

HUNTER · SMITH · DAVIS
SINCE 1916 LLP

S. Morris Hadden
William C. Bovender
William C. Argabrite
Jimmie Carpenter Miller
Mark S. Dessauer
Gregory K. Haden
Michael L. Forrester
Stephen M. Darden
Edward J. Webb, Jr.
James N. L. Humphreys
Suzanne Sweet Cook
Michael S. Lattier
Scott T. Powers
Respond to:
Kingsport Office
William C. Bovender
423-378-8858; 423-534-7897 (mobile)
bovender@hsdlaw.com

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

Leslie Tentler Ridings
Christopher D. Owens
Jason A. Creech
Meredith Bates Humbert
Joseph B. Harvey
Rachel Ralston Mancl
Caroline Ross Williams
Marcy E. Walker
Matthew F. Bettis
Sarah Blessing Walk
Sydney B. Gilbert
Michael A. Eastridge *
Jeannette Smith Tysinger*

**Of Counsel*
www.hsdlaw.com

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

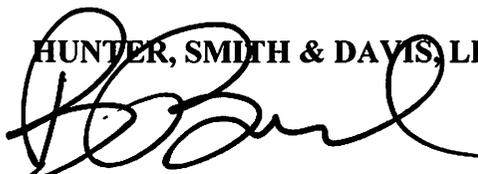
Dear Chair Morrison:

We submit herewith electronically for filing in the above, Response of Kingsport Power Company d/b/a AEP Appalachian Power to June 26, 2020 Proposals of the Consumer Advocate Unit in the Financial Division of the Office of the Tennessee Attorney General Relative to Additional Measures to Safeguard Utility Customers.

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

Very sincerely yours,

HUNTER, SMITH & DAVIS, LLP



William C. Bovender

Enclosure: As stated

Robin Morrison, Chair

Page 2

July 15, 2020

cc: David Foster (w/enc.) *Via U.S. Mail and Email: david.foster@tn.gov*
Kelly Grams, General Counsel (w/enc.) *Via U.S. Mail and Email: Kelly.Grams@tn.gov*
Monica L. Smith-Ashford, Dep. Gen. Counsel (w/enc.)
Via U.S. Mail and Email: monica.smith-ashford@tn.gov
Daniel P. Whitaker, III, Assistant Attorney General
Via U.S. Mail and Email: Daniel.whitaker@ag.tn.gov
James R. Bacha, Esq. (w/enc.) *Via Email: jrbacha@aep.com*
Noelle J. Coates, Esq. (w/enc.) *Via Email: njcoates@aep.com*
Wayne Allen (w/enc.) *Via Email: awallen@aep.com*
Philip A. Wright (w/enc.) *Via Email: pawright@aep.com*
William K. Castle (w/enc.) *Via Email: wkcastle@aep.com*
Victoria A. Allinson (w/enc.) *Via Email: vaallinson@aep.com*
Eleanor K. Keeton (w/enc.) *Via Email: ekkeeton@aep.com*
Joseph B. Harvey, Esq. (w/enc.) *Via Email: jharvey@hstdlaw.com*

**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)

**RESPONSE OF KINGSPORT POWER COMPANY d/b/a AEP APPALACHIAN
POWER TO JUNE 26, 2020 PROPOSALS OF THE CONSUMER ADVOCATE UNIT IN
THE FINANCIAL DIVISION OF THE OFFICE OF THE TENNESSEE ATTORNEY
GENERAL RELATIVE TO ADDITIONAL MEASURES TO
SAFEGUARD UTILITY CUSTOMERS**

Comes Kingsport Power Company d/b/a AEP Appalachian Power (“Company”) and responds to the proposals of the Consumer Advocate Unit in the Financial Division of the Office of the Tennessee Attorney General (“Consumer Advocate”) as dated June 26, 2020 and filed in Docket No. 20-00047 relative to additional measures to safeguard Utility Customers:

- A. Company incorporates by reference and attaches hereto as EXHIBIT 1 its RESPONSES TO THE JUNE 30, 2020 DATA REQUEST directed to Company from Mr. David Foster, Director of Utilities.

- B. In further specific response to the proposals of the Consumer Advocate as contained in the letter from Mr. Daniel P. Whitaker, III, Assistant Attorney General, Company submits the following:

“1. Length of extended payment agreements. In light of the extraordinary nature and duration of the pandemic, the Consumer Advocate is concerned that some proposed options of payment plan, which can range from three to six months, are of insufficient length when considering that “many of our most vulnerable households are without work and have little or no income.” With the Commission’s priority to “maintain safe, reliable, and reasonable priced utility services,” the Consumer Advocate recommends longer time periods: (1) For the Large Utility Group – residential customers will be allowed up to 12 months (non-financial hardship) or up to 18 months (financial hardship) for Deferred Payment Arrangements (“DPAs”) and (2) For the Small Utility Group – residential customers will be able to enroll in or renegotiate DPAs with terms of at least eight and up twelve billing cycles. The Consumer Advocate affirms the importance that customers of similarly situated utilities are treated equally with regard to payment plan options.” (Footnotes omitted).

RESPONSE: With all due respect to the Consumer Advocate, neither Title 65 of the Tennessee Code nor the Rules and Regulations of the Tennessee Public Utility Commission (“TPUC”) classify electric utilities regulated by TPUC as “large” or “small” utilities. It is unrealistic to compare utilities in Illinois to utilities in Tennessee. The time periods for proposed payment options suggested by the Consumer Advocate are simply too lengthy. As discussed in the Company’s Response to the Data Request from Mr. Foster of June 30, 2020, the Company will offer payment arrangements to its customers affected by the pandemic but does require flexibility to tailor those plans to the requirements of the individual customers. The Company is of the opinion that no payment plan should exceed nine (9) months.

“2. Flexibility in Renegotiating Payment Plans or Defaults. The Consumer Advocate proposes flexibility for a customer whose financial condition may change during a payment plan period, resulting in a need to restructure the payment plan or for customers who default for the first time on a DPA authorized by the Commission under this Docket. Many utility customers will continue to deal with the adverse effects of COVID-19 even after Tennessee’s State of Emergency is lifted. Therefore, the Consumer Advocate requests that the Commission approve a process that recognizes the economic struggles of utility customers. An example of flexibility in a payment plan is provided by the Stipulation Agreement recently approved by the Illinois Commerce Commission. Illinois provides for customers “whose financial condition changes during the terms of a DPA, or a customer who defaults for the first time on a DPA, and who seeks to reestablish payment arrangements, may do so one time with the same terms offered under this Stipulation.” (Footnote omitted).

RESPONSE: See Response to No. 1 above.

“3. Suspension of Reconnection Charges. Typically, utilities will charge a fee to customers who become eligible for service after a disconnection for non-payment. This reconnection charge may pose a financial impediment for customers to regain service. The Consumer Advocate proposes that any reconnection charges the utilities may otherwise impose be waived through March 2021, the end of the winter heating season.”

RESPONSE: The Company, pursuant to the Rules and Regulations of TPUC and its applicable tariffs, does charge a reconnection fee to customers who become eligible for service after disconnection for non-payment. Notwithstanding, the Company would agree to waive any of said reconnection fees through March 2021.

“4. Suspension of Repayment of Customer Deposit. Utilities may require a new customer deposit from customers who have been disconnected and whose previous customer deposit has been applied to their past due balance. This new customer deposit may pose a financial impediment for customers to regain service subsequent to a disconnection. The Consumer Advocate proposes that any new customer deposits from a disconnected customer that otherwise would be required be waived through March 2021, the end of the winter heating season.”

RESPONSE: As stated above, the Company would agree to waive reconnection fees through March 2021. Pursuant to the Rules and Regulations of TPUC and its applicable tariffs, the Company does require a new customer deposit from customers who have been disconnected and

whose previous customer deposits have been applied to their past due balance. The Company opposes waiver of the deposit through March 2021. The deposit charge protects other rate payers when write-offs are required.

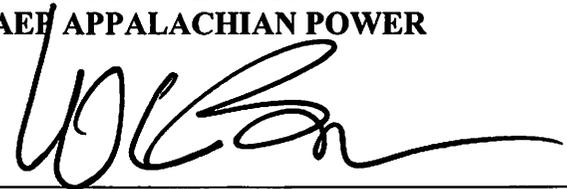
“5. Customer Communications. It is important that customers are made aware of the more flexible payment plans approved by the Commission, which are available to those with past due balances, including those that may wish to renegotiate existing payment arrangements. A copy of such customers notices should be filed in this Docket. Also, each utility that has a website should post the information on the approved DPAs for its customers to access. Copies of screen shots of the website pages should be filed in this Docket.”

