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KPOW-98290

July 15, 2020

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

Robin Morrison, Chair
c/o Ectory Lawless, Dockets & Records Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

Re: IN RE: EMERGENCY PETITION OF THE
CONSUMER ADVOCATE UNIT OF THE
FINANCIAL DIVISION OF THE OFFICE
OF THE TENNESSEE ATTORNEY GENERAL
DOCKET NO.: 20-00047

Dear Chair Morrison:

On behalf of Kingsport Power Company, we submit the Responses of Kingsport Power Company D/B/A AEP Appalachian Power to June 30, 2020 Data Request from Mr. David Foster, Director of Utilities on Behalf of the Commission.

The original and four (4) copies are being sent overnight via Federal Express.

Very sincerely yours,

HUNTER SMITH & DAVIS, LLP

William C. Bovender

Robin Morrison, Chair
Page 2
July 15, 2020

Enclosure: As stated

cc: David Foster (w/enc.) *Via U.S. Mail and Email: David.foster@tn.gov*
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BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE TENNESSEE

IN RE: EMERGENCY PETITION OF THE)
CONSUMER ADVOCATE UNIT OF THE)
FINANCIAL DIVISION OF THE OFFICE) DOCKET NO.: 20-00047
OF THE TENNESSEE ATTORNEY)
GENERAL)

**RESPONSES OF KINGSPORT POWER COMPANY d/b/a AEP APPALACHIAN POWER TO
JUNE 30, 2020 DATA REQUEST FROM MR. DAVID FOSTER, DIRECTOR OF UTILITIES
ON BEHALF OF THE COMMISSION**

Comes now Kingsport Power Company d/b/a AEP Appalachian Power (“KgPCo” or the “Company”) as requested by the letter received from David Foster, Director of Utilities, dated June 30, 2020 in this docket (“Emergency Order”), and submits herewith its responses to the eight questions found in the letter. The Company will address certain portions of the position statement filed by the Consumer Advocate Unit in the Financial Division of the Office of the Attorney General by separate filing.

1. Should the moratorium on disconnects for nonpayment be lifted? If the moratorium should not be lifted at this time, when should the moratorium be lifted? Please explain your answer.

Response: The moratorium on disconnects for nonpayment was put in place as a safeguard during uncertain times and has served that purpose during this crisis. At its Special Commission Conference held on June 29, 2020, the Commission extended the moratorium through August 10. It is the Company’s position that the extension granted is appropriate; and that subsequently lifting the moratorium will minimize the balances customers will need to re-pay, thus making payment arrangements more palatable for customers. Alternatively, should the moratorium be further extended, it would result in additional costs in the form of write-offs that would ultimately be borne by other customers. The Company intends to follow the existing disconnection procedure in its approved tariff and will not start disconnecting customers until 30 days from the date of the Commission’s Order lifting the moratorium.

2. Did you continue to accrue late charges for delinquent accounts during the moratorium period?

Response: In accordance with its approved tariff, Kingsport Power does not charge late fees to its customers. Customers receive a “prompt pay discount” if they pay their bills in full within 15 days of the bill date. The prompt pay discount is described in the Company’s tariff as follows: “A discount of 1.5 percent will be allowed if account is paid in full within 15 days of date of bill.”

3. Should late charges accrued during the moratorium period be billed to delinquent customers once the moratorium is lifted?

Response: See the Company's response to question 2. Kingsport Power does not assess late fees and would not support crediting delinquent customers with the prompt pay discount as though they have paid within 15 days of the bill date.

4. If late charges accrued during the moratorium period are not collected from delinquent customers, do you plan to seek recovery of such charges from customers through other means? If so, please describe the mechanism you propose to recover late charges accrued during the moratorium period.

Response: See the Company's response to question 3. Kingsport Power does not assess late fees and would not need to collect late fees accrued during the moratorium period from customers through other means.

5. For each customer class, please provide the (i) total number, (ii) aggregate amount excluding late charges, (iii) aggregate amount of accrued late charges, and (iv) average days overdue of delinquent accounts for each month beginning January 2020 through the most recent month the information is available at the time of your response.

Response: See Exhibit A Page 1 for the total number of delinquent accounts categorized by customer class and the number of days delinquent from January 2020 through June 2020. The Company does not assess a late fee; however, it does incentivize timely payment with a prompt payment discount. See the Company's response to question 2.

6. For each customer class, please provide the aggregate amount of delinquent customer accounts written off to bad debt expense for each month beginning January 2020 through the most recent month the information is available at the time of your response.

Response: See Exhibit A Page 2 for the aggregate amount of delinquent customer accounts written off to bad debt expense for each month beginning January 2020 through June 2020. Bad debt expense lags as it relates to the amount of time necessary to follow a delinquent payment through to the point of charge-off.

7. In the event the moratorium on customer disconnects for nonpayment is lifted, please describe the process you propose to use to commence disconnections for nonpayment. Notwithstanding current Commission rules and company tariffs, please include in your description the length of customer notice that should be given prior to disconnection of service, as well as availability of customer service representatives to address customer concerns or complaints regarding disconnection or potential disconnection of their service.

Response: Please see the Company's response to question 1. The Company needs at least 30 days' notice to proactively reach affected customers to discuss and tailor payment plans. In the event the moratorium is lifted without at least 30 days' notice, the Company would not begin disconnection until it has had 30 days to reach affected customers. To meet expected demand during the crisis, the Company has hired retired call center employees who can quickly step in to help affected customers.

8. In the event the moratorium is lifted and the customer is unable to promptly pay overdue amounts to bring their account current within a reasonable notice period, please describe the programs, arrangements, or payment plans, if any, that you would propose to permit customers to maintain their service while paying past due balances over a reasonable time. Please state whether you would propose to apply late charges, or assess interest charges, on the unpaid balances of such arrangements provided the customer is keeping their payments current.

