 manual adjustment to these cells. Provide a narrative explanation for the cause and rationale for this adjustment.

Response CA Set 2-1.:

The adjustment in May 2023 was to correct an error in the January 2023 unvouchered liability accrual. The net impact of these two adjustments is zero.

The foregoing response is made by , on behalf of Kingsport Power Company

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CA Set 2
To Kingsport Power Company

Data Request CA Set 2-2.:

Missing Data. Refer generally to the <KGP TRP_MS Project Cost> spreadsheets for January - December 2023 that were included with the Company's filing. These spreadsheets calculate the monthly plant and accumulated depreciation balances in the TRP&MS Rider calculation. Provide this spreadsheet for December 2022 in the same format that was provided in the Company's filing.

Response CA Set 2-2.:

Please see CA 2-2 Attachment 1 for the requested spreadsheet for December 2022.

The foregoing response is made by , on behalf of Kingsport Power Company

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DOCKET NO. 24-00010
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CA Set 2
To Kingsport Power Company

Data Request CA Set 2-3.:

Lovedale Station. Refer generally to the <KGP TRP_MS Project Cost> spreadsheets for January - December 2023 that were included with the Company's filing. Specifically refer to the "Lovedale Station Work" project category that totals to \$11.6 million during 2023 and provide the following information:

- a.: Provide the source and support for the monthly charges associated with Lovedale Station Work project;
- b.: Provide a narrative description of the work done for the Lovedale Station Work project; and
- c.: Provide a narrative of the Company's rationale for including the cost for the Lovedale Station Work project within the TRP&MS Rider.

Response CA Set 2-3.:

- a. Please see CA 2-3 Attachment 1 for the source and support of the monthly charges associated with Lovedale Station Work project.
- b. The Company rebuilt Lovedale Station on the existing purchased property adjacent to the existing station. The station was rebuilt to 69kV standards utilizing high side breakers operating at 34.5kV. The rebuilt station contains 2-25 Mega Volt Amperes (MVA) non-Load Tap Changer (LTC) transformers and 4-12 kV feeders.
- c. As stated on page 15 of Company witness Baker's testimony, Lovedale Station was rebuilt because of deterioration due to a fire several years ago, as well as with structural upgrades to support future load growth in the area. The Order in Docket 17-00032 states that "The System Improvement Program will facilitate the rebuilding of selected stations with structural upgrades." The Company included the cost for the Lovedale Station Work project in the TRP&MS Rider because structural upgrades were needed to improve reliability and minimize outages due to the station's deterioration that resulted from the fire.

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CA Set 2
To Kingsport Power Company

Data Request CA Set 2-4.:

Undocumented Adjustments. Refer to the “Exhibit 1” tab of the <KgPCo Exhibit No. 1 (JDS) Over_Under Recovery> spreadsheet provided in response to Consumer Advocate DR No. 1-7 regarding the TRP&MS Rider Over/Under Recovery Calculation. Specifically refer to “Column O” of this spreadsheet regarding the “Pre-Tax Return of Capital” calculation that totals to \$294,034. As shown below, the Company has made a number of manual hard-coded and unreferenced adjustments to the monthly amounts in this calculation:
/

Provide the source, support and rationale for each of these adjustments.

Response CA Set 2-4.:

These minor amounts included in the pre-tax return on capital column were needed to agree with the carrying charges calculated for the respective months and included in the month-end over/under recovery balance. Prior period adjustments to certain net capital additions resulted in small differences in the calculation of pre-tax return on capital using only the month-end balances shown on Exhibit No. 1 (JDS) for certain months as compared to the recording of the actual monthly journal entries. The amounts shown in Column O netted to a \$25,509 reduction in requested TRP costs.

Many of the adjustments shown in Column O are supported in the monthly journal entry files provided in iManage on the Carrying Charges worksheet in column L. See CA 2-14, Attachment 1, for the journal entry recorded in March 2023 for \$7,904 to reduce the TRP&MS under recovery to reflect the non-billing of the Rider to Street Lighting Customers. The \$24,296.08 adjustment in cell O28 of Exhibit No. 1 (JDS) was due to revisions in the Dec. 2023 TRP&MS over/under recovery journal entry to reflect updates retroactive to July 2022 in the estimated ADIT balances through 11-30-23.

The foregoing response is made by , on behalf of Kingsport Power Company

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CA Set 2
To Kingsport Power Company

Data Request CA Set 2-5.:

Supporting Data. Provide the monthly TRP&MS Surcharge Revenue by Rate Schedule and by Rate Code from January 2023 through December 2023 in the same format as the Company's response to Consumer Advocate DR No. 2-26 in TPUC Docket No. 23-00019.

Response CA Set 2-5.:

Please see CA 2-5 Attachment 1.

The foregoing response is made by , on behalf of Kingsport Power Company

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CA Set 2
To Kingsport Power Company

Data Request CA Set 2-6.:

Supporting Data. Refer to the “Tax ADIT” tab of the <TRPMS Journal Entry Worksheet_Jan 2023 JMJ Changes> spreadsheet included with the Company’s filing. Specifically refer to Cells H114 to H119 of this spreadsheet regarding the monthly tax depreciation for July 2022 to December 2022 of \$39,102. Provide the source and support for this amount, which appears as an unreferenced hard-coded number, in Excel format with all formulas intact.

Response CA Set 2-6.:

Please CA 2-6 Attachment 1 for the TRPMS Journal Entry Worksheets for January 2023 through December 2023 with links to the corresponding ADIT files.

In question CA 2-4 an adjustment amount of \$24,296.08 in cell O28 of “Exhibit 1” tab of the <KgPCo Exhibit No. 1 (JDS) Over_Under Recovery> reduces the carrying charges for 2023 due to the updated ADIT in the TRPMS Journal Entry Worksheets for December 2023, Cells L65:L80. Upon linking the TRPMS Journal Entry Worksheets to the corresponding ADIT files in CA 2-6 Attachment 1 the correct adjustment for the update to the current ADIT by month for 2023 should be \$15,294.62, Cells L65:L80 of the [TRPMS Journal Entry Worksheet_REVISED Dec 2023 ADIT Linked.xls] (Carrying Charges Tab), an increase to the under recovery of \$9,001.46.

The foregoing response is made by , on behalf of Kingsport Power Company

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CA Set 2
To Kingsport Power Company

Data Request CA Set 2-7.:

Supporting Data. Refer to the "Tax ADIT" tab of the <TRPMS Journal Entry Worksheet_REVISED FEB 2023> spreadsheet included with the Company's filing. Specifically refer to Cell H120 of this spreadsheet regarding the monthly tax depreciation for January 2023 of \$10,010. Provide the source and support for this amount, which appears as an unreferenced hard-coded number, in Excel format with all formulas intact.

Response CA Set 2-7.:

Please see response to CA 2-6 Attachment 1 for February.

The foregoing response is made by , on behalf of Kingsport Power Company

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CA Set 2
To Kingsport Power Company

Data Request CA Set 2-8.:

Supporting Data. Refer to the "Tax ADIT" tab of the <TRPMS Journal Entry Worksheet_REVISED Mar 2023> spreadsheet included with the Company's filing. Specifically refer to Cells H120 to H121 of this spreadsheet regarding the monthly tax depreciation for January 2023 to February 2023 of \$16,677. Provide the source and support for this amount, which appears as an unreferenced hard-coded number, in Excel format with all formulas intact.

Response CA Set 2-8.:

Please see response to CA 2-6 Attachment 1 for March.

The foregoing response is made by , on behalf of Kingsport Power Company

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Data Requests and Requests for the Production
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CA Set 2
To Kingsport Power Company

Data Request CA Set 2-9.:

Supporting Data. Refer to the "Tax ADIT" tab of the <TRPMS Journal Entry Worksheet_REVISED Apr 2023> spreadsheet included with the Company's filing. Specifically refer to Cells H120 to H122 of this spreadsheet regarding the monthly tax depreciation for January 2023 to March 2023 of \$22,365. Provide the source and support for this amount, which appears as an unreferenced hard-coded number, in Excel format with all formulas intact.

Response CA Set 2-9.:

Please see response to CA 2-6 Attachment 1 for April.

The foregoing response is made by , on behalf of Kingsport Power Company

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Data Requests and Requests for the Production
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CA Set 2
To Kingsport Power Company

Data Request CA Set 2-10.:

Supporting Data. Refer to the "Tax ADIT" tab of the <TRPMS Journal Entry Worksheet_REVISED May 2023> spreadsheet included with the Company's filing. Specifically refer to Cells H120 to H123 of this spreadsheet regarding the monthly tax depreciation for January 2023 to April 2023 of \$30,554. Provide the source and support for this amount, which appears as an unreferenced hard-coded number, in Excel format with all formulas intact.

Response CA Set 2-10.:

Please see response to CA 2-6 Attachment 1 for May.

The foregoing response is made by , on behalf of Kingsport Power Company

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Data Requests and Requests for the Production
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CA Set 2
To Kingsport Power Company

Data Request CA Set 2-11.:

Supporting Data. Refer to the "Tax ADIT" tab of the <TRPMS Journal Entry Worksheet_REVISED June 2023> spreadsheet included with the Company's filing. Specifically refer to Cells H120 to H124 of this spreadsheet regarding the monthly tax depreciation for January 2023 to May 2023 of \$41,153. Provide the source and support for this amount, which appears as an unreferenced hard-coded number, in Excel format with all formulas intact.

Response CA Set 2-11.:

Please see response to CA 2-6 Attachment 1 for May.

The foregoing response is made by , on behalf of Kingsport Power Company

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CA Set 2
To Kingsport Power Company

Data Request CA Set 2-12.:

Supporting Data. Refer to the "Tax ADIT" tab of the <TRPMS Journal Entry Worksheet_REVISED July 2023> spreadsheet included with the Company's filing. Specifically refer to Cells H120 to H125 of this spreadsheet regarding the monthly tax depreciation for January 2023 to June 2023 of \$55,963. Provide the source and support for this amount, which appears as an unreferenced hard-coded number, in Excel format with all formulas intact.

Response CA Set 2-12.:

Please see response to CA 2-6 Attachment 1 for June.

The foregoing response is made by , on behalf of Kingsport Power Company

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Data Requests and Requests for the Production
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CA Set 2
To Kingsport Power Company

Data Request CA Set 2-13.:

Supporting Data. Refer to the "Tax ADIT" tab of the <TRPMS Journal Entry Worksheet_REVISED Aug 2023> spreadsheet included with the Company's filing. Specifically, refer to Cells H120 to H126 of this spreadsheet regarding the monthly tax depreciation for January 2023 to July 2023 of \$65,181. Provide the source and support for this amount, which appears as an unreferenced hard-coded number, in Excel format with all formulas intact.

Response CA Set 2-13.:

Please see response to CA 2-6 Attachment 1 for August.

The foregoing response is made by , on behalf of Kingsport Power Company

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Data Requests and Requests for the Production
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CA Set 2
To Kingsport Power Company

Data Request CA Set 2-14.:

Supporting Data. Refer to the "Tax ADIT" tab of the <TRPMS Journal Entry Worksheet_REVISED Sep 2023> spreadsheet included with the Company's filing. Specifically refer to Cells H120 to H127 of this spreadsheet regarding the monthly tax depreciation for January 2023 to August 2023 of \$65,181. Provide the source and support for this amount, which appears as an unreferenced hard-coded number, in Excel format with all formulas intact.

Response CA Set 2-14.:

Please see response to CA 2-6 Attachment 1 for September. The tax depreciation estimate should be \$76,314.38 each month.

The foregoing response is made by , on behalf of Kingsport Power Company

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CA Set 2
To Kingsport Power Company

Data Request CA Set 2-15.:

Supporting Data. Refer to the “Tax ADIT” tab of the <TRPMS Journal Entry Worksheet_REVISED Oct 2023> spreadsheet included with the Company’s filing and provide the following information:

- a.: Explain why the value in Cell H120 in January 2023 for \$65,181 doesn’t change to \$76,314 along with the values for February 2023 to September 2023. If the Company believes that its calculation is in error, then provide a revised update.
- b.: Refer to Cells H121 to H128 of this spreadsheet regarding the monthly tax depreciation for February 2023 to September 2023 of \$76,314. Provide the source and support for this amount, which appears as an unreferenced hard-coded number, in Excel format with all formulas intact.

Response CA Set 2-15.:

- a Please see CA 2-6 Attachment 1 for the corrected “Tax ADIT” tab of the <TRPMS Journal Entry Worksheet_REVISED Oct 2023 >.
- b Please see CA 2-6 Attachment 1 for the October corrected Journal Entry file and the linked ADIT estimate file.

The foregoing response is made by , on behalf of Kingsport Power Company

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CA Set 2
To Kingsport Power Company

Data Request CA Set 2-16.:

Supporting Data. We are unable to locate the TRP&MS Rider Journal Entry Worksheet for November 2023 in the Company's filing that supports the Company's ADIT calculation of \$186,588. Provide a copy of this spreadsheet in Excel format. In addition, provide all worksheets in Excel format with formulas intact that support the Company's tax depreciation calculation.

Response CA Set 2-16.:

Please see response to CA 2-6 Attachment 1 for September. The tax depreciation estimate should be \$408,872.76 each month.

