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PLEASE RESPOND TO:
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KPOW.89998

February 19, 2015

VIA EMAIL & FEDEX

Docket No. 15-00024

Sharla Dillon, Dockets & Records Manager
Herbert Hilliard, Chairman
Tennessee Regulatory Authority
502 Deaderick Street, 4th Floor
Nashville, TN 37243

Re: Petition of Kingsport Power Company d/b/a AEP Appalachian Power for Approval of Storm Damage Rider Tariff

Dear Chairman Hilliard:

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 Storm Damage Rider Tariff. Please return a filed copy to our office in the enclosed envelope. Also enclosed is a check in the amount of $25.00 to cover the filing fee.

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: Cynthia E. Kinser (Mills) (via mail)
Jean A. Stone, General Counsel (via mail)
David Foster (via email w/enc.)
William Castle (via email w/enc.)
Hector Garcia, Esq. (via email w/enc.)
Larry Foust (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.: 15-_____

PETITION FOR APPROVAL OF A STORM DAMAGE RIDER TARIFF

Comes Petitioner, Kingsport Power Company, d/b/a AEP Appalachian Power (herein, "Kingsport" or "Company"), and respectfully requests the Tennessee Regulatory Authority (herein, "TRA") approve and permit Kingsport to implement the revised 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 a severe winter storm in January 2013 as well as the remaining unrecovered balance from 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 K. Castle
Appalachian Power Company, Inc.
Three James Center, Suite 1100
1051 E. Cary Street
Richmond, VA 23219-4029
Ph: (804) 698-5540; 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 THE JANUARY 2013 STORM AND ASSOCIATED RESTORATION COSTS

4. In January 2013, specifically commencing on January 17, 2013, Kingsport's service area was struck by a severe winter storm which caused power outages to Kingsport's customers and damage to the property and equipment of Kingsport.

5. The storm was primarily a heavy, wet snowstorm that included ice and freezing rain. The storm swept through Tennessee and Southwest Virginia causing extensive power

outages. Approximately 14,600 of Kingsport's 47,000 customers (31%) were out of service in Kingsport at the height of the storm.

6. As a result of this winter storm, Kingsport incurred incremental operation and maintenance (O&M) 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 incremental 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 January 2013, incremental O&M storm costs:

Kingsport Incremental O&M Costs January 2013 Storm	
Cost Category	**Total**
Internal Overtime Labor	$138,019
Outside Services	$1,624,102
Material	$1,764
Other	$185,177
Total	**$1,949,062**

7. On September 9, 2013, Kingsport petitioned the TRA for approval of Deferred Accounting in Docket No. 13-00121, to which reference is hereby made. Said approval was granted by the TRA by Order filed November 13, 2013. 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 with respect to the deferral of certain costs".

Consistent with the Order, the Company established the $1,949,062 of incremental O&M storm costs as a regulatory asset on Kingsport's books.

UNDER-RECOVERY OF RESTORATION COSTS RELATED TO THE DECEMBER 2009 STORMS

8. On March 13, 2014, Kingsport filed its Detailed Records of Recoveries in Docket No. 12-00051 and filed its Revised Detailed Records of Recoveries from Customers on April 14, 2014. Kingsport's records showed that the Company recovered $1,539,019 of the $1,629,352 in storm costs approved to be recovered, leaving $90,333 unrecovered.

9. On April 14, 2014, Kingsport also requested that it be allowed to include the $90,333 under-recovery in its future recovery filing to recover $1,949,062. Such approval was granted by the TRA by Order filed October 16, 2014 in Docket No. 13-00121.

10. Kingsport's total unrecovered storm restoration costs are $2,039,395 ($1,949,062 + $90,333).

RELIEF REQUESTED

11. 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 revised SDR Tariff to recover Kingsport's portion of incremental O&M expenses attributable to the January 2013 winter storm and the remaining unrecovered balance from the December 2009 storms. The revised 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 revised SDR Tariff. The revised SDR Rate is based on storm restoration costs deferred and recorded on Kingsport's books through December 2014. The revised 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 revised SDR Rate would result in an increase in Kingsport's annual revenues of approximately $2.0 million. The bill for a typical residential customer using 1,000 kWh/month of $87.14 would increase by $2.10 per month or an increase of 2.4%.

In support of the Petition, Kingsport submits the following:

(A) Direct Testimony of Isaac J. Webb;

(B) Direct Testimony of Garry H. Simmons, which incorporates the following Exhibits:

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

Mr. Webb's Direct Testimony provides a detailed description of the January 2013 storm, 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. Mr. Simmons' Direct Testimony develops the revised SDR Factor to be implemented to recover the January 2013 incremental storm-related costs and the remaining unrecovered costs from the December 2009 storms. The NOTICE TO PUBLIC [KgPCo's Exhibit No. 4 (GHS)] is the proposed notice that will 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 revised SDR Tariff discussed in this Petition.

