



BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE

IN RE: PETITION OF KINGSPORT POWER )  
COMP ANY d/b/a AEP APPALACHIAN ) Docket No. 15-00024  
POWER FOR APPROVAL OF )  
A STORM DAMAGE RIDER TARIFF )

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AFFIDAVIT

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I, William H. Novak, CPA, on behalf of the Consumer Advocate Division of the Attorney General's Office, hereby certify that the attached Direct Testimony represents my opinion in the above-referenced case and the opinion of the Consumer Advocate Division.

Sworn to and subscribed before me  
this 24 day of July, 2015.

Emily Knight  
NOTARY PUBLIC



My commission expires: May 6, 2019

## ATTACHMENTS

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Attachment WHN-1	William H. Novak Vitae
Attachment WHN-2	Surcharge calculation based on demand, excluding IP-TRANS
Attachment WHN-3	Surcharge calculation based on demand, including IP-TRANS
Attachment WHN-4	Surcharge calculation based on usage, excluding IP-TRANS
Attachment WHN-5	Surcharge calculation based on usage, including IP-TRANS
Attachment WHN-6	Surcharge calculation based on uniform rate

1 **Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND**  
2 **OCCUPATION FOR THE RECORD.**

3 **A1.** My name is William H. Novak. My business address is 19 Morning Arbor Place,  
4 The Woodlands, TX, 77381. I am the President of WHN Consulting, a utility  
5 consulting and expert witness services company.<sup>1</sup>  
6

7 **Q2. PLEASE PROVIDE A SUMMARY OF YOUR BACKGROUND AND**  
8 **PROFESSIONAL EXPERIENCE.**

9 **A2.** A detailed description of my educational and professional background is provided  
10 in Attachment WHN-1 to my testimony. Briefly, I have both a Bachelor's degree  
11 in Business Administration with a major in Accounting, and a Master's degree in  
12 Business Administration from Middle Tennessee State University. I am a  
13 Certified Management Accountant, and am also licensed to practice as a Certified  
14 Public Accountant.  
15

16 My work experience has centered on regulated utilities for over 30 years. Before  
17 establishing WHN Consulting, I was Chief of the Energy & Water Division of the  
18 Tennessee Regulatory Authority where I had either presented testimony or  
19 advised the Authority on a host of regulatory issues for over 19 years. In  
20 addition, I was previously the Director of Rates & Regulatory Analysis for two  
21 years with Atlanta Gas Light Company, a natural gas distribution utility with  
22 operations in Georgia and Tennessee. I also served for two years as the Vice  
23 President of Regulatory Compliance for Sequent Energy Management, a natural

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<sup>1</sup> State of Tennessee, Registered Accounting Firm ID 3682.

1 gas trading and optimization entity in Texas, where I was responsible for ensuring  
2 the firm's compliance with state and federal regulatory requirements.

3  
4 In 2004, I established WHN Consulting as a utility consulting and expert witness  
5 services company. Since 2004 WHN Consulting has provided testimony or  
6 consulting services to state public utility commissions and state consumer  
7 advocates in over ten state jurisdictions as shown in Attachment WHN-1.

8  
9 ***Q3. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?***

10 ***A3.*** I am testifying on behalf of the Consumer Advocate & Protection Division  
11 ("CAPD" or "the Consumer Advocate") of the Tennessee Attorney General's  
12 Office.

13  
14 ***Q4. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS***  
15 ***PROCEEDING?***

16 ***A4.*** My testimony will address Kingsport Power Company's ("KPC's" or "the  
17 Company's") proposal for a Storm Damage Rider to recover approximately \$2  
18 million in deferred storm restoration costs.

19  
20 ***Q5. WHAT DOCUMENTS HAVE YOU REVIEWED IN PREPARATION OF***  
21 ***YOUR TESTIMONY?***

22 ***A5.*** I have reviewed the Company's Petition along with the accompanying testimony  
23 and exhibits filed on February 19, 2015. In addition, I have reviewed the

1 Company's responses to the data requests submitted by the TRA Staff and the  
2 Consumer Advocate.

3  
4 **Q6. PLEASE EXPLAIN THE RELIEF THAT KPