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PLEASE RESPOND TO:
KINGSPORT OFFICE

WRITER'S DIRECT DIAL NUMBER:
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WRITER'S E-MAIL ADDRESS:
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June 8, 2012

VIA EMAIL & FEDEX

KPOW.85706

filed electronically in docket office on 06/8/12
Docket No. 12-00051

ATTN: Sharla Dillon, Dockets & Records Manager
Kenneth C. Hill, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Re: Petition of Kingsport Power Company d/b/a AEP Appalachian Power for Approval of A Storm Damage Rider Tariff; **Docket No. ~~10-00144~~ XXXXXXX**

Dear Chairman Hill:

Please find enclosed the original and four (4) copies of the Petition of Kingsport Power Company d/b/a AEP Appalachian Power for Approval of a Storm Damage Rider Tariff for filing in the captioned docket.

If you have any questions, please do not hesitate to contact the writer.

Very sincerely yours,

HUNTER, SMITH & DAVIS, LLP

William C. Bovender

Enclosures

c: Jean Stone, General Counsel (via email & US Mail w/enc.)
Cynthia Kinser, Conumer Advocate Division (via email & US Mail w/enc.)
James R. Bacha, Esq. (via email w/enc.)
William A. Bosta (via email w/enc.)
Hector Garcia, Esq. (via email w/enc.)
Cynthia L. Frazier-Keller (via email w/enc.)
David Foster (via email w/enc.)

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

IN RE: PETITION OF KINGSPORT POWER COMPANY d/b/a AEP APPALACHIAN POWER FOR APPROVAL OF A STORM DAMAGE RIDER TARIFF	))))	DOCKET NO.: 10-00144

PETITION FOR APPROVAL OF A STORM DAMAGE RIDER TARIFF

Comes Petitioner, Kingsport Power Company, d/b/a AEP Appalachian Power (herein, "Kingsport"), and respectfully requests the Tennessee Regulatory Authority (herein, "TRA") approve and permit Kingsport to implement the proposed Storm Damage Rider Tariff (herein, "SDR Tariff"). The purpose of this SDR Tariff would be to allow Kingsport to recover costs incurred as a result of severe winter storms in December, 2009. In support hereof, Kingsport would show the following:

1. It is represented that any notices or other communications with respect to this application be sent to the following individuals on behalf of Kingsport:

A. William A. Bosta
American Electric Power Service Corp.
Three James Center, Suite 1100
1051 E. Cary Street
Richmond, VA 23219-4029
Ph: (804) 698-5511; Fax: (804) 698-5526

B. Hector Garcia, Esq.
Senior Counsel
American Electric Power Service Corp.
One Riverside Plaza, 29th Floor
Columbus, Ohio 43215
Ph: (614) 716-1610; Fax: (614) 716-1613

C. William C. Bovender, Esq.
Hunter, Smith & Davis, LLP
PO Box 3740
Kingsport, TN 37665
Ph: (423) 378-8858; Fax: (423) 378-8801

DESCRIPTION OF THE COMPANY AND JURISDICTION

2. Kingsport is a public utility with its principal office located in Kingsport, Tennessee, and is engaged in the business of distributing electric power to retail customers in its service area which includes parts of Sullivan, Washington and Hawkins Counties, Tennessee, the City of Kingsport, Tennessee, and the Town of Mt. Carmel, Tennessee. As a public utility operating in the electricity distribution business in Tennessee, Kingsport is subject to the regulation and supervision of the TRA.

3. Kingsport purchases all of its electric power requirements from Appalachian Power Company, whose rates and charges are subject to the jurisdiction of the Federal Energy Regulatory Commission.

DESCRIPTION OF DECEMBER 2009 STORMS AND ASSOCIATED RESTORATION COSTS

4. In December, 2009, specifically commencing on December 8, 2009, and again on December 18, 2009, Kingsport's service area was struck by two severe winter storms which caused power outages to Kingsport's customers and damage to the property and equipment of Kingsport.

5. The December 8, 2009 storm was primarily a high wind storm which included ice and freezing rain. The storm swept through West Virginia, Virginia and Tennessee causing extensive power outages. Approximately 5,500 customers were out of service in Kingsport at the height of the storm.

6. Of the two storms, the December 18, 2009 snow event was the more severe. It affected not only the Kingsport, Tri-Cities, Tennessee area (6.7 inches), but also crippled the entire three state region served by Appalachian Power Company and Kingsport, which includes Tennessee, Virginia and West Virginia. The December 18, 2009 storm ranked as a Category 3 storm on the Northeast Snowfall Impact Scale, and caused both Virginia and West Virginia to declare states of emergency. It was the largest amount of snowfall experienced in the Kingsport service territory since the blizzard of January, 1996. Kingsport was also severely impacted because of the extremely high moisture content of the snow.

7. As a result of these winter storms, Kingsport incurred incremental operating and maintenance costs directly related to the restoration of power to its customers and the repair/replacement of damaged property and equipment which were not anticipated nor previously budgeted. Kingsport, in the course of same, was required to pay overtime to its employees and bring in outside contractors to assist in the power restoration and repair/replacement activities. The majority of the expenses incurred were for wages, food, lodging and transportation for contractors and workers who assisted from other companies. The following is a breakdown of said December, 2009, incremental operating and maintenance storm costs:

Kingsport Incremental O&M Costs December 2009 Storms			
Cost Category	**12/8/2009 Storm**	**12/18/2009 Storm**	**Total**
Internal Overtime Labor	$16, 633	$157,975	$174,608
Outside Services	$92,638	$1,225,606	$1,318,244
Material	$916	$17,148	$18,064
Other	$12,310	$106,126	$118,436
Total	**$122,497**	**$1,506,855**	**$1,629,352**

8. Both the Virginia State Corporation Commission and the Public Service Commission of West Virginia have approved the recovery of similar charges related to the extraordinary storms that occurred in those service territories.

RELIEF REQUESTED

9. On July 15, 2010, Kingsport petitioned the TRA for approval of Deferred Accounting in Docket No. 10-00144, to which reference is hereby made. Said approval was granted by the TRA by Order filed October 5, 2010. The Order stated that "the panel found that the proposed treatment of the storm costs is an accepted regulatory accounting treatment and is consistent with previous Authority's rulings". As a result of the Order, the Company established the $1,629,352 as a regulatory asset on Kingsport's books in September 2010.

This Petition is filed pursuant to Rules and Regulations of the TRA, Sections 1220-4-1-02, 1220-4-1-03, and 1220-4-1.05. Kingsport is requesting approval of the SDR Tariff which defines the procedure to recover the Kingsport portion of incremental O&M expenses

attributable to the 2009 weather related storm events. The SDR Tariff establishes a rate (the "SDR Rate") to recover the deferred storm restoration costs over a twelve-month period, effective the first monthly billing cycle following the TRA's approval of the SDR Tariff. The initial SDR Rate is based on storm restoration costs deferred and recorded on Kingsport's books through December 2009. The SDR Rate would apply to all retail customer rate classes except for Industrial Power Transmission. A calculation will be made to true-up the amount that is over or under recovered for the twelve-month recovery period. If said calculation produces a material over/under recovery, the Company will address the matter with the Authority.

The initial SDR Rate would result in an increase in Kingsport's annual revenues of approximately $1.6 million. The bill for a typical residential customer using 1,000 kWh/month of $82.55 would increase by $1.59 per month or an increase of 1.9%.

In support of the Petition, Kingsport submits the following:

(A) Direct Testimony of Cynthia L. Frazier-Keller, which incorporates the following Exhibits:

- KgPCo Exhibit No. 1 (CLF), Schedule 1, the supporting work papers for the development of the SR Tariff (two pages);
- KgPCo Exhibit No. 2 (CLF), Schedule 2, the proposed SDR Tariff (two pages);
- KgPCo Exhibit No. 3 (CLF), Schedule 3, Typical Bill Comparison (five pages); and
- KgPCo Exhibit No. 4 (CLF), Proposed NOTICE TO PUBLIC (one page).

(B) Direct Testimony of Isaac J. Webb, which incorporates the following Exhibit:

- KgPCo Exhibit No. 5 (IJW), Storm Damages Overview (eight pages).

Ms. Frazier-Keller's Direct Testimony develops the SDR Factor to be implemented to recover the storm-related costs at issue. Mr. Webb's Direct Testimony provides a detailed description of the conditions of the two storms, the preparation undertaken by Kingsport in advance of the storms, and the restoration procedures implemented in order that service could be restored as timely and safely as possible. The proposed NOTICE TO PUBLIC [KgPCo's Exhibit No. 4 (CLF)] is the proposed notice that would be published in the Kingsport Times-news, the newspaper of general circulation in Kingsport's service territory.

WHEREFORE, Kingsport respectfully prays that the TRA issue an Order approving the SDR Tariff discussed in this Petition.

Respectfully submitted this 6th day of June, 2012.

KINGSPORT POWER COMPANY d/b/a AEP APPALACHIAN POWER

By: _____
William C. Bovender, Esq.

HUNTER, SMITH & DAVIS, LLP
PO Box 3740
Kingsport, TN 37665
Ph: (423) 378-8858

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing **PETITION FOR APPROVAL OF A STORM DAMAGE RIDER TARIFF** has been served by mailing a copy of same by United States mail, postage prepaid, to below on this the 8th day of June, 2012, as follows:

Cynthia Kinser
Consumer Advocate Division
Office of the Attorney General
P.O. Box 30207
Nashville, TN 37243

Jean A. Stone, General Counsel
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243

HUNTER, SMITH & DAVIS, LLP

By: _____
William C. Bovender

DIRECT TESTIMONY OF
CYNTHIA L. FRAZIER-KELLER
FOR KINGSPORT POWER COMPANY D/B/A
AEP APPALACHIAN POWER
BEFORE THE
TENNESSEE REGULATORY AUTHORITY
DOCKET NO.: 10-00144

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND PRESENT POSITION.

A. My name is Cynthia L. Frazier-Keller. My business address is Three James Center, 1051 E. Cary Street, Suite 1100, Richmond Virginia 23219. I am employed by American Electric Power Service Corporation (AEPSC) as a Regulatory Consultant of Regulatory Services VA/TN. AEPSC is a wholly owned subsidiary of American Electric Power Company, Inc. (AEP). AEP is the parent company of Appalachian Power Company ("APCo") and Kingsport Power Company (Kingsport or the Company).

Q PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE AND EDUCATIONAL BACKGROUND.

A. I have an Associate Degree in Applied Business and Business Management, graduating with High Distinction from Stark Technical College in Canton, Ohio in 1986, a Bachelor's Degree in Business Administration and Accounting graduating cum laude from Walsh College in Canton, Ohio in 1990 and a Juris Doctor from Capital University in Columbus, Ohio in 1997. My professional career began as a Regulatory Consultant for Columbia Gas of Ohio in February 1993, and I was later promoted to Lead Regulatory Analyst in 2000. I was responsible for gas cost recovery filings with the Virginia State

Corporation Commission. I have been licensed as an attorney in the state of Ohio since May 1997; and worked as a part-time associate at the law firm of Schwart & Schwart in Ohio from 1998 until 2001. I accepted a position with American Electric Power as a Contract Analyst in September 2001; and was promoted to Senior Contract Analyst in 2005, where I negotiated the business related aspects of International Swap and Derivatives and Edison Electric Institute master agreements; and assisted the trading floor with preparation of special contracts. I assumed my current position as Regulatory Consultant-Regulatory Services VA/TN February of 2008.

Q. PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES.

A. I am responsible for the facilitation and administration of compliance filings, regulatory case filings, discovery and testimony for APCo Virginia/Tennessee Regulatory Services Department, which has responsibility for all rate and regulatory matters affecting APCo's Virginia jurisdiction and Kingsport Power Company ("KgPCo"). I report directly to the Director of Regulatory Services.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to support the development of the proposed Storm Damage Rider ("Rider SDR") Tariff, to recover the December 2009 storm damage costs incurred by the Company. I will show the assignment of the deferred storm costs to applicable customer rate classes. I will also show the development of the Rider SDR rates, and sponsor the proposed tariff sheet.

Q. WHAT SCHEDULES AND EXHIBITS ARE YOU SPONSORING?

A. I am sponsoring the following exhibits:

- KgPCo Exhibit No. 1 (CLF) Schedule 1 is the supporting work paper for the development of the Rider SDR;
- KgPCo Exhibit No. 2 (CLF) Schedule 2 is SDR Tariff;
- KgPCo Exhibit No. 3 (CLF) Schedule 3 is the Typical Bill comparison; and
- KgPCo Exhibit No. 4 (CLF) Schedule 4 is the required public notice.

Q. WHAT IS THE PURPOSE OF THE RIDER SDR?

A. The purpose of the proposed Rider SDR is to recover the deferred costs associated with December 2009 storms. These costs consist of incremental operation and maintenance (O&M) storm restoration expenses directly attributable to this extraordinary event. Company Witness Webb describes the magnitude of the storm and how the Company restored service to Kingsport customers in a safe and expeditious manner.

Q. PLEASE PROVIDE AN OVERVIEW OF RIDER SDR.

A. On July 15, 2010 Kingsport petitioned the Tennessee Regulatory Authority ("TRA or Authority") for approval of Deferred Accounting for the costs incurred in restoring service during this extraordinary event. Said approval was granted by the TRA on October 5, 2010 in Docket No. 10-00144. The Rider SDR establishes a rate with which the Company will be able to recover the deferred O&M storm restoration costs over a 12-month period. The Company is proposing that Rider SDR would become effective on a service rendered basis on and after the first billing cycle of the next month following its approval, and will remain in effect for a twelve month period. Any resulting over/under collection would be reported to the TRA Staff, and addressed at that time with the TRA, if a material amount remains to be refunded or recovered by the Company.

Q. IF APPROVED, WHAT IS THE PROPOSED IMPACT ON A TYPICAL RESIDENTIAL CUSTOMER'S BILL?

A. Rider SDR is designed to recover the incremental O&M storm restoration costs recorded and deferred on Kingsport's books in the amount of $1,629,352. The SDR rate would result in an overall increase to Kingsport's revenues of approximately 1.1%. However, because Rider SDR will not apply to customers served at the transmission voltage level, the percentage increase to all other customers would be 1.6%. As of May 2012, the bill for a typical residential customer using 1,000 kWh per month is $82.55; and would increase by $1.59. This represents a 1.9% increase. APCo Exhibit No. 3 (CLF) Schedule 3 provides typical monthly bill increases by comparing the presently effective rates (May, 2012) to those including the proposed Rider SDR.

Q. TO WHICH RATE CLASSES AND APPLICABLE RATE SCHEDULES WOULD RIDER SDR APPLY?

A. As indicated in the testimony of Company Witness Webb, the Kingsport did not incur any storm related cost at the transmission voltage level. All storm related costs for Kingsport were distribution related. As a result, Rider SDR would only apply to those customer rate classes served at secondary or primary voltage, and those customers served at transmission voltage levels were not assigned any of the storm related costs.

Q. PLEASE DESCRIBE THE DEVELOPMENT OF THE SDR RATE MECHANISM.

A. The total incremental deferred costs of $1,629,352 were first allocated to the applicable rate classes based upon the demand allocators set forth in APCo Exhibit No. 1 (CLF) Schedule 1. These demand allocations factors were developed utilizing the average of

twelve non-coincident peak demands by applicable class for 2009. The year 2009 was used in order to match the year in which the storm related operation and maintenance costs were incurred. The $1.6 million cost was allocated to each class by multiplying the demand allocation factors times the amount ($1,629,352) of the storm damage cost to derive each class' share of costs. For all classes except Large General Service and Industrial Power Primary, the allocated cost to each class was divided by the energy sales (kWh) for that class for a twelve month period ending December 31, 2009 to determine the SDR energy Rate for that class.

The rate for Large General Service and Industrial Power-Primary customer classes were determined in the same manner, except that each of the classes' share of costs were divided by the class demand (kW) for a twelve-month period ending December 31, 2009.

Q. WHY DID THE COMPANY ALLOCATE STORM DAMAGE COST TO CLASSES BASED ON DEMAND?

A. These costs were incurred to repair the company's distribution facilities, and with the exception of meters and service drops, are allocated on the basis of demand. Traditional cost allocation rationale requires that the cost incurred to repair facilities, such as distribution facilities, should be allocated on a demand basis, as the distribution facilities are designed to meet peak demand rather than energy consumption.

Q. HAS THE COMPANY PREPARED REVISED TARIFF SHEETS TO REFLECT THE PROPOSED CHANGES TO THE COMPANY'S TERMS AND CONDITIONS OF SERVICE AS WELL AS THE PROPOSED RATES?

A. Yes. APCo Exhibit No. 2 (CLF) Schedule 2, Page 1 contains the proposed 7th Revised Sheet Number 1; and Page 2 is the Storm Damage Rider Tariff Sheet with proposed rates.

Q. HOW WILL THE COMPANY ENSURE THAT IT WILL NOT OVER-RECOVER THE DEFERRED STORM COSTS?

A. The Company will monitor the storm cost recovery balance on a monthly basis. Based upon the level of over/under collection at the end of the twelve month period, the Company will address the issue with the Authority at that time.

Q. PLEASE DESCRIBE ANY AUDITING PROVISIONS ASSOCIATED WITH RIDER SDR.

A. The Company will provide a report at the end of twelve months, which details the amounts collected from each class.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A, Yes, it does.