Respectfully submitted this 19th day of February, 2015.

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 19th day of February, 2015, 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
ISAAC J. WEBB
FOR KINGSPORT POWER COMPANY D/B/A
AEP APPALACHIAN POWER
BEFORE THE
TENNESSEE REGULATORY AUTHORITY
DOCKET NO.: 15-_____

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. My title is Manager - Distribution System for Kingsport Power Company ("KgPCo" or "Company") which is registered to do business in the State of Tennessee as AEP Appalachian Power. KgPCo purchases all of its electric power requirements from Appalachian Power Company ("APCo") at wholesale rates that are subject to the jurisdiction of the Federal Energy Regulatory Commission. APCo and KgPCo are wholly owned subsidiaries of American Electric Power ("AEP").

Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE AND EDUCATIONAL BACKGROUND.

A. I earned a Bachelor of Science degree in Electrical Engineering from Virginia Polytechnic Institute and State University and I am a registered Professional Engineer in the Commonwealth of Virginia. I have been employed in the electrical power industry for 38 years, where the last 35 years have been with AEP in increasing roles of responsibility throughout the distribution organization in Roanoke, VA; Gate City, VA; Bluefield, WV; Logan WV; and for the last 19 years, Kingsport, TN.

Q. PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES.

A. I manage the Kingsport District, which constructs, maintains, and operates distribution facilities serving approximately 47,000 customers in Tennessee.

Q. ARE YOU SPONSORING ANY EXHIBITS OR SCHEDULES?

A. No.

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 2013 service restoration efforts through a Storm Damage Rider ("SDR") as addressed by Company witness Simmons. I will provide a summary of the weather event that occurred during January 2013, as well as discuss the Company's storm restoration planning along with its efforts to restore service to customers for this event. Lastly, I will describe the resources and costs incurred during the storm restoration effort.

II. SUMMARY OF SEVERITY OF STORM EVENT

Q. PLEASE GENERALLY DESCRIBE THE WEATHER EVENT THAT AFFECTED KINGSPORT'S SERVICE TERRITORY DURING JANUARY 2013.

A. A winter storm hit the Kingsport area during the afternoon of January 17, 2013. By approximately 4 p.m. that day, the Company started to receive reports of outages, and by approximately 6 p.m. that same day, the number of outages peaked at approximately 226, impacting around 14,600 of the Company's 47,000 customers in its Tennessee jurisdiction. Over 31% of the Company's Tennessee customers suffered interruptions at some point during the storm.

In addition, over 193,000 calls came into the Customer Operations Center during January 17-22, 2013 from customers in the Kingsport District and surrounding areas. There were also a total of approximately 102,000 additional calls that were routed to AEP's High Volume Call Answering Service, where customers could report their outages via a voice response system.

Q. HOW WOULD YOU CHARACTERIZE THIS WINTER STORM?

A. The winter storm that began on January 17, 2013 had heavy, wet snowfall that also resulted in ice accumulating on trees and power lines, and caused extensive damage in the Company's Tennessee territory, as well as over a large part of APCo's territory in Southwest Virginia. The storm had been forecasted, so the Company was able to proactively request additional support before the storm began, resulting in assistance in-route by the time the snow began to fall.

III. STORM RESTORATION PLANNING AND PREPARATION

Q. DID KINGSPORT HAVE AN EMERGENCY PLAN IN PLACE FOR MAJOR STORM RESTORATION THAT IT FOLLOWED DURING THE JANUARY EVENT?

A. Yes. The Company has in place comprehensive plans for dealing with disruptions to its electric system and the restoration of service to its customers. Its Service Restoration Plan ("SRP") is an emergency response plan that provides a thorough set of procedures and information integral to the process of dealing with service interruptions of all types and magnitudes.

Q. WHAT AREAS OF MAJOR STORM RESTORATION ARE ADDRESSED IN THE SRP?

A. The SRP addresses several areas of storm restoration including, but not limited to: safety; roles and responsibilities; pre-storm plans; damage and hazard assessments; additional resources needed; service restoration priorities; assignment and scheduling of work; internal and external communications; and required logistical support. Logistical support includes matters such as lodging, food, transportation, fuel, and security.

The SRP also includes appendices that compile informational resources about a variety of subjects relevant to service restoration including: (1) personnel involved in restoration activities; (2) contact information; (3) service priority restoration information; and (4) miscellaneous checklists and specific procedures that may be of special significance for the district.

IV. STORM RESTORATION EFFORTS

Q. PLEASE DESCRIBE THE EMERGENCY SERVICE RESTORATION PROCESS USED DURING THE KINGSPORT MAJOR STORM.

A. During the January 2013 storm, the Company experienced a level-three event that required the mobilization of personnel both internal and external to the Kingsport district. In preparation for the major storm, the Company contracted for external crews that included other utilities' contract line personnel and external vegetation management crews. In addition, internal Kingsport and other AEP storm restoration personnel were assigned. As soon as weather conditions permitted, the Company performed an overall

assessment of damage and then began repairs and restoration while continuing to refine its damage assessment.