The foregoing response is made by , on behalf of Kingsport Power Company

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CA Set 2
To Kingsport Power Company

Data Request CA Set 2-17.:

Supporting Data. We are unable to locate the TRP&MS Rider Journal Entry Worksheet for December 2023 in the Company's filing that supports the Company's ADIT calculation of \$962,116. Provide a copy of this spreadsheet in Excel format. In addition, provide all worksheets in Excel format with formulas intact that support the Company's tax depreciation calculation.

Response CA Set 2-17.:

Please see response to CA 2-6 Attachment 1 for September. The tax depreciation estimate should be \$286,494.26 each month.

The ADIT is calculated monthly based upon the monthly estimates of book and tax depreciation, in order to more closely reflect the actual ADIT to be used in the calculation of carrying charges, an adjustment is made in December to adjust the carrying charges. The original adjustment of \$24,296.08 was made on "Exhibit 1" tab of the <KgPCo Exhibit No. 1 (JDS) Over_Under Recovery> cell O28 reducing the carrying charges previously recorded based upon the monthly ADIT estimates update. After reviewing and linking the ADIT estimates that adjustment should be \$15,294.62 as shown on Cells L65:L80 of the TRP&MS Rider Journal Entry Worksheet for December 2023 linked to the ADIT file in the CA 2-6 Attachment 1 response. Increasing the underrecovery balance in this filing by \$9,001.46.

The foregoing response is made by , on behalf of Kingsport Power Company

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CA Set 2
To Kingsport Power Company

Data Request CA Set 2-18.:

Supporting Data. Refer to the "Sheet1" tab of the <TN TRP&MS JEB WP-2> spreadsheet included in response to Consumer Advocate DR No. 1-4 and provide the following information:

- a.: Specifically refer to Cell D18 in this spreadsheet regarding the "Annual VMP budget needed for 6-year cycle" of \$3,913,470. Provide the source and support for this amount, which appears as an unreferenced hard-coded value.
- b.: Specifically refer to Cell F9 in this spreadsheet regarding the "Original Projected SIP Expenses" of \$709,237. Provide the source and support for this amount, which appears as an unreferenced hard-coded value.
- c.: Specifically refer to Cell N20 in this spreadsheet regarding the "Estimated VMP cost per mile for 2025, 2026, 2027" of \$16,000. Provide the source and support for this amount, which appears as an unreferenced hard-coded value.
- d.: Specifically refer to Cell N21 in this spreadsheet regarding the "Number of miles needed each year in 2025, 2026 and 2027 to achieve 4-year cycle" of 372. Provide the source and support for this amount, which appears as an unreferenced hard-coded value.
- e.: Specifically refer to Cell N22 in this spreadsheet regarding the "Estimated oversight, Inspections, and hot spotting costs" of \$100,000. Provide the source and support for this amount, which appears as an unreferenced hard-coded value.

Response CA Set 2-18.:

- a. The annual VMP budget needed for 6-year cycle of \$3,913,470 is based on the original estimated TRP & MS cost when the program was approved in Docket No. 17-00032. As shown in CA 2-18 Attachment 1, which was provided in Docket No. 17-00032, the year 4 O&M estimate for vegetation management was estimated to be \$3,913,470. The table below estimated that subsequent years after year 4 would reflect a decrease from the \$3,913,470. The vegetation management O&M did not decrease as originally projected but due to cost increases, the \$3,913,470 is now the annual projected cost to maintain a 6-year vegetation management cycle.
- b. The original projected SIP expense of \$709,237 refers to O&M projection for SIP that was approved in Docket No. 17-00032, as shown in CA 2-18 Attachment 1.
- c. The current vegetation contract structure is based on a negotiated cost per mile rather than time and equipment billing. Given the current 2024 contractual rates and the anticipated inflationary adjustments in future years coupled with the proposed savings from the contract structure, it is estimated that future years through 2027 will likely cost approximately \$16,000 per mile in Tennessee.

d. This number is based on the fact that there are 1,334 OH distribution ROW miles that require vegetation management. The Company estimates that it will complete vegetation management on 220 miles of ROW in 2024, which means the Company will need complete vegetation management on approximately 1,114 miles of ROW for the next 3 years to complete a cycle in 4 years. This equates to approximately 372 miles each year for 2025, 2026, and 2027.

e. While the majority of the O&M budget is reserved for direct scheduled vegetation management on a cost per mile basis on circuits scheduled in a given year, a portion of the O&M budget (approximately \$100,000) is set aside to cover the cost of inspections of the completed work which is performed, in part, by a third party contractor at the direction and with the assistance of the company forester. This funding is also used for vine control and O&M related hotspot work that may arise outside the circuits scheduled for a given year.