RESPONSE: The Company has utilized personal telephone communications to inform delinquent customers of deferred payment options and would utilize these telephonic communications and posts on the Company website going forward in addition to the official, formal notice as to the availability of payment plans that would be contained on the monthly bills which are sent to all customers.

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

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

By: _____



William C. Bovender, Esq.

Joseph B. Harvey, Esq.

HUNTER, SMITH & DAVIS, LLP

PO Box 3740

Kingsport, TN 37665

Ph: (423) 378-8858

OF COUNSEL:

James R. Bacha, Esq., Associate General Counsel
American Electric Power Service Corporation
1 Riverside Plaza
Columbus, OH 43215
Ph: (615) 716-1615; Fax: (614) 716-2950
Email: jrbacha@aep.com

Noelle J. Coates, Esq., Senior Counsel
American Electric Power Service Corporation
Three James Center
Suite 1100 1051 E. Cary Street
Richmond, VA 23219-4029
Ph: (804) 698-5541
Email: njcoates@aep.com

*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 26, 2020 PROPOSALS OF THE CONSUMER ADVOCATE UNIT IN THE FINANCIAL DIVISION OF THE OFFICE OF THE TENNESSEE ATTORNEY GENERAL RELATIVE TO ADDITIONAL MEASURERS TO SAFEGUARD UTILITY CUSTOMERS** 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

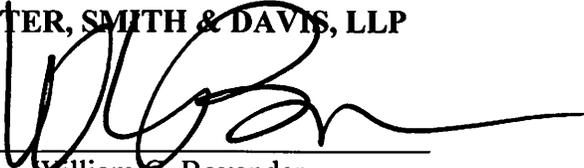
Kelly Grams, General Counsel
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243
Email: kelly.grams@tn.gov

Monica L. Smith-Ashford
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243
Email: monica.smith-ashford@tn.gov

Daniel P. Whitaker, III, Assistant Attorney General
Office of the Tennessee Attorney General
Consumer Advocate Unit
Consumer Protection and Advocate Division
P.O. Box 20207
Nashville, Tennessee 37202-0207
Email: Daniel.whitaker@ag.tn.gov

HUNTER, SMITH & DAVIS, LLP

By: _____


William C. Bovender

**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**

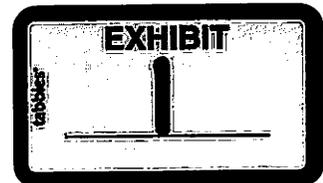
Comes now Kingsport Power Company d/b/a AEP Appalachian Power (“KgPCo” or the “Company”) as requested by the letter received from David Foster, Director of Utilities, dated June 30, 2020 in this docket (“Emergency Order”), and submits herewith its responses to the eight questions found in the letter. 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 incent 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: 

William C. Bovender, Esq.

Joseph B. Harvey, Esq.

HUNTER, SMITH & DAVIS, LLP

PO Box 3740

Kingsport, TN 37665

Ph: (423) 378-8858

OF COUNSEL:

James R. Bacha, Esq., Associate General Counsel
American Electric Power Service Corporation
1 Riverside Plaza
Columbus, OH 43215
Ph: (615) 716-1615; Fax: (614) 716-2950
Email: jrbacha@aep.com

Noelle J. Coates, Esq., Senior Counsel
American Electric Power Service Corporation
Three James Center
Suite 1100 1051 E. Cary Street
Richmond, VA 23219-4029
Ph: (804) 698-5541
Email: njcoates@aep.com

*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

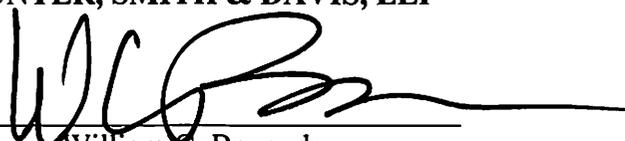
Kelly Grams, General Counsel
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243
Email: kelly.grams@tn.gov

Monica L. Smith-Ashford
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243
Email: monica.smith-ashford@tn.gov

Daniel P. Whitaker, III, Assistant Attorney General
Office of the Tennessee Attorney General
Consumer Advocate Unit
Consumer Protection and Advocate Division
P.O. Box 20207
Nashville, Tennessee 37202-0207
Email: Daniel.whitaker@ag.tn.gov

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
Current Month % to Revenue	0.098%	0.090%	0.074%	0.016%	0.141%	0.122%	0.089%