The Kingsport Supervisor of Distribution System ("SDS") assumed overall responsibility for the restoration effort, and the assessment process was coordinated in the Kingsport office. The Company had adopted a "Circuit Coordinator" approach to de-centralize responsibility of the restoration effort, placing key people in the areas with the most damage and giving them full responsibility for the restoration of their area as soon as the extent of damage was known. This allowed for better efficiency in the field during the restoration process. The Kingsport SDS had lead responsibility for assigning Circuit Coordinators and allocating restoration resources to those coordinators as dictated by the needs in each area.

Q. PLEASE PROVIDE AN OVERVIEW OF THE RESTORATION EVENTS.

A. The restoration crews assigned to the Circuit Coordinators had been given safety briefings and were pre-staged in a number of centralized locations including nearby Bristol, VA, when the storm hit. During the morning of January 18, crews were sent from their pre-staged locations directly to their Circuit Coordinator's location where they immediately began work. This approach worked well and the customer outage counts in Tennessee were decreased by almost 68% from approximately 14,600 during the evening of January 17 to approximately 4,600 during the evening of January 18. This major storm event effectively ended for the Tennessee jurisdiction on January 21 although isolated outages continued to occur and were resolved over the next few days.

In addition, incoming contract crews from other utilities were staged and logistically supported by the Company's in-house inspection workforce along with

assistance from AEP's Emergency Restoration Planning organization. KgPCo established a logistics coordination function in the Kingsport office to help track accommodations and meals during the event. Toward the end of the restoration efforts, a number of Company two-person crews were placed in the field to complete individual service repairs and to clear up any other damage reports provided by customers associated with the event. Crews worked a 16-hour day every day with the overwhelming majority of restoration forces working during daylight hours to assure maximum efficiency and increase safety margins.

Q. EXPLAIN WHY MOST RESTORATION EFFORTS DID NOT BEGIN UNTIL THE MORNING OF JANUARY 18, 2013.

A. Responding to the outages at their inception was challenging due to the treacherous conditions that existed just after the storm. Due to hazardous road conditions, only a limited number of Company employees were able to patrol areas for damage. Furthermore, employees were focused on restoring the most critical customers such as hospitals and other critical infrastructural facilities during the evening of January 17; therefore, the Company was not able to begin widespread restoration efforts in earnest until the following morning.

Q. PLEASE DESCRIBE OTHER PROCESSES KINGSPORT HAD IN PLACE TO SUPPORT SERVICE RESTORATION.

A. Kingsport utilizes an Outage Management System that gathers data from customer calls during the event. This system analyzes the outage data, separates the data into individual device outages, and tracks the Company's progress as it restores service to its customers. In addition, the individual outages are sent to assessment and repair crews using the

Company's 800 MHz radio system which interfaces with Mobile Data Computers ("MDCs") in each vehicle. The outage information provides details including customer call data and any hazard reports associated with the outage. Data from this system feeds the Company's 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 RESTORATION PROGRESS REGARDING SERVICE RESTORATION TO ITS CUSTOMERS AND EMPLOYEES?

A. Customers received information through the news media, Twitter, radio and www.AppalachianPower.com. There were also notifications to large/sensitive customers and emergency facilities by our Customer Service Coordinators. Periodically, I personally gave on-camera interviews updating the status of restoration efforts, and assisted local news outlets in gaining access to the Company's crews who were involved in the restoration efforts. The local television stations were also able to access the Company's real time outage map at the Appalachianpower.com website to check specific progress by county served. I also kept the local newspaper (The Kingsport Times-News) abreast of restoration progress and current outage numbers as requested.

In addition to communicating with employees working storm restoration through daily safety briefings, employees for Kingsport, APCo and AEP, received information about the storm and restoration efforts through Appalachian Power's "One Voice" communication process. This "One Voice" process provides accurate and timely service restoration information to all interested parties -- such as customers, the media,

government, emergency management agencies and internal groups. The process promotes proactive communication and potentially answers many questions before they are even asked.

V. STORM RESOURCES AND COSTS

Q. DID KINGSPORT REQUEST HELP THROUGH THE MUTUAL ASSISTANCE AGREEMENT FOR THE JANUARY 2013 STORM?

A. Yes. The AEP Operating Companies, 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. 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. WHAT ASSISTANCE DID KINGSPORT RECEIVE THROUGH THE AGREEMENT DURING THE STORM RESTORATION?

A. KgPCo recognized that the impact of the storm would create restoration needs greater than its internal resources could efficiently address alone, and therefore outside assistance would be needed. As a result, approximately 214 contractors, including vegetation management workers, were requested and secured.

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

A. An initial assessment was 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 time to obtain 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.

Requests 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 this restoration effort were from Tennessee, Alabama, South Carolina, Arkansas, Louisiana, and Florida. Most of the additional crews working in Kingsport were contractors from outside of AEP's service territory. In addition, the Company used a few company crews from Appalachian's service territory east of the Kingsport District.

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

A. The Company called upon contract linemen and vegetation management resources both internal and external to Appalachian Power Company and its Kingsport District. The Company also utilized all Company resources within Kingsport and a number of Company resources outside of the Kingsport District for assessment and administration as well as to repair the damages. During the restoration effort in Tennessee, the Company replaced over 2.2 miles of overhead conductor and associated equipment.

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

A. The Company found that the most effective way to expedite restoration while controlling costs was to place supervision of repair forces as close to the damage as possible. The Company used Company employees as Circuit Coordinators to control the assignment of repair resources from a location in the field near the concentration of the restoration work. With Circuit Coordinators stationed in the field, the Company was able to determine first-hand the progress of the restoration efforts while maintaining close supervision of field resources, thereby minimizing costs and maximizing efficiency. Likewise, the coordinators were knowledgeable about the service restoration progress and what specifically was needed to expedite restoration.

Q. PLEASE SUMMARIZE THE TYPES OF COSTS INCURRED IN THE STORM.

A. The outside services support was primarily in the form of overhead line and vegetation management contractors. During the January 17th storm, the line and vegetation management contractors included those who normally work in the area and represented roughly 25% of the total contract support. The remainder of the support came from

resources external to Appalachian Power. The table below provides a breakdown of the incremental cost incurred during the January storm.

Kingsport Incremental O&M Costs January 2013 Storm	
Category of Expenses	**January 2013**
Internal Overtime Labor	$138,019
Outside Services	$1,624,102
Material	$1,764
Other	$185,177
Total	**$1,949,062**

Q. DOES THIS COMPLETE YOUR TESTIMONY?

A. Yes, it does.

DIRECT TESTIMONY OF
GARRY H. SIMMONS
FOR KINGSPORT POWER COMPANY D/B/A
AEP APPALACHIAN POWER
BEFORE THE
TENNESSEE REGULATORY AUTHORITY
DOCKET NO. 15-_____

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

A. My name is Garry H. Simmons. My business address is Three James Center, 1051 E. Cary Street, Suite 1100, Richmond Virginia 23219. I am employed by Appalachian Power Company (APCo) as a Regulatory Consultant of Regulatory Services VA/TN. Appalachian Power Company ("APCo") and Kingsport Power Company ("Kingsport", "KgPCo" or "the Company") are wholly owned subsidiaries of American Electric Power Company, Inc. (AEP).

Q PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE AND EDUCATIONAL BACKGROUND.

A. I am a Certified Public Accountant in Virginia. I have a Bachelor of Business Administration Degree in Accounting from North Georgia College. In 1979, I was employed by Advance Stores, Inc. as a financial accountant in their Corporate Accounting Department. In May 1982, I joined APCo as a Statistical Clerk in the Regulatory and Special Reports Section of the Accounting Department. In 1984, I was promoted to Associate Staff Accountant in the Tax Department and over the following 16 years was promoted to various positions of increasing responsibility. In 2001, I transferred to Regulatory Services in Richmond and in April, 2013 was promoted to my current position.

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's 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 January 2013 storm damage costs incurred by the Company as well as the remaining unrecovered costs from the December 2009 storms. I will show the assignment of the deferred storm costs to the 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 (GHS) is the supporting work paper for the development of the Rider SDR;
- KgPCo Exhibit No. 2 (GHS) is the SDR Tariff;
- KgPCo Exhibit No. 3 (GHS) is the Typical Bill comparison; and
- KgPCo Exhibit No. 4 (GHS) 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 the January 2013 winter storm and the remaining unrecovered cost from the December

2009 storms. These costs consist of incremental operation and maintenance (O&M) storm restoration expenses directly attributable to these extraordinary events. Company Witness Webb describes the magnitude of the January 2013 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 September 13, 2013 Kingsport Power petitioned the Tennessee Regulatory Authority ("TRA or Authority") for approval to defer $1,949,062 of incremental O&M expense incurred in restoring service from a winter storm that began on January 17, 2013. Said approval was granted by the TRA on November 13, 2013 in Docket No. 13-00121. In addition, on April 14, 2014 Kingsport Power petitioned the TRA to add the unrecovered balance of $90,333 from the December 2009 storms to the $1,949,062 expense associated with the January 2013 storm expenses deferred in Docket No. 13-00121, resulting in a total future request of $2,039,395. Said approval was granted by the TRA on October 16, 2014.

Rider SDR establishes a rate with which the Company will be able to recover the total deferred O&M storm restoration costs over a 12-month period. The Company is proposing that Rider SDR 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 $2,039,395. The SDR rate would result in an overall increase to Kingsport's revenues of approximately 1.26%. However, because Rider SDR will not apply to customers served at the transmission voltage level, the percentage increase to all other customers would be 1.91%. As of January 2015, the bill for a typical residential customer using 1,000 kWh per month is $87.14 and would increase by $2.10. This represents a 2.41% increase. KgPCo Exhibit No. 3 (GHS) provides typical monthly bill increases by comparing the presently effective rates (January 2015) to those including the proposed Rider SDR.

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

A. Kingsport did not incur any storm related costs 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. 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 $2,039,395 were first allocated to the applicable rate classes based upon the demand allocators set forth in KgPCo Exhibit No. 1 (GHS). These demand allocation factors were developed utilizing the average of twelve non-coincident peak demands by applicable class for 2013. The year 2013 was used in order to match the year in which the majority of the storm related operation and maintenance costs were incurred. The total $2,039,395 cost was allocated to each class by multiplying

the demand allocation factors times the $2,039,395 of storm damage cost to derive each class' share of costs. For all classes except Large General Service, Industrial Power Primary and outdoor lights (OL), the allocated cost to each class was divided by the energy sales (kWh) for that class for a twelve month period ending December 31, 2013 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 class' share of costs were divided by the class demand (kW) for a twelve-month period ending December 31, 2013.

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 A REVISED TARIFF SHEET TO REFLECT THE PROPOSED CHANGES TO ITS RATES?

A. Yes. KgPCo Exhibit No. 2 (GHS), Page 1 contains 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 to the Authority 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 Demand Allocation Factors
Storm Damage Rider

Recovery Amount = **$2,039,395**

Demand Allocation Factors

Class	2013 12 NCP Average Peak Load (MW)	2012 Loss Factor	Loss Adjusted Load (to Transmission)	2013 Allocation	Demand Allocation $
Residential	306	1.05597	323	71.71%	$1,462,361
SGS	6	1.05597	6	1.41%	$28,674
MGS	32	1.05597	34	7.50%	$152,927
LGS	48	1.05597	51	11.25%	$229,390
IP - Pri	9	1.02602	9	2.05%	$41,791
EHG	8	1.05597	8	1.87%	$38,232
CS	5	1.05597	5	1.17%	$23,895
PS	10	1.05597	11	2.34%	$47,790
OL	3	1.05597	3	0.70%	$14,337
Total	427		451	100%	$2,039,395

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

Recovery Amount = **$2,039,395**

Determination of SDR Factors

Class	Demand Allocation $	Metered kWH 2013	SDR Factor ($/kWH)	Number of Lamps	2013 Billing Demand kW	SDR Factor ($/kW) (or $/Lamp)
Residential	$1,462,361	691,036,589	0.00212			
SGS	$28,674	21,193,777	0.00135			
MGS	$152,927	107,693,050	0.00142			
LGS	$229,390				700,753	0.3273
IP - Pri	$41,791				175,813	0.2377
EHG	$38,232	26,480,603	0.00144			
CS	$23,895	9,831,595	0.00243			
PS	$47,790	28,611,892	0.00167			
OL	$14,337			5,439		0.2197
Total	$2,039,395					

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

Revised Sheet No. 20
T.R.A. Tariff Number 1

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	.00212	--	--
SGS	.00135	--	--
MGS	.00142	--	--
EHG	.00144	--	--
CS	.00243	--	--
PS	.00167	--	--
LGS	--	.3273	--
IP-PRI	--	.2377	--
IP-TRANS	--	--	--
OL	--	--	.2197

Issued: _____
By: Charles Patton, President

Effective: _____
Pursuant to an Order in
Docket No.: 15-_____

02/18/15

Kingsport Power Company
Typical Monthly Bills
Estimated Impacts of Storm Damage Rider-As of January 1, 2015

RESIDENTIAL						
		100 kWh	250 kWh	500 kWh	750 kWh	1,000 kWh
Difference		$0.21	$0.52	$1.06	$1.57	$2.10
% Difference		1.38%	1.91%	2.25%	2.34%	2.41%

SMALL GENERAL SERVICE						
	kW	3	3	6	6	
	kWh	375	1,000	750	2,000	
Difference		$0.51	$1.33	$1.00	$2.66	
% Difference		1.15%	1.35%	1.28%	1.46%	

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		$2.10	$5.61	$8.42	$14.02	$14.03	$19.63
% Difference		1.19%	1.49%	1.31%	1.54%	1.43%	1.57%

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		$32.34	$32.34	$48.51	$48.52	$48.50
% Difference		1.22%	1.08%	1.57%	1.01%	0.68%
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		$323.35	$323.36	$323.37	$323.36	$323.35
% Difference		1.69%	1.32%	1.17%	1.09%	0.75%