Kingsport Power Company
Calculation of 2009 Demand Allocation Factors
Storm Damage Rider

Recovery Amount = **$1,629,352.00**

Demand Allocation Factors

Class	2009 12 NCP Average Peak Load (MW)	2009 Loss Factor	Adjusted Load (to Transmissio	2009 Allocation	Demand Allocation $
Residential	327	1.06266	347	70.70%	$1,151,986
SGS	10	1.06266	11	2.16%	$35,229
MGS	30	1.06266	32	6.49%	$105,687
LGS	52	1.06266	55	11.24%	$183,190
IP - Pri	18	1.03337	19	3.78%	$61,664
EHG	8	1.06266	9	1.73%	$28,183
CS	5	1.06266	5	1.08%	$17,614
PS	10	1.06266	11	2.16%	$35,229
OL	3	1.06266	3	0.65%	$10,569
Total	463		491	100%	$1,629,352

Kingsport Power Company
Calculation of Storm Damage Rider (SDR) Factors
Storm Damage Rider

Recovery Amount = **$1,629,352.00**

Determination of SDR Factors

Class	Demand Allocation $	Metered kWH 2009	SDR Factor ($/kWH)	Number of Lamps	2009 Billing Demand kW	SDR Factor ($/kW) (or $/Lamp)
Residential	$1,151,986	713,952,271	0.00161			
SGS	$35,229	22,587,006	0.00156			
MGS	$105,687	104,043,126	0.00102			
LGS	$183,190				731,543	0.2504
IP - Pri	$61,664				218,764	0.2819
EHG	$28,183	29,700,951	0.00095			
CS	$17,614	9,734,852	0.00181			
PS	$35,229	32,943,460	0.00107			
OL	$10,569	4,292,046		5,454		0.1615
Total	$1,629,352.00					

KINGSPORT POWER COMPANY
d/b/a AEP Appalachian Power
Kingsport, Tennessee

7th Revised Sheet Number 1
T.R.A. Tariff Number 1
Cancels 6th Revised Sheet No. 1

INDEX

Issued: _____
By: Charles Patton, President

Effective: _____
Pursuant to an Order in
Docket No. 12-00_____

KINGSPORT POWER COMPANY
d/b/a AEP APPALACHIAN POWER
Kingsport, Tennessee

STORM DAMAGE RIDER

1. Surcharge

Pursuant to the provisions of this Rider, a Storm Damage Rider surcharge will be applied to each kilowatt-hour, kilowatt or lamp as billed under the Company's filed tariffs.

The Storm Damage Rider surcharge applicable to each tariff is set below:

Tariff	Energy Rate ($) / KWH	Demand Rate ($) / KW	Lamp Rate ($) / Lamp
RS	.00161	--	--
SGS	.00156	--	--
MGS	.00102	--	--
EHG	.00095	--	--
CS	.00181	--	--
PS	.00107	--	--
LGS	--	.2504	--
IP-PRI	--	.2818	--
IP-TRANS	--	--	--
OL	--	--	.1615

Issued: _____
By: Charles Patton, President

Effective: _____
Pursuant to an Order in
Docket No.: 12-_____

06/08/12

Kingsport Power Company
Typical Monthly Bills
Impacts of Storm Damage Rider-With Fuel Rates Issued May 1, 2012

RESIDENTIAL						
		100 kWh	250 kWh	500 kWh	750 kWh	1,000 kWh
Difference		$0.15	$0.40	$0.79	$1.19	$1.59
% Difference		1.02%	1.54%	1.76%	1.87%	1.93%

SMALL GENERAL SERVICE					
	kW	3	3	6	6
	kWh	375	1,000	750	2,000
Difference		$0.58	$1.54	$1.16	$3.09
% Difference		1.37%	1.63%	1.56%	1.79%

MEDIUM GENERAL SERVICE - Sec							
	kW	12	12	30	30	40	40
	kWh	1,500	4,000	6,000	10,000	10,000	14,000
Difference		$1.51	$4.03	$6.04	$10.06	$10.07	$14.10
% Difference		0.89%	1.12%	0.98%	1.16%	1.07%	1.19%

LARGE GENERAL SERVICE - Sec	kVA	118	118	176	176	176
	kW	100	100	150	150	150
	kWh	30,000	36,000	30,000	60,000	100,000
Difference		$24.72	$24.71	$37.08	$37.06	$37.06
% Difference		0.98%	0.87%	1.26%	0.82%	0.56%
LARGE GENERAL SERVICE - Pri	kVA	1,176	1,176	1,176	1,176	1,176
	kW	1,000	1,000	1,000	1,000	1,000
	kWh	200,000	300,000	360,000	400,000	650,000
Difference		$247.16	$247.15	$247.16	$247.17	$247.16
% Difference		1.36%	1.07%	0.95%	0.89%	0.62%

INDUSTRIAL POWER - Pri							
	kW	5,000	5,000	5,000	10,000	10,000	10,000
	kWh	1,500,000	2,500,000	3,250,000	3,000,000	5,000,000	6,500,000
Difference		$1,391.03	$1,391.04	$1,391.03	$2,782.08	$2,782.07	$2,782.07
% Difference		1.19%	0.91%	0.77%	1.19%	0.91%	0.77%

06/08/12
10:03
(EEIKGP)

Edison Electric Institute
Typical Net Monthly Bills
Impacts of Storm Damage Rider-With Fuel Rates Issued May 1, 2012

Kingsport Power Company

RESIDENTIAL

Bill Calculations		Rate Schedule Charges	100 kWh	250 kWh	500 kWh	750 kWh	1,000 kWh
Customer Charge	$/mo.	7.30	$7.30	$7.30	$7.30	$7.30	$7.30
Energy Charges	$/kWh	0.04873	4.87	12.18	24.37	36.55	48.73
Purchased Power Adjustment	$/kWh	0.02111	2.11	5.28	10.56	15.83	21.11
Base Bill			$14.28	$24.76	$42.23	$59.68	$77.14
Fuel Adjustment	$/kWh	0.0065047	0.65	1.63	3.25	4.88	6.50
Subtotal			$14.93	$26.39	$45.48	$64.56	$83.64
TN Inspection Fee	%	0.2	0.03	0.05	0.09	0.13	0.17
Subtotal			$14.96	$26.44	$45.57	$64.69	$83.81
Prompt Pay. Disc.	%	(1.5)	(0.22)	(0.40)	(0.68)	(0.97)	(1.26)
Total Bill			$14.74	$26.04	$44.89	$63.72	$82.55

SMALL GENERAL SERVICE

Bill Calculations		Rate Schedule Charges	kW kWh	3 375	3 1,000	6 750	6 2,000
Customer Charge	$/mo.	8.80		$8.80	$8.80	$8.80	$8.80
Energy Charges							
First 600 kWh	$/kWh	0.06792		25.47	40.75	40.75	40.75
Over 600 kWh	$/kWh	0.05643		0.00	22.57	8.46	79.00
Purchased Power Adjustment	$/kWh	0.01691		6.34	16.91	12.68	33.82
Base Bill				$40.61	$89.03	$70.69	$162.37
Fuel Adjustment	$/kWh	0.0065047		2.44	6.50	4.88	13.01
Subtotal				$43.05	$95.53	$75.57	$175.38
TN Inspection Fee	%	0.2		0.09	0.19	0.15	0.35
Subtotal				$43.14	$95.72	$75.72	$175.73
Prompt Pay. Disc.	%	(1.5)		(0.65)	(1.44)	(1.14)	(2.64)
Total Bill				$42.49	$94.28	$74.58	$173.09

MEDIUM GENERAL SERVICE - Sec

Bill Calculations		Rate Schedule Charges	kW kWh	12 1,500	12 4,000	30 6,000	30 10,000	40 10,000	40 14,000
Customer Charge	$/mo.	21.50		$21.50	$21.50	$21.50	$21.50	$21.50	$21.50
Energy Charges									
First (200*kW) kWh	$/kWh	0.07374		110.61	176.98	442.44	442.44	589.92	589.92
Over (200*kW) kWh	$/kWh	0.03689		0	59.02	0	147.56	73.78	221.34
Purchased Power Adjustment	$/kWh	0.02006		30.09	80.24	120.36	200.60	200.60	280.84
Base Bill				$162.20	$337.74	$584.30	$812.10	$885.80	$1,113.60
Fuel Adjustment	$/kWh	0.0065047		9.76	26.02	39.03	65.05	65.05	91.07
Subtotal				$171.96	$363.76	$623.33	$877.15	$950.85	$1,204.67
TN Inspection Fee	%	0.2		0.34	0.73	1.25	1.75	1.90	2.41
Subtotal				$172.30	$364.49	$624.58	$878.90	$952.75	$1,207.08
Prompt Pay. Disc.	%	(1.5)		(2.58)	(5.47)	(9.37)	(13.18)	(14.29)	(18.11)
Total Bill				$169.72	$359.02	$615.21	$865.72	$938.46	$1,188.97

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Edison Electric Institute
Typical Net Monthly Bills
Impacts of Storm Damage Rider-With Fuel Rates Issued May 1, 2012

Kingsport Power Company

LARGE GENERAL SERVICE - Sec		Rate Schedule Charges	kVA kW kWh	118 100 30,000	118 100 36,000	176 150 30,000	176 150 60,000	176 150 100,000
Bill Calculations								
Customer Charge	$/mo.	77.85		$77.85	$77.85	$77.85	$77.85	$77.85
Energy Charges	$/kWh	0.03869		1,160.70	1,392.84	1,160.70	2,321.40	3,869.00
Demand Charges	$/kVA	3.79		447.22	447.22	667.04	667.04	667.04
Purchased Power Adjustment	$/kWh	0.00855		256.50	307.80	256.50	513.00	855.00
	$/kW	4.16		416.00	416.00	624.00	624.00	624.00
Base Bill				$2,358.27	$2,641.71	$2,786.09	$4,203.29	$6,092.89
Fuel Adjustment	$/kWh	0.0065047		195.14	234.17	195.14	390.28	650.47
Subtotal				$2,553.41	$2,875.88	$2,981.23	$4,593.57	$6,743.36
TN Inspection Fee	%	0.2		5.11	5.75	5.96	9.19	13.49
Subtotal				$2,558.52	$2,881.63	$2,987.19	$4,602.76	$6,756.85
Prompt Pay. Disc.	%	(1.5)		(38.38)	(43.22)	(44.81)	(69.04)	(101.35)
Total Bill				$2,520.14	$2,838.41	$2,942.38	$4,533.72	$6,655.50

LARGE GENERAL SERVICE - Pri		Rate Schedule Charges	kVA kW kWh	1,176 1,000 200,000	1,176 1,000 300,000	1,176 1,000 360,000	1,176 1,000 400,000	1,176 1,000 650,000
Bill Calculations								
Customer Charge	$/mo.	163.60		$163.60	$163.60	$163.60	$163.60	$163.60
Energy Charges	$/kWh	0.03401		6,802.00	10,203.00	12,243.60	13,604.00	22,106.50
Demand Charges	$/kVA	3.68		4,327.68	4,327.68	4,327.68	4,327.68	4,327.68
Purchased Power Adjustment	$/kWh	0.00855		1,710.00	2,565.00	3,078.00	3,420.00	5,557.50
	$/kW	4.16		4,160.00	4,160.00	4,160.00	4,160.00	4,160.00
Base Bill				$17,163.28	$21,419.28	$23,972.88	$25,675.28	$36,315.28
Fuel Adjustment	$/kWh	0.0065047		1,300.94	1,951.41	2,341.69	2,601.88	4,228.06
Subtotal				$18,464.22	$23,370.69	$26,314.57	$28,277.16	$40,543.34
TN Inspection Fee	%	0.2		36.93	46.74	52.63	56.55	81.09
Subtotal				$18,501.15	$23,417.43	$26,367.20	$28,333.71	$40,624.43
Prompt Pay. Disc.	%	(1.5)		(277.52)	(351.26)	(395.51)	(425.01)	(609.37)
Total Bill				$18,223.63	$23,066.17	$25,971.69	$27,908.70	$40,015.06

INDUSTRIAL POWER - Pri		Rate Schedule Charges	kVAR kW kWh	599 5,000 1,500,000	599 5,000 2,500,000	599 5,000 3,250,000	1,197 10,000 3,000,000	1,197 10,000 5,000,000	1,197 10,000 6,500,000
Bill Calculations									
Customer Charge	$/mo.	240.00		$240.00	$240.00	$240.00	$240.00	$240.00	$240.00
Energy Charges	$/kWh	0.02302		34,530.00	57,550.00	74,815.00	69,060.00	115,100.00	149,630.00
Demand Charges	$/kW	8.70		43,500.00	43,500.00	43,500.00	87,000.00	87,000.00	87,000.00
Reactive Charges	$/kVar	0.75		449.25	449.25	449.25	897.75	897.75	897.75
Purchased Power Adjustment	$/kWh	0.00690		10,350.00	17,250.00	22,425.00	20,700.00	34,500.00	44,850.00
	$/kW	3.95		19,750.00	19,750.00	19,750.00	39,500.00	39,500.00	39,500.00
Base Bill				$108,819.25	$138,739.25	$161,179.25	$217,397.75	$277,237.75	$322,117.75
Fuel Adjustment	$/kWh	0.0065047		9,757.05	16,261.75	21,140.28	19,514.10	32,523.50	42,280.55
Subtotal				$118,576.30	$155,001.00	$182,319.53	$236,911.85	$309,761.25	$364,398.30
TN Inspection Fee	%	0.2		237.15	310.00	364.64	473.82	619.52	728.80
Subtotal				$118,813.45	$155,311.00	$182,684.17	$237,385.67	$310,380.77	$365,127.10
Prompt Pay. Disc.	%	(1.5)		(1,782.20)	(2,329.67)	(2,740.26)	(3,560.79)	(4,655.71)	(5,476.91)
Total Bill				$117,031.25	$152,981.33	$179,943.91	$233,824.88	$305,725.06	$359,650.19

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Edison Electric Institute
Typical Net Monthly Bills
Impacts of Storm Damage Rider-With Fuel Rates Issued May 1, 2012

Kingsport Power Company

RESIDENTIAL

Bill Calculations		Rate Schedule Charges	100 kWh	250 kWh	500 kWh	750 kWh	1,000 kWh
Customer Charge	$/mo.	7.30	$7.30	$7.30	$7.30	$7.30	$7.30
Energy Charges	$/kWh	0.04873	4.87	12.18	24.37	36.55	48.73
SDR Rider	$/kWh	0.00161	0.16	0.4	0.81	1.21	1.61
Purchased Power Adjustment	$/kWh	0.02111	2.11	5.28	10.56	15.83	21.11
Base Bill			$14.44	$25.16	$43.04	$60.89	$78.75
Fuel Adjustment	$/kWh	0.0065047	0.65	1.63	3.25	4.88	6.50
Subtotal			$15.09	$26.79	$46.29	$65.77	$85.25
TN Inspection Fee	%	0.2	0.03	0.05	0.09	0.13	0.17
Subtotal			$15.12	$26.84	$46.38	$65.90	$85.42
Prompt Pay. Disc.	%	(1.5)	(0.23)	(0.40)	(0.70)	(0.99)	(1.28)
Total Bill			$14.89	$26.44	$45.68	$64.91	$84.14

SMALL GENERAL SERVICE

Bill Calculations		Rate Schedule	kW / kWh Charges	3 375	3 1,000	6 750	6 2,000
Customer Charge	$/mo.	8.80		$8.80	$8.80	$8.80	$8.80
Energy Charges							
First 600 kWh	$/kWh	0.06792		25.47	40.75	40.75	40.75
Over 600 kWh	$/kWh	0.05643		0.00	22.57	8.46	79.00
SDR Rider	$/kWh	0.00156		0.59	1.56	1.17	3.12
Purchased Power Adjustment	$/kWh	0.01691		6.34	16.91	12.68	33.82
Base Bill				$41.20	$90.59	$71.86	$165.49
Fuel Adjustment	$/kWh	0.0065047		2.44	6.50	4.88	13.01
Subtotal				$43.64	$97.09	$76.74	$178.50
TN Inspection Fee	%	0.2		0.09	0.19	0.15	0.36
Subtotal				$43.73	$97.28	$76.89	$178.86
Prompt Pay. Disc.	%	(1.5)		(0.66)	(1.46)	(1.15)	(2.68)
Total Bill				$43.07	$95.82	$75.74	$176.18

MEDIUM GENERAL SERVICE - Sec

Bill Calculations		Rate Schedule	kW / kWh Charges	12 1,500	12 4,000	30 6,000	30 10,000	40 10,000	40 14,000
Customer Charge	$/mo.	21.50		$21.50	$21.50	$21.50	$21.50	$21.50	$21.50
Energy Charges									
First (200*kW) kWh	$/kWh	0.07374		110.61	176.98	442.44	442.44	589.92	589.92
Over (200*kW) kWh	$/kWh	0.03689		0	59.02	0	147.56	73.78	221.34
SDR Rider	$/kWh	0.00102		1.53	4.08	6.12	10.20	10.20	14.28
Purchased Power Adjustment	$/kWh	0.02006		30.09	80.24	120.36	200.60	200.60	280.84
Base Bill				$163.73	$341.82	$590.42	$822.30	$896.00	$1,127.88
Fuel Adjustment	$/kWh	0.0065047		9.76	26.02	39.03	65.05	65.05	91.07
Subtotal				$173.49	$367.84	$629.45	$887.35	$961.05	$1,218.95
TN Inspection Fee	%	0.2		0.35	0.74	1.26	1.77	1.92	2.44
Subtotal				$173.84	$368.58	$630.71	$889.12	$962.97 #	$1,221.39
Prompt Pay. Disc.	%	(1.5)		(2.61)	(5.53)	(9.46)	(13.34)	(14.44)	(18.32)
Total Bill				$171.23	$363.05	$621.25	$875.78	$948.53	$1,203.07

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Edison Electric Institute
Typical Net Monthly Bills
Impacts of Storm Damage Rider-With Fuel Rates Issued May 1, 201

Kingsport Power Company

LARGE GENERAL SERVICE - Sec			kVA	118	118	176	176	176
		Rate	kW	100	100	150	150	150
		Schedule	kWh	30,000	36,000	30,000	60,000	100,000
Bill Calculations		Charges						
Customer Charge	$/mo.	77.85		$77.85	$77.85	$77.85	$77.85	$77.85
Energy Charges	$/kWh	0.03869		1,160.70	1,392.84	1,160.70	2,321.40	3,869.00
Demand Charges	$/kVA	3.79		447.22	447.22	667.04	667.04	667.04
SDR Rider	Demand	0.25042		25.04	25.04	37.56	37.56	37.56
Purchased Power Adjustment	$/kWh	0.00855		256.50	307.80	256.50	513.00	855.00
	$/KW	4.16		416.00	416.00	624.00	624.00	624.00
Base Bill				$2,383.31	$2,866.75	$2,823.65	$4,240.85	$6,130.45
Fuel Adjustment	$/kWh	0.0065047		195.14	234.17	195.14	390.28	650.47
Subtotal				$2,578.45	$2,900.92	$3,018.79	$4,631.13	$6,780.92
TN Inspection Fee	%	0.2		5.16	5.80	6.04	9.26	13.56
Subtotal				$2,583.61	$2,906.72	$3,024.83	$4,640.39	$6,794.48
Prompt Pay. Disc.	%	(1.5)		(38.75)	(43.60)	(45.37)	(69.61)	(101.92)
Total Bill				$2,544.86	$2,863.12	$2,979.46	$4,570.78	$6,692.56

LARGE GENERAL SERVICE - Pri			kVA	1,176	1,176	1,176	1,176	1,176
		Rate	kW	1,000	1,000	1,000	1,000	1,000
		Schedule	kWh	200,000	300,000	360,000	400,000	650,000
Bill Calculations		Charges						
Customer Charge	$/mo	163.60		$163.60	$163.60	$163.60	$163.60	$163.60
Energy Charges	$/kWh	0.03401		6,802.00	10,203.00	12,243.60	13,604.00	22,106.50
Demand Charges	$/kVA	3.68		4,327.68	4,327.68	4,327.68	4,327.68	4,327.68
SDR Rider	Demand	0.25042		250.42	250.42	250.42	250.42	250.42
Purchased Power Adjustment	$/kWh	0.00855		1,710.00	2,565.00	3,078.00	3,420.00	5,557.50
	$/KW	4.16		4,160.00	4,160.00	4,160.00	4,160.00	4,160.00
Base Bill				$17,413.70	$21,669.70	$24,223.30	$25,925.70	$36,565.70
Fuel Adjustment	$/kWh	0.0065047		1,300.94	1,951.41	2,341.69	2,601.88	4,228.06
Subtotal				$18,714.64	$23,621.11	$26,564.99	$28,527.58	$40,793.76
TN Inspection Fee	%	0.2		37.43	47.24	53.13	57.06	81.59
Subtotal				$18,752.07	$23,668.35	$26,618.12	$28,584.64	$40,875.35
Prompt Pay. Disc.	%	(1.5)		(281.28)	(355.03)	(399.27)	(428.77)	(613.13)
Total Bill				$18,470.79	$23,313.32	$26,218.85	$28,155.87	$40,262.22

INDUSTRIAL POWER - Pri			kVAR	599	599	599	1,197	1,197	1,197
		Rate	kW	5,000	5,000	5,000	10,000	10,000	10,000
		Schedule	kWh	1,500,000	2,500,000	3,250,000	3,000,000	5,000,000	6,500,000
Bill Calculations		Charges							
Customer Charge	$/mo.	240.00		$240.00	$240.00	$240.00	$240.00	$240.00	$240.00
Energy Charges	$/kWh	0.02302		34,530.00	57,550.00	74,815.00	69,060.00	115,100.00	149,630.00
Demand Charges	$/kW	8.70		43,500.00	43,500.00	43,500.00	87,000.00	87,000.00	87,000.00
Reactive Charges	$/kVar	0.75		449.25	449.25	449.25	897.75	897.75	897.75
SDR Rider	Demand	0.28188		1,409.40	1,409.40	1,409.40	2,818.80	2,818.80	2,818.80
Purchased Power Adjustment	$/kWh	0.00690		10,350.00	17,250.00	22,425.00	20,700.00	34,500.00	44,850.00
	$/kW	3.95		19,750.00	19,750.00	19,750.00	39,500.00	39,500.00	39,500.00
Base Bill				$110,228.65	$140,148.65	$162,588.65	$220,216.55	$280,056.55	$324,936.55
Fuel Adjustment	$/kWh	0.0065047		9,757.05	16,261.75	21,140.28	19,514.10	32,523.50	42,280.55
Subtotal				$119,985.70	$156,410.40	$183,728.93	$239,730.65	$312,580.05	$367,217.10
TN Inspection Fee	%	0.2		239.97	312.82	367.46	479.46	625.16	734.43
Subtotal				$120,225.67	$156,723.22	$184,096.39	$240,210.11	$313,205.21	$367,951.53
Prompt Pay. Disc.	%	(1.5)		(1,803.39)	(2,350.85)	(2,761.45)	(3,603.15)	(4,698.08)	(5,519.27)
Total Bill				$118,422.28	$154,372.37	$181,334.94	$236,606.96	$308,507.13	$362,432.26

KINGSPORT POWER COMPANY

NOTICE TO PUBLIC

Kingsport Power Company, d/b/a AEP Appalachian Power ("Kingsport") hereby gives notice that on the ____ day of _____, 2012, it made a filing with the Tennessee Regulatory Authority ("TRA") which seeks the approval of the TRA to allow it to implement a Storm Damage Rider Tariff ("SDR Tariff"), the purpose of which is to recover costs incurred as a result of severe winter storms in December, 2009. Specifically, Kingsport incurred significant and unanticipated costs as a result of winter storms occurring on December 8, 2009, and again on December 18, 2009. These storms resulted in power outages to Kingsport's customers and damage to the property and equipment of Kingsport. During the December 8, 2009 storm alone, approximately 5,500 customers lost service; while, the December 18, 2009 storm was even more severe, ranked as a Category 3 storm on the Northeast Snowfall Impact Scale, and constituted the largest snow event experienced in Kingsport's service territory since 1996.

On July 15, 2010, Kingsport petitioned the TRA to approve Deferred Accounting, in Docket No. 10-00144, relative to the costs incurred as a result of the storms. By Order filed October 10, 2010, the TRA found that the "proposed treatment of storm costs is an acceptable regulatory accounting treatment ..." and is consistent with previous TRA decisions. The costs which Kingsport seeks to recover in this proceeding were established as a regulatory asset on Kingsport's books in September 2010.

The SDR Tariff defines the procedure which will allow Kingsport to recover these storm costs over a twelve – month period, effective the first month following TRA approval. The recovered amount would be $1,629,352. The bill for a typical residential customer using 1,000 KWh/month would increase by $1.59 per month, or an increase of 1.9%. All filings made in this TRA Docket No. 10-00144 are available for public inspection at the offices of the Tennessee Regulatory Authority, 450 James Robertson Parkway, Nashville, TN, or online at www.state.tn.us/tra.

DIRECT TESTIMONY
OF
ISAAC J. WEBB
FOR KINGSPORT POWER COMPANY D/B/A
APPALACHIAN POWER
BEFORE THE
TENNESSEE REGULATORY AUTHORITY
DOCKET NO.: 10-00144

I. INTRODUCTION AND PURPOSE OF TESTIMONY

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND PRESENT POSITION.

A. My name is Isaac J. Webb. My business address is 420 Riverport Road, Kingsport, Tennessee 37660. I am employed by the American Electric Power Company ("AEP") as the Manager, Distribution System of the Kingsport District based in Kingsport, TN. AEP is the parent company of Appalachian Power Company ("APCo") and Kingsport Power Company ("Kingsport"). Kingsport (KgPCo) purchases all of its electric power requirements from Appalachian Power Company, at wholesale rates that are subject to the jurisdiction of the Federal Regulatory Commission.

Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE AND EDUCATIONAL BACKGROUND.

A. I have a BS in Electrical Engineering from Virginia Tech, am a registered Professional Engineer in Virginia, and have been working in the electrical power industry for 35 years. For the last 32 years, I have worked for American Electric Power in various roles in their distribution organization in Roanoke, VA, Gate City, VA, Bluefield, WV, Logan WV, and for the last sixteen years, Kingsport, TN.

Q PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES.

A. I manage the Kingsport District of the Appalachian Power Company business unit which constructs, maintains and operates distribution facilities serving roughly 156,000 customers, 47,000 of which are in Tennessee.

Q. WILL YOU BE INTRODUCING ANY EXHIBITS IN YOUR TESTIMONY?

A. Yes, I have a Storm Damage Overview detailing damages that resulted from the December 18, 2009 snowstorm which is included herein as KgPCo Exhibit No. 5 (IJW) Schedule 1.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to support the Company's request to recover the incremental storm costs associated with the 2009 service restoration efforts through a Storm Damage Rider (SDR). I will provide a summary of the weather events that occurred during December 2009 storms as well as the damage to the Company's distribution facilities that resulted from these unusual weather events. I will also discuss the Company's efforts to restore service to its customers after these storms had passed. Lastly, I will also discuss the Company's procedures for storm restoration, and describe the types of costs incurred during the storm restoration effort.

II. SUMMARY OF SEVERITY OF STORM EVENTS

A. Extreme Weather Events

Q. PLEASE DESCRIBE GENERALLY THE WEATHER EVENTS THAT AFFECTED KINGSPORT'S SERVICE TERRITORY DURING DECEMBER 2009.

A. There were two separate storm events in December 2009 that affected Kingsport's service territory. The first event was primarily a wind event that started at 6 p.m. Wednesday, December 9, 2009, and continued into Thursday, December 10. The storm swept through West Virginia and much of the Virginia and Tennessee areas, causing widespread power outages. Peak wind speeds reached 58 mph in Kingsport. This event affected about 5,500 Kingsport customers at its peak, and produced 124 separate outage cases and recovery lasted until the following Friday evening.

The second event began Friday afternoon, on December 18, 2009, and continued through Saturday evening, when a major winter storm bringing rain, freezing rain, sleet and heavy snow moved across the Kingsport APCo service territory. This storm outaged 21,500 Kingsport customers at peak on 527 separate outage cases, and recovery lasted until the following Thursday, December 24th.

Q. HOW WOULD YOU CHARACTERIZE THESE STORMS?

A. The December 9th storm was a wind storm which caused numerous scattered outages and damage to our facilities in Kingsport. While this storm's impact on the Company's facilities was significant, it was followed by a more severe storm eight days later. The second storm, in particular, was devastating. Four of the five districts in Appalachian Power were directly affected by the event. The Tennessee and Virginia portions of the Kingsport district and the Charleston district in West Virginia experienced the most damage and outages due to the weight of the heavy wet snow which caused trees to fall

onto our lines and other facilities. The threshold for an IEEE Jurisdictional Major Event was met in Tennessee and other service areas.

During the period of December 18, 2009 through January 3, 2010, Appalachian Power experienced the greatest outage and service restoration effort in its nearly 84-year history. Appalachian Power serves approximately one million customers. By midnight Friday, December 18, the first day of the storm Appalachian Power had about 84,000 customers who experienced interruptions on 2,400 separate outage cases. Outages continued to increase across the company to a peak of 222,000 customers associated with more than 4,000 outage cases by 1 p.m. Saturday, December 19. While peak customer outages reached 222,000 at a single moment, power was interrupted to more than 364,000 customers at some time over the course of the storm.

The AEP transmission system in Virginia, West Virginia, and Kentucky experienced an unprecedented number of outages caused by snow, wind and ice during the December 18 storm. Overall there were 68 separate transmission circuit outages affecting 119 substations that supply power to distribution and transmission customers. There was one 765kV circuit, eight 138kV circuits, 29 69kV circuits and 30 46kV circuits out during the storm.

In addition, a record number of 227,165 calls came into the Customer Solutions Center during December 18-27. There were also a total of 228,518 additional calls that were routed to AEP's High Volume Call Answering Service, where customers could report their outages via a voice response system.

Information on the nature of the damage in Kingsport Power's territory is attached as KgPCo Exhibit No. 5 (IJW) Schedule 1.

In our Tennessee service territory, the customer count peaked at over 21,000 on Friday evening the 18th and a total of 29,554 customers were affected by the storm. Our teams restored over 600 separate outages cases before completing their work. Over 60% of our Tennessee customers suffered interruptions at some point during the storm.

Q. PLEASE DESCRIBE THE RESTORATION EFFORTS UTILIZED DURING THE DECEMBER STORMS.

A. Responding to the outage at its inception was difficult due to the treacherous conditions that existed just after the storm. Due to the hazardous road conditions, a limited number of company employees were patrolling for damage and restoring the most critical customers on Friday night, and we were not able to begin restoration efforts in earnest until Saturday morning, the 19th.

In preparation of the possibility of a major storm, the Company employed a significant number of outside contract crews, and they were en route when the storm hit. We set up a temporary staging area near Sullivan Central High School at exit 66, off of Interstate 81, and all incoming crews reported there beginning early morning on Saturday. All crews were given their safety briefing and checked in there, and then were sent on to their first assignments. Since most of our Virginia service territory was not accessible, and because of the extent of damage in Kingsport proper, many of the outside contract crews reporting during the first few days of our response were assigned

immediately to work in Kingsport. We quickly adopted a "Circuit Coordinator" approach to de-centralizing the restoration effort, placing key people in the areas with the most damage and giving them full responsibility for the repairs in their area. This approach worked well and the customer count in Tennessee was decreased from 21,000 on Friday evening to 10,000 on Sunday evening. This event was effectively over for the Tennessee jurisdiction on Thursday, December 24th although isolated outages continued to occur and be resolved for the next few days.

Q. WHAT RESOURCES DID KINGSPORT CALL UPON TO COMPLETE THIS RESTORATION EFFORT?

A. We called upon contract line and tree trimming resources from both within Appalachian and the Kingsport District and outside of it. We also utilized all company forces in Kingsport and a number of company forces outside of the Kingsport District for assessment and administration as well as to repair damages directly. During the restoration effort in Tennessee, 24 poles were replaced, 40 cross-arms replaced and over 21,000 feet of conductor were replaced.

III. STORM RESTORATION PLANNING AND PREPARATION

Q. DOES KINGSPORT HAVE AN EMERGENCY PLAN FOR RESTORATION IN THE EVENT OF A MAJOR STORM?

A. Yes. We use a three tiered response that conforms to AEP's Service Restoration Manual. For this storm, we had a level three event which required the mobilization of forces both within the district and outside of it. It also calls for de-centralization of the restoration effort by using "Circuit Coordinators" in the field to oversee field repairs and service restoration.

Q. WHAT COMPANY STRUCTURES ARE IN PLACE TO COORDINATE RESTORATION?

A. Incoming crews were staged and logistically supported by both our in-house inspection workforce with assistance from the Corporate Support Services organization. In addition, we established a logistics coordination function in the Kingsport office to help track the issuance of accommodations and meals during the event.

Our Kingsport Supervisor of Distribution System (SDS), assumed overall responsibility for the restoration effort, and the assessment process was coordinated centrally in the Kingsport office. The Kingsport SDS had lead responsibility for assigning Circuit Coordinators and for allocating restoration resources to those coordinators as dictated by the needs in each area.

Q. PLEASE DESCRIBE THE EMERGENCY SERVICE RESTORATION PROCESS.

A. The Company attempts to perform a quick overall assessment of damage and then begin repairs and restoration while continuing our damage assessment. As soon as the footprint of the damage is known, Circuit Coordinators are assigned to make coordination of the field work more efficient, and restoration resources are assigned to each coordinator's area in proportion to the amount of damage in that area. Towards the end of the restoration event, a number of company two-person crews are placed in the field to complete individual service repairs and to clean up anything that remains from the event. Crews work a 16-hour day every day with the overwhelming majority of restoration forces working during daylight hours to assure maximum efficiency and safety in our use of labor.

Q. DID KINGSPORT FOLLOW THE EMERGENCY RESTORATION PLAN?

A. Yes. The Company followed the approach outlined above for specific restoration of service in both storms.

Q. PLEASE DESCRIBE THE PROGRAMS OR SYSTEMS THAT KINGSPORT UTILIZED TO SUPPORT SERVICE RESTORATION.

A. The data gathered from customer calls is routed to our Outage Management System which uses a commercially-available software, PowerOn, to analyze the outage data, separate this data into individual device outages and track our progress as we work the restoration. Individual outages are sent to assessment and repair crews using our 800MHz radio system which interfaces with Mobile Data Computers (MDCs) in each vehicle. The outages bring with them details of the outage including customer call data and any hazard reports associated with the outage. Data from this system feeds both our customer communications and administrative software with predictions of the number of customers out, estimated restoration times, damage details and number of outages.

Q. HOW DID THE COMPANY COMMUNICATE ITS PROGRESS REGARDING SERVICE RESTORATION TO ITS CUSTOMERS AND EMPLOYEES?

A. Customers received information through the print news media, Twitter radio and www.AppalachianPower.com. There were customer notifications to large/sensitive customers and emergency facilities by our Customer Service Coordinators. Also, there were television news updates from the President of APCo. I periodically gave on camera interviews updating the status of restoration efforts, and assisted local news outlets in gaining access to our crews who were involved in the restoration effort. I also kept the local newspaper (The Kingsport Times-News) abreast of restoration progress and current outage numbers.

In addition to communicating with employees working storm restoration through the daily safety briefings, employees in general, both in Kingsport and APCo/AEP, received information about the storm and restoration through the normal Company communication channels.

Q. WHAT STEPS WERE TAKEN DURING THE RESTORATION EFFORTS TO MANAGE THE COSTS?

A. We have found that the most effective way to expedite restoration while controlling costs is to put supervision of repair forces as close to the damage as possible. We use company employees as "Circuit Coordinators" to control the assignment of repair forces from a location in the field near the concentration of the restoration work. With Circuit Coordinators stationed in the field, we are able to determine first hand the progress of the restoration effort. Likewise, the coordinators will be knowledgeable about the service restoration progress and what specifically is needed to expedite restoration.

Q. DID KINGSPORT REQUEST HELP THROUGH THE MUTUAL ASSISTANCE AGREEMENT FOR THESE STORMS?

A. Yes.

Q. PLEASE EXPLAIN WHAT IS MEANT BY A MUTUAL ASSISTANCE AGREEMENT.

A. The Operating Companies of AEP, including Kingsport, are member participants in various mutual assistance programs including the Southeast Electric Exchange ("SEE") and the Edison Electric Institute (EEI). EEI has established guidelines that serve as an aid in establishing the basis on which member companies assist one another in restoring

electric service. Participation in mutual assistance is voluntary. These operating guidelines, governing principles and insurance aspects help standardize the arrangement and terms as mutual assistance agreements are established between utilities. These guidelines include such items as:

- When resources should be requested;
- How to share resources when multiple members are affected; and
- Standards on what costs are to be covered and how those costs should be billed.

Q. DID KINGSPORT UTILIZE CONTRACTORS, OTHER COMPANIES' EMPLOYEES OR OUTSIDE VENDORS?

A. Yes.

Q. HOW DID KINGSPORT DETERMINE THE NEED FOR ASSISTANCE AND WHICH OUTSIDE CONTRACTORS OR OTHER UTILITIES ASSISTED IN THE RESTORATION EFFORTS?

A. An initial assessment is made in order to determine the need for outside crew assistance. Requests for outside crew assistance must be made early enough to accommodate mobilization and travel time in a manner that allows crew arrivals and the organization of day-work/night-rest cycles. Once the decision has been made regarding the type and number of outside crew assistance needed, this information is communicated to the Mutual Assistance Coordinator to allow for ample time to obtain the crew assistance. Throughout the event, coordination calls are held at least twice daily to update needs as the event recovery progresses and to let other utilities know when resources are available to assist in other areas.

Request for outside crew assistance will generally be filled by the Mutual Assistance Coordinator in the following order of resources:

1. Other AEP Crews;
2. Contractor personnel currently working on AEP Property;
3. Contractor personnel that can be brought in from outside AEP property; and
4. Other utilities from neighboring AEP territory.

The outside crews that assisted in the December storms were from Tennessee, Kentucky, South Carolina and Mississippi. Most of the additional crews working in Kingsport were contractors from outside of AEP's service territory. In addition, we had a few company crews from Appalachian's service territory east of the Kingsport District.

Q. PLEASE SUMMARIZE THE TYPES OF COSTS INCURRED IN THE TWO STORMS.

A. The outside services help was primarily in the form of overhead line contractors. During the December 9th storm, the line contractors were those who normally work in the area and represented roughly half of the total contract support. The remainder of the support came from resources internal to Appalachian Power. The table below delineates a breakdown of the incremental cost incurred during the storms.

Kingsport Incremental O&M Costs December 2009 Storms			
Cost Category	**12/8/2009 Storm**	**12/18/2009 Storm**	**Total**
Internal Overtime Labor	$16, 633	$157,975	$174,608
Outside Services	$92,638	$1,225,606	$1,318,244
Material	$916	$17,148	$18,064
Other	$12,310	$106,126	$118,436
Total	**$122,497**	**$1,506,855**	**$1,629,352**

Q. HAS AEP RECEIVED ANY RECOGNITION FOR ITS STORM RESPONSE EFFORTS?

A. Yes. AEP has been recognized three years in a row by the Edison Electric Institute (EEI) for its storm recovery or assistance efforts, and it is the ninth time since 1999 that AEP has been recognized for those efforts.

Q. DOES THIS COMPLETE YOUR TESTIMONY?

A. Yes, it does.

Storm Damage Overview

December 18th, 2009

Snow Storm

Kingsport Power Service Territory

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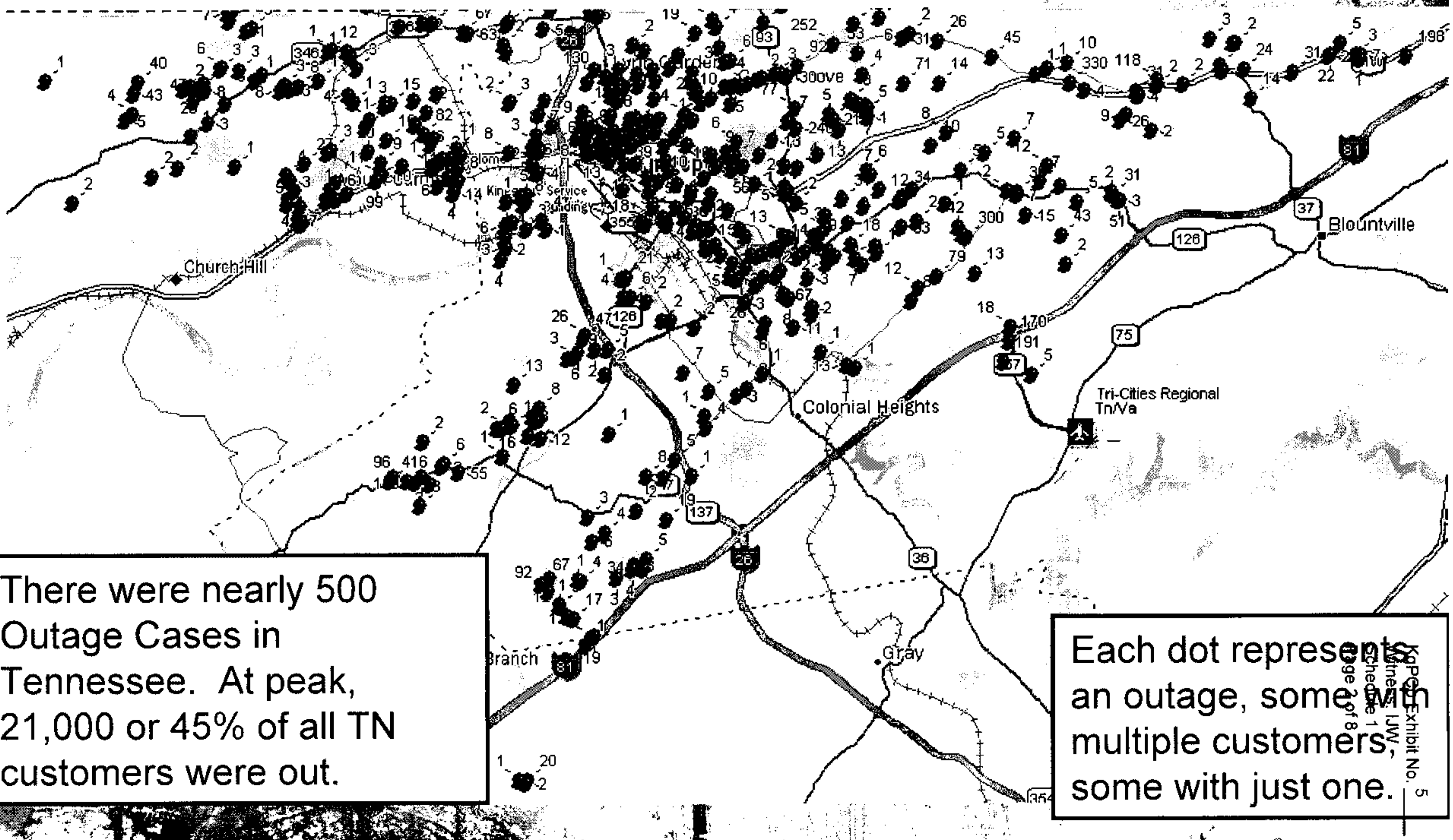
Footprint of the Storm