The foregoing response is made by , on behalf of Kingsport Power Company

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Data Requests and Requests for the Production
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CA Set 2
To Kingsport Power Company

Data Request CA Set 2-19.:

Identify the monthly number of estimated bills issued during the test period.

Response CA Set 2-19.:

The Company objects to this request on the basis that the information requested is not relevant to this proceeding. Subject to and without waiving the objection, the estimated bills during the test period are 341.

The foregoing response is made by , on behalf of Kingsport Power Company

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CA Set 2
To Kingsport Power Company

Data Request CA Set 2-20.:

Identify any internal metrics the Company has in place to evaluate its success in minimizing estimated bills.

Response CA Set 2-20.:

The Company objects to this request on the basis that the information requested is not relevant to this proceeding. Subject to and without waiving the objection, the Company minimizes errors in estimated bills by getting actual readings. Specifically, in cases where the meter is not communicating a reading back to our system, the Company sends a servicer out to get an actual reading off the meter and uses the actual continuous reading to correct the estimated billing.

The foregoing response is made by , on behalf of Kingsport Power Company

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CA Set 2
To Kingsport Power Company

Data Request CA Set 2-21.:

Identify the ratio of estimated bills to total bills issued for the test period.

Response CA Set 2-21.:

The Company objects to this request on the basis that the information requested is not relevant to this proceeding. Subject to and without waiving the objection, the estimated bills during the test period is 341. The total bills during the test period is 597,647. The ratio of estimated bills to total bills is $341/597,647=.00057$.

The foregoing response is made by , on behalf of Kingsport Power Company

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To Kingsport Power Company

Data Request CA Set 2-22.:

Provide a copy of any research or studies the Company has done to identify the causes of estimated bills.

Response CA Set 2-22.:

The Company objects to this request on the basis that the information requested is not relevant to this proceeding. Subject to and without waiving the objection, while the Company hasn't conducted any formal research or studies regarding the causes of estimated bills, the Company's experience indicates that the majority of its estimated bills involve AMI metered accounts that fail to receive usage data as a result of vegetation at close proximity to the meter site. The seasonal nature of these interferences bears this out. The majority of the Company's signal failures occur during the months of June through October.

The foregoing response is made by , on behalf of Kingsport Power Company

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CA Set 2
To Kingsport Power Company

Data Request CA Set 2-23.:

Describe the process used to true-up customer bills following the issuance of an estimated bill.

Response CA Set 2-23.:

The Company objects to this request on the basis that the information requested is not relevant to this proceeding. Subject to and without waiving the objection, in cases where the meter is not communicating a reading back to our system, the Company sends a servicer out to get an actual reading from the meter and uses the actual continuous reading to correct the estimated billing. In cases where the meter malfunctions and actual usage readings are not available, the Company estimates the customer's usage based on historical usage.

The foregoing response is made by , on behalf of Kingsport Power Company

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CA Set 2
To Kingsport Power Company

Data Request CA Set 2-24.:

Does the Company include any information on a customer bill identifying that the usage was estimated?

Response CA Set 2-24.:

The Company objects to this request on the basis that the information requested is not relevant to this proceeding. Subject to and without waiving the objection, yes, when a customer's meter is working properly, the customer's bill will include the current month's meter reading and the type of meter reading is designated as an "Actual" reading. When an actual meter reading is not available, the type of meter reading shown on the customer's bill is designated as an "Estimate."

The foregoing response is made by , on behalf of Kingsport Power Company

TENNESSEE PUBLIC UTILITY COMMISSION
PETITION OF
Kingsport Power Company
DOCKET NO. 24-00010
Data Requests and Requests for the Production
of Documents by the CONSUMER ADVOCATE DIVISION
CA Set 2
To Kingsport Power Company

Data Request CA Set 2-25.:

Identify the number of corrected bills issued by month, by customer class, during the test period.

Response CA Set 2-25.:

The Company objects to this request on the basis that the information requested is not relevant to this proceeding. The Company further objects to this request on the basis that the information is not reasonably accessible and gathering it would be unduly burdensome because the retrieval of this information is not possible through the Company's automated data query process and thus, would require a considerable amount of time to manually retrieve.

The foregoing response is made by , on behalf of Kingsport Power Company