

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

IN RE:	)	
	)	
PETITION OF KINGSPORT POWER	)	
COMPANY D/B/A AEP APPALACHIAN	)	
POWER FOR JANUARY, 2023 –	)	
DECEMBER, 2023 ANNUAL	)	DOCKET NO. 24-00010
RECOVERY UNDER THE TARGETED	)	
RELIABILITY PLAN AND MAJOR	)	
STORM RIDER (“TRP&MS”),	)	
ALTERNATIVE RATE MECHANISMS	)	
APPROVED IN DOCKET NO. 17-00032	)	
	)	

**CONSUMER ADVOCATE’S THIRD SET OF DISCOVERY REQUESTS
TO KINGSPORT POWER COMPANY**

This Third 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 Shilina B. Brown on or before 2:00 p.m. (CDT), May 9, 2024.

PRELIMINARY MATTERS AND DEFINITIONS

This Third 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 14, 2024, 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.

THIRD SET OF DISCOVERY REQUESTS

3-1. ADIT 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 I” of this spreadsheet regarding the “Accum Def Income Taxes” calculation with a balance of \$962,116 at December 31, 2023. In addition, refer to the spreadsheet attachments included with the Company’s response to Consumer Advocate DR No. 2-6 (and referenced in responses to Consumer Advocate DR Nos. 2-6 through 2-17) that appears to have revised the ADIT balances as follows:

Month	KPC Original ADIT	Revised KPC Amounts	Difference
January 2023	47,890	47,890	0
February	49,426	49,426	0
March	53,613	53,613	0
April	59,864	59,864	0
May	70,426	70,426	0
June	86,716	86,716	0
July	112,425	112,425	0
August	135,914	135,914	0
September	147,542	166,245	18,704
October	177,671	193,717	16,046
November	186,588	883,647	697,059
December	962,116	679,422	-282,694
Average	174,182	211,609	37,426

Provide an update to KgPCo Exhibit No. 1 (JDS) reflecting these adjustments in the monthly ADIT balances.

RESPONSE:

3-2. Undocumented Adjustment. Refer to the Company’s response to Consumer Advocate DR No. 2-4 regarding unreferenced hard-coded adjustments to the Pre-Tax Return of Capital calculation. The Company’s reply appears to be non-responsive since no support for the individual amounts cited was provided. The Consumer Advocate needs the support for these adjustments to confirm that they were properly calculated. Provide the calculations along with the source and support for the specific adjustments cited in response to Consumer Advocate DR No. 2-4. If the Company is either unwilling or unable to provide these supporting calculations, then state so.

RESPONSE:

3-3. TRP&MS Budget. Refer to the Company’s response to Consumer Advocate DR No. 2-18(c) regarding the source and support for VMP Budget Cost of \$16,000 per mile for 2025, 2026 and 2027. The Company’s reply appears to be non-responsive since no support for the \$16,000 per mile cost was provided. Provide the source and support for the estimated cost of \$16,000 per mile. If the Company is either unwilling or unable to provide support for how the \$16,000/mile figure was calculated, then state so.

RESPONSE:

3-4. TRP&MS Budget. Refer to the Company’s response to Consumer Advocate DR No. 2-18(e) regarding the source and support for VMP Budget Cost of \$100,000 for “Estimated oversight, Inspections and hot spotting costs”. The Company’s reply appears to be non-responsive since no support for the \$100,000 cost was provided. Provide the source and support for the estimated cost of \$100,000. If the Company is either unwilling or unable to provide support for how the \$100,000 figure was calculated, then state so.

RESPONSE:

3-5. Repair Allowance. Refer to the “Repairs Mod Non-Linear” tab of the <KgPCo Exhibit No. 7 (JDS) Repair Allowance> spreadsheet provided in response to Consumer Advocate DR No. 1-14 regarding the TRP&MS Rider Over/Under Recovery Calculation. Specifically refer to Cell R6 of this spreadsheet which contains the Non-Linear repairs of \$873,378. Provide the source and support for this amount which appears as an unreferenced hard-coded number.

RESPONSE:

3-6. Repair Allowance. Refer to the “Repairs Mod Linear” tab of the <KgPCo Exhibit No. 7 (JDS) Repair Allowance> spreadsheet provided in response to Consumer Advocate DR No. 1-14 regarding the TRP&MS Rider Over/Under Recovery Calculation. Specifically refer to Cell X6 of this spreadsheet which contains the Linear repairs of \$2,744,630. Provide the source and support for this amount which appears as an unreferenced hard-coded number.

RESPONSE:

3-7. Repair Allowance. Refer to the “2023 CY Analysis” tab of the <KgPCo Exhibit No. 7 (JDS) Repair Allowance> spreadsheet provided in response to Consumer Advocate DR No. 1-14 regarding the TRP&MS Rider Over/Under Recovery Calculation. Specifically refer to Cell K8 of this spreadsheet which calculates the Repair Allowance estimate of 19%. Explain why the Company only considers the “Linear” and “Non-Linear” plant additions in this calculation instead of total plant additions.

RESPONSE:

3-8. Repair Allowance. Refer to the “2023 11 Mo Rpt 1042” tab of the <KgPCo Exhibit No. 7 (JDS) Repair Allowance> spreadsheet provided in response to Consumer Advocate DR

No. 1-14 regarding the TRP&MS Rider Over/Under Recovery Calculation. Specifically refer to “Column Q” of this spreadsheet regarding the “Property Type” of Plant Additions. Explain the Company’s process for classifying the different accounts as “Linear”, “Non-Linear” and “Exclude”.

RESPONSE:

3-9. Repair Allowance. Refer to the “2022_1042” tab of the <KgPCo Exhibit No. 7 (JDS) Repair Allowance> spreadsheet provided in response to Consumer Advocate DR No. 1-14 regarding the TRP&MS Rider Over/Under Recovery Calculation. Specifically refer to Cell K54 of this spreadsheet which contains the 2022 Repair Percentage of 27.375%. Explain why this calculation is based on total plant additions instead of using only the linear and non-linear plant additions that were done in other calculations.

RESPONSE:

3-10. Repair Allowance. Refer to the “2022 Provision” tab of the <KGP TRP MS ADIT at 10 31 2023> spreadsheet provided in response to Consumer Advocate DR No. 2-6 regarding the 2022 Estimated Repair Allowance Percentage of 29.88%. Specifically refer to Cell E4 of this spreadsheet which contains the 2022 Repair Allowance Provision of \$4,613,949. Provide the source and support for this amount which appears as an unreferenced hard-coded number.

RESPONSE:

3-11. Repair Allowance. Refer to the “ADIT” tab of the <KGP TRP_MS ADIT at 9 30 2023> that was provided in response to Consumer Advocate DR No. 2-6. Specifically refer to Cell E28 (which has a value of \$-197,571 for the 2022 Repair Allowance) and Cell E30

(which has a value of \$-908,215 for the 2023 Repair Allowance). In Cell E28, the Company has applied the Repair Allowance Percentage of 27.375% to Plant Additions that is based on the Company's 2022 tax return data. However, in Cell E30, the Company has applied the Repair Allowance Percentage of 29.8776% to Plant Additions that is based on budget estimates. Explain why the Company has used two different Repair Allowance Percentages within the September 2023 ADIT calculation. If the Company believes its calculations are in error, then provide an updated ADIT calculation that corrects this error.

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 2nd day of May, 2024.



SHILINA B. BROWN
Assistant Attorney General