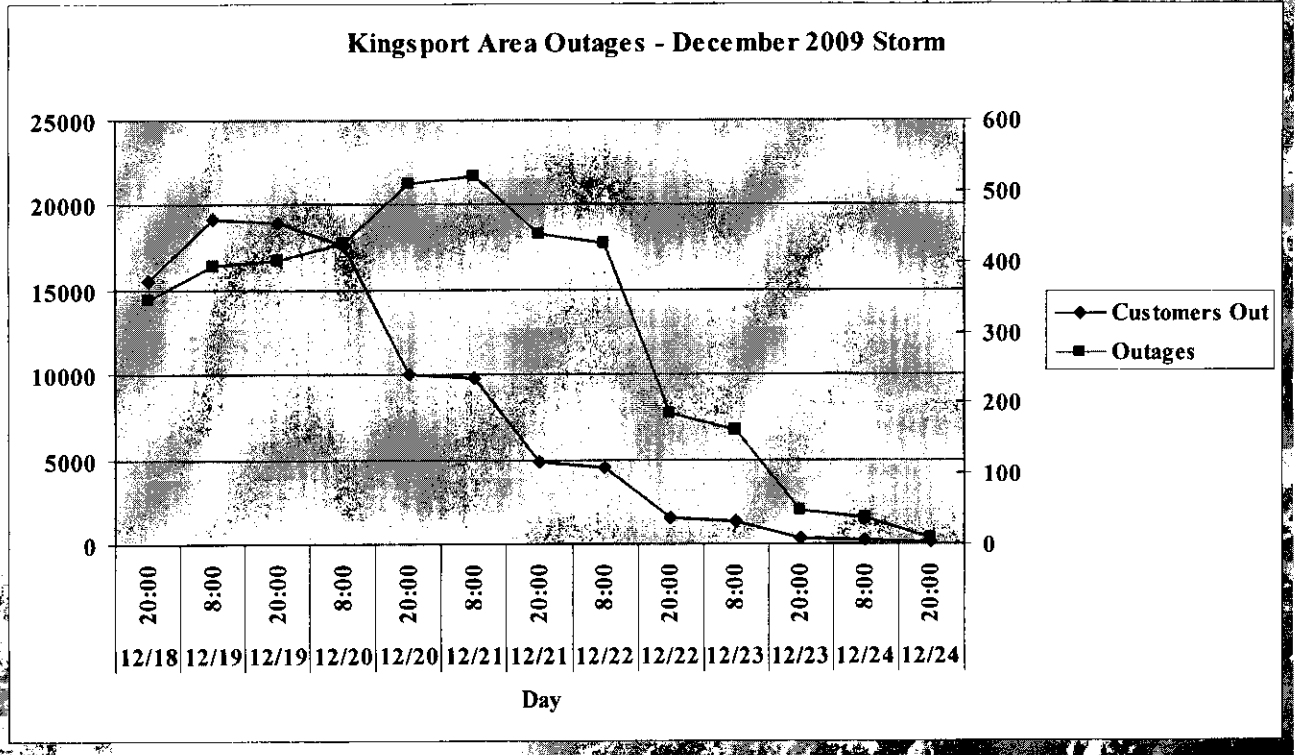
There were nearly 500 Outage Cases in Tennessee. At peak, 21,000 or 45% of all TN customers were out.

Each dot represents an outage, some with multiple customers, some with just one.

KgPCo Exhibit No. 5
Witness: IJW
Schedule 1
Page 2 of 8

Kingsport Area Restoration

- While major gains were made in terms of customer numbers in the first few days, it took longer to get the number of outages down.



AEP AMERICAN ELECTRIC POWER

Exhibit No. 5

Damage In The Kingsport Area

- Over 40 cross arms broken
- 24 poles broken
- 21 transformers needing replacement
- Nearly 800 spans of conductor needing to be repaired or replaced.

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Why Did This Event Cause So Much Damage?

- 2007 and 2008 were years of extreme drought, 2009 was much wetter than normal
  - This weakened root systems and extreme snow loads took entire trees down.
  - Most of the trees that fell were from outside of the right of way (in fact those tend to cause more damage)
- When an entire tree falls, it breaks conductors or, when the conductors are large or are telephone/CATV cables, breaks cross arms and poles

- The National Weather Service reports that the snow that fell in our service territory was very wet, in fact, the snow that fell near the Tri-Cities Airport was very wet.
  - **Tri-Cities Airport snow – 6.5 inches snow per inch of water**
  - **Normal snow – 10 inches per inch of water**

IPCo Exhibit No. 5
Witness: IJW
Page 8

Impact of Right of Way Maintenance

- This picture is typical of the damage seen, this line was situated in a clear urban right of way, but the tree fell from the hill above the line and across the road.
- The resulting damage to our facilities nearly always requires a significant amount of work to repair those facilities.

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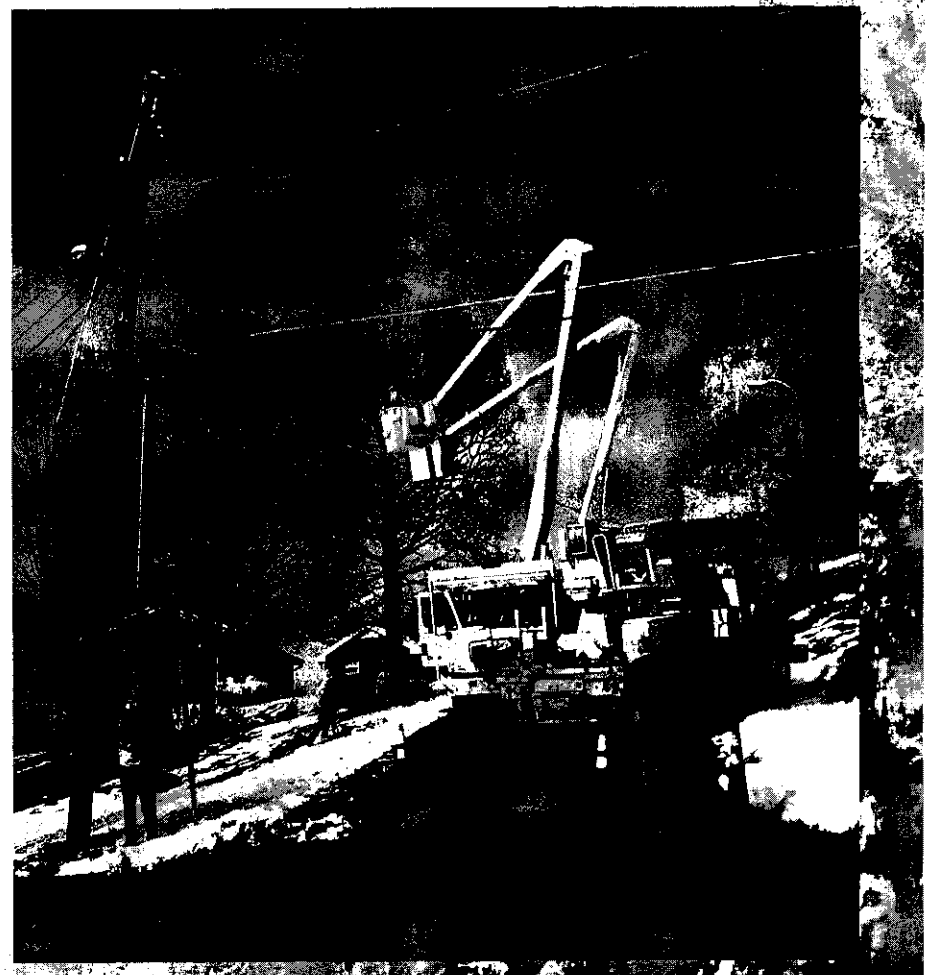
Complicating Factors



- Roads, especially side roads, were difficult to use even a week after the storm
- Most of the work that had to be done was well off of the road requiring manual techniques.
- Copper thieves worked during the storm stealing copper from substations and from downed power lines increasing the amount of work that needed to be done.

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Work Force

- Crews were brought in from a number of states in the Southeast including some supporting TVA Distributors
- Roughly, 250 outside line contract personnel were sent into the area. These contractors were supported by another 100 AEP employees during the effort.

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