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		$1,174.19	$1,174.19	$1,174.19	$2,348.37	$2,348.37	$2,348.37
% Difference		0.95%	0.71%	0.60%	0.95%	0.72%	0.60%

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Edison Electric Institute
Typical net Monthly Bills
Rates as of January 1, 2015
Without Storm Damage Rider (SDR)

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	0.02146	2.15	5.37	10.73	16.10	21.46
Base Bill			$14.32	$24.85	$42.40	$59.95	$77.49
Fuel Adjustment	$/kWh	0.0107171	1.07	2.68	5.36	8.04	10.72
Subtotal			$15.39	$27.53	$47.76	$67.99	$88.21
TN Inspection Fee	%	0.3	0.05	0.08	0.14	0.20	0.26
Subtotal			$15.44	$27.61	$47.90	$68.19	$88.47
Prompt Pay. Disc.	%	(1.5)	(0.23)	(0.41)	(0.72)	(1.02)	(1.33)
Total Bill			$15.21	$27.20	$47.18	$67.17	$87.14

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	0.01723		6.46	17.23	12.92	34.46
Base Bill				$40.73	$89.35	$70.93	$163.01
Fuel Adjustment	$/kWh	0.0107171		4.02	10.72	8.04	21.43
Subtotal				$44.75	$100.07	$78.97	$184.44
TN Inspection Fee	%	0.3		0.13	0.30	0.24	0.55
Subtotal				$44.88	$100.37	$79.21	$184.99
Prompt Pay. Disc.	%	(1.5)		(0.67)	(1.51)	(1.19)	(2.77)
Total Bill				$44.21	$98.86	$78.02	$182.22

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	0.02040		30.60	81.60	122.40	204.00	204.00	285.60
Base Bill				$162.71	$339.10	$586.34	$815.50	$889.20	$1,118.36
Fuel Adjustment	$/kWh	0.0107171		16.08	42.87	64.30	107.17	107.17	150.04
Subtotal				$178.79	$381.97	$650.64	$922.67	$996.37	$1,268.40
TN Inspection Fee	%	0.3		0.54	1.15	1.95	2.77	2.99	3.81
Subtotal				$179.33	$383.12	$652.59	$925.44	$999.36	$1,272.21
Prompt Pay. Disc.	%	(1.5)		(2.69)	(5.75)	(9.79)	(13.88)	(14.99)	(19.08)
Total Bill				$176.64	$377.37	$642.80	$911.56	$984.37	$1,253.13

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Edison Electric Institute
Typical net Monthly Bills
Rates as of January 1, 2015
Without Storm Damage Rider (SDR)

LARGE GENERAL SERVICE - Sec		Rate Schedule Charges	kVA	118	118	176	176	176
			kW	100	100	150	150	150
Bill Calculations			kWh	30,000	36,000	30,000	60,000	100,000
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	0.00881		264.30	317.16	264.30	528.60	881.00
	$/kW	4.19		419.00	419.00	628.50	628.50	628.50
Base Bill				$2,369.07	$2,654.07	$2,798.39	$4,223.39	$6,123.39
Fuel Adjustment	$/kWh	0.0107171		321.51	385.82	321.51	643.03	1,071.71
Subtotal				$2,690.58	$3,039.89	$3,119.90	$4,866.42	$7,195.10
TN Inspection Fee	%	0.3		8.07	9.12	9.36	14.60	21.59
Subtotal				$2,698.65	$3,049.01	$3,129.26	$4,881.02	$7,216.69
Prompt Pay. Disc.	%	(1.5)		(40.48)	(45.74)	(46.94)	(73.22)	(108.25)
Total Bill				$2,658.17	$3,003.27	$3,082.32	$4,807.80	$7,108.44

LARGE GENERAL SERVICE - Pri		Rate Schedule Charges	kVA	1,176	1,176	1,176	1,176	1,176
			kW	1,000	1,000	1,000	1,000	1,000
Bill Calculations			kWh	200,000	300,000	360,000	400,000	650,000
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	0.00881		1,762.00	2,643.00	3,171.60	3,524.00	5,726.50
	$/kW	4.19		4,190.00	4,190.00	4,190.00	4,190.00	4,190.00
Base Bill				$17,245.28	$21,527.28	$24,096.48	$25,809.28	$36,514.28
Fuel Adjustment	$/kWh	0.0107171		2,143.42	3,215.13	3,858.16	4,286.84	6,966.12
Subtotal				$19,388.70	$24,742.41	$27,954.64	$30,096.12	$43,480.40
TN Inspection Fee	%	0.3		58.17	74.23	83.86	90.29	130.44
Subtotal				$19,446.87	$24,816.64	$28,038.50	$30,186.41	$43,610.84
Prompt Pay. Disc.	%	(1.5)		(291.70)	(372.25)	(420.58)	(452.80)	(654.16)
Total Bill				$19,155.17	$24,444.39	$27,617.92	$29,733.61	$42,956.68

INDUSTRIAL POWER - Pri		kVAR		599	599	599	1,197	1,197	1,197
		Rate Schedule Charges	kW	5,000	5,000	5,000	10,000	10,000	10,000
Bill Calculations			kWh	1,500,000	2,500,000	3,250,000	3,000,000	5,000,000	6,500,000
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	0.00713		10,695.00	17,825.00	23,172.50	21,390.00	35,650.00	46,345.00
	$/kW	3.98		19,900.00	19,900.00	19,900.00	39,800.00	39,800.00	39,800.00
Base Bill				$109,314.25	$139,464.25	$162,076.75	$218,387.75	$278,687.75	$323,912.75
Fuel Adjustment	$/kWh	0.0107171		16,075.65	26,792.75	34,830.58	32,151.30	53,585.50	69,661.15
Subtotal				$125,389.90	$166,257.00	$196,907.33	$250,539.05	$332,273.25	$393,573.90
TN Inspection Fee	%	0.3		376.17	498.77	590.72	751.62	996.82	1,180.72
Subtotal				$125,766.07	$166,755.77	$197,498.05	$251,290.67	$333,270.07	$394,754.62
Prompt Pay. Disc.	%	(1.5)		(1,886.49)	(2,501.34)	(2,962.47)	(3,769.36)	(4,999.05)	(5,921.32)
Total Bill				$123,879.58	$164,254.43	$194,535.58	$247,521.31	$328,271.02	$388,833.30

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Edison Electric Institute
Typical Net Monthly Bills
With Proposed Storm Damage Rider (SDR)

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	0.00212	0.21	0.53	1.06	1.59	2.12
Purchased Power Adjustment	$/kWh	0.02146	2.15	5.37	10.73	16.10	21.46
Base Bill			$14.53	$25.38	$43.46	$61.54	$79.61
Fuel Adjustment	$/kWh	0.0107171	1.07	2.68	5.36	8.04	10.72
Subtotal			$15.60	$28.06	$48.82	$69.58	$90.33
TN Inspection Fee	%	0.3	0.05	0.08	0.15	0.21	0.27
Subtotal			$15.65	$28.14	$48.97	$69.79	$90.60
Prompt Pay. Disc.	%	(1.5)	(0.23)	(0.42)	(0.73)	(1.05)	(1.36)
Total Bill			$15.42	$27.72	$48.24	$68.74	$89.24

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
SDR Rider	$/kWh	0.00135		0.51	1.35	1.01	2.7
Purchased Power Adjustment	$/kWh	0.01723		6.46	17.23	12.92	34.46
Base Bill				$41.24	$90.70	$71.94	$165.71
Fuel Adjustment	$/kWh	0.0107171		4.02	10.72	8.04	21.43
Subtotal				$45.26	$101.42	$79.98	$187.14
TN Inspection Fee	%	0.3		0.14	0.30	0.24	0.56
Subtotal				$45.40	$101.72	$80.22	$187.70
Prompt Pay. Disc.	%	(1.5)		(0.68)	(1.53)	(1.20)	(2.82)
Total Bill				$44.72	$100.19	$79.02	$184.88

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
SDR Rider	$/kWh	0.00142		2.13	5.68	8.52	14.20	14.20	19.88
Purchased Power Adjustment	$/kWh	0.02040		30.60	81.60	122.40	204.00	204.00	285.60
Base Bill				$164.84	$344.78	$594.86	$829.70	$903.40	$1,138.24
Fuel Adjustment	$/kWh	0.0107171		16.08	42.87	64.30	107.17	107.17	150.04
Subtotal				$180.92	$387.65	$659.16	$936.87	$1,010.57	$1,288.28
TN Inspection Fee	%	0.3		0.54	1.16	1.98	2.81	3.03	3.86
Subtotal				$181.45	$388.81	$661.14	$939.68	$1,013.60	$1,292.14
Prompt Pay. Disc.	%	(1.5)		(2.72)	(5.83)	(9.92)	(14.10)	(15.20)	(19.38)
Total Bill				$178.74	$382.98	$651.22	$925.58	$998.40	$1,272.76

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Edison Electric Institute
Typical Net Monthly Bills
With Proposed Storm Damage Rider (SDR)

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
SDR Rider	Demand	0.3273		32.73	32.73	49.10	49.10	49.10
Purchased Power Adjustment	$/kWh $/KW	0.00881 4.19		264.30 419.00	317.16 419.00	264.30 628.50	528.60 628.50	881.00 628.50
Base Bill				$2,401.80	$2,686.80	$2,847.49	$4,272.49	$6,172.49
Fuel Adjustment	$/kWh	0.0107171		321.51	385.82	321.51	643.03	1,071.71
Subtotal				$2,723.31	$3,072.62	$3,169.00	$4,915.52	$7,244.20
TN Inspection Fee	%	0.3		8.17	9.22	9.51	14.75	21.73
Subtotal				$2,731.48	$3,081.84	$3,178.51	$4,930.27	$7,265.93
Prompt Pay. Disc.	%	(1.5)		(40.97)	(46.23)	(47.68)	(73.95)	(108.99)
Total Bill				$2,690.51	$3,035.61	$3,130.83	$4,856.32	$7,156.94