Response: The Company will make available payment arrangements with customers affected by the pandemic. The Company requires flexibility to tailor its payment arrangements with individual customers, but in no case should the payment plan be required to exceed 9 months. The Company does not propose to assess interest charges or late fees unless otherwise authorized by the Commission. Kingsport Power customers with balances remain eligible for the prompt pay discount for the current portion of their bill only, and not prior balances.

Respectfully submitted this the 15th day of July, 2020.

**KINGSPORT POWER COMPANY
d/b/a AEP APPALACHIAN POWER**

By: 

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*Attorneys for Kingsport Power Company
d/b/a AEP Appalachian Power*

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing **RESPONSES OF KINGSPORT POWER COMPANY d/b/a AEP APPALACHIAN POWER TO JUNE 30, 2020 DATA REQUEST FROM MR. DAVID FOSTER, DIRECTOR OF UTILITIES ON BEHALF OF THE COMMISSION** has been served by mailing a copy of same by United States mail, postage prepaid, and Email, to below on this the 15th day of July, 2020, as follows:

David Foster, Chief-Utilities Division
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243
Email: David.Foster@tn.gov

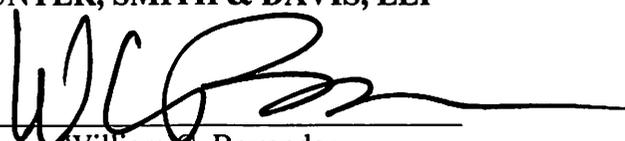
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HUNTER, SMITH & DAVIS, LLP

By: _____


William C. Bovender

ACTIVE DELINQUENCY

KINGSPORT

		30 Days		60 Days		90 Days		90+ Days		Total	
		No. of Accts.	Amount	No. of Accts.	Amount	No. of Accts.	Amount	No. of Accts.	Amount	No. of Accts.	Amount
Residential											
January	2020	6,733	\$1,146,868	1,040	\$79,933	225	\$17,690	323	\$17,587	8,321	\$1,262,078
February	2020	6,987	\$1,209,347	1,149	\$110,526	233	\$16,743	286	\$10,172	8,655	\$1,346,788
March	2020	6,594	\$1,103,693	1,178	\$124,575	249	\$20,836	296	\$12,305	8,317	\$1,261,410
April	2020	4,823	\$912,031	2,101	\$369,633	577	\$79,458	431	\$32,700	7,932	\$1,393,822
May	2020	4,488	\$739,262	1,353	\$309,684	965	\$186,703	646	\$78,066	7,452	\$1,313,715
June	2020	4,924	\$720,710	1,212	\$253,609	571	\$179,371	1,091	\$181,988	7,798	\$1,335,679

KINGSPORT

		30 Days		60 Days		90 Days		90+ Days		Total	
		No. of Accts.	Amount	No. of Accts.	Amount	No. of Accts.	Amount	No. of Accts.	Amount	No. of Accts.	Amount
Commercial											
January	2020	560	\$124,092	129	\$9,987	21	\$1,256	6	\$1,985	716	\$137,320
February	2020	512	\$124,468	107	\$8,815	42	\$3,592	12	\$774	673	\$137,649
March	2020	547	\$125,312	140	\$14,875	22	\$1,602	7	\$3,728	716	\$145,517
April	2020	492	\$153,865	157	\$35,431	56	\$6,377	21	\$4,268	726	\$199,941
May	2020	370	\$98,596	130	\$32,705	54	\$13,206	34	\$7,738	588	\$152,245
June	2020	438	\$110,148	111	\$24,236	40	\$9,817	47	\$13,949	636	\$158,151

KINGSPORT

		30 Days		60 Days		90 Days		90+ Days		Total	
		No. of Accts.	Amount	No. of Accts.	Amount	No. of Accts.	Amount	No. of Accts.	Amount	No. of Accts.	Amount
Industrial											
January	2020	16	\$20,994	0	\$0	0	\$0	0	\$0	16	\$20,994
February	2020	14	\$18,071	4	\$858	0	\$0	0	\$0	18	\$18,929
March	2020	30	\$64,943	0	\$388	1	\$532	0	\$0	31	\$65,864
April	2020	16	\$26,595	4	\$2,132	0	\$388	1	\$532	21	\$29,648
May	2020	25	\$40,107	2	\$1,460	1	\$392	1	\$920	29	\$42,879
June	2020	12	\$21,283	2	\$396	0	\$147	1	\$1,093	15	\$22,919

KINGSPORT

		30 Days		60 Days		90 Days		90+ Days		Total	
		No. of Accts.	Amount	No. of Accts.	Amount	No. of Accts.	Amount	No. of Accts.	Amount	No. of Accts.	Amount
Other											
January	2020	7	\$1,271	1	\$629	0	\$0	0	\$0	8	\$1,900
February	2020	22	\$14,681	0	\$0	0	\$0	0	\$0	22	\$14,681
March	2020	22	\$8,617	1	\$242	0	\$0	0	\$0	23	\$8,859
April	2020	19	\$41,492	1	\$661	0	\$0	0	\$0	20	\$42,153
May	2020	29	\$29,224	1	\$496	1	\$661	0	\$0	31	\$30,381
June	2020	21	\$7,391	0	\$1,251	1	\$496	1	\$250	23	\$9,388

NET CHARGE-OFF SUMMARY

Kingsport	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>Total</u>
2020	\$11,841	\$15,036	\$9,612	\$1,783	\$13,593	\$14,146	\$66,011
<i>Current Month % to Revenue</i>	0.098%	0.090%	0.074%	0.016%	0.141%	0.122%	0.089%