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
SDR Rider	Demand	0.3273		327.30	327.30	327.30	327.30	327.30
Purchased Power Adjustment	$/kWh $/KW	0.00881 4.19		1,762.00 4,190.00	2,643.00 4,190.00	3,171.60 4,190.00	3,524.00 4,190.00	5,726.50 4,190.00
Base Bill				$17,572.58	$21,854.58	$24,423.78	$26,136.58	$36,841.58
Fuel Adjustment	$/kWh	0.0107171		2,143.42	3,215.13	3,858.16	4,286.84	6,966.12
Subtotal				$19,716.00	$25,069.71	$28,281.94	$30,423.42	$43,807.70
TN Inspection Fee	%	0.3		59.15	75.21	84.85	91.27	131.42
Subtotal				$19,775.15	$25,144.92	$28,366.79	$30,514.69	$43,939.12
Prompt Pay. Disc.	%	(1.5)		(296.63)	(377.17)	(425.50)	(457.72)	(659.09)
Total Bill				$19,478.52	$24,767.75	$27,941.29	$30,056.97	$43,280.03

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
SDR Rider	Demand	0.2377		1,188.50	1,188.50	1,188.50	2,377.00	2,377.00	2,377.00
Purchased Power Adjustment	$/kWh $/kW	0.00713 3.98		10,695.00 19,900.00	17,825.00 19,900.00	23,172.50 19,900.00	21,390.00 39,800.00	35,650.00 39,800.00	46,345.00 39,800.00
Base Bill				$110,502.75	$140,652.75	$163,265.25	$220,764.75	$281,064.75	$326,289.75
Fuel Adjustment	$/kWh	0.0107171		16,075.65	26,792.75	34,830.58	32,151.30	53,585.50	69,661.15
Subtotal				$126,578.40	$167,445.50	$198,095.83	$252,916.05	$334,650.25	$395,950.90
TN Inspection Fee	%	0.3		379.74	502.34	594.29	758.75	1,003.95	1,187.85
Subtotal				$126,958.14	$167,947.84	$198,690.12	$253,674.80	$335,654.20	$397,138.75
Prompt Pay. Disc.	%	(1.5)		(1,904.37)	(2,519.22)	(2,980.35)	(3,805.12)	(5,034.81)	(5,957.08)
Total Bill				$125,053.77	$165,428.62	$195,709.77	$249,869.68	$330,619.39	$391,181.67

KINGSPORT POWER COMPANY

NOTICE TO PUBLIC

Kingsport Power Company, d/b/a AEP Appalachian Power ("Kingsport") hereby gives notice that on the 19th day of February 2015, it made a filing with the Tennessee Regulatory Authority ("TRA") which seeks the approval of the TRA to allow it to implement a revised Storm Damage Rider Tariff ("SDR Tariff"), the purpose of which is to recover costs incurred as a result of the severe winter storm in January 2013 as well as the remaining unrecovered costs from the December 2009 storms. Specifically, Kingsport incurred $1,949,062 of incremental expense as a result of a winter storm occurring on January 17, 2013. This storm resulted in power outages to Kingsport's customers and damage to the property and equipment of Kingsport. As much as one half inch of ice coated roadway and power lines across Tennessee. In the aftermath of the storm, which dumped from 5 to 12 inches of snow in Northeast Tennessee and Southwest Virginia, nearly 14,600 customers in Kingsport's territory lost power.

On September 9, 2013, Kingsport petitioned the TRA to approve Deferred Accounting, in Docket No. 13-00121, relative to the costs incurred as a result of the January 2013 storm. The petition was approved by the TRA on November 13, 2013. The costs which Kingsport seeks to recover in this proceeding were established as a regulatory asset on Kingsport's books in November 2013.

On April 14, 2014 Kingsport petitioned the TRA to add the unrecovered balance of $90,333 from the December 2009 storm to the $1,949,062 expense associated with the January 2013 storm expenses deferred in Docket No. 13-00121, resulting in a total future request of $2,039,395. Approval was granted by the TRA on October 14, 2014.

The revised SDR Tariff defines the procedure which will allow Kingsport to recover these storm costs over a twelve – month period, beginning the first month following TRA approval. The total requested amount to be recovered would be $2,039,395. The bill for a typical residential customer using 1000 KWh/month would increase by $2.10 per month, or an increase of 2.4%. All filings made in this TRA Docket are available for public inspection at the offices of the Tennessee Regulatory Authority, 502 Deaderick Street, Nashville, TN 37243, or online at www.state.tn.us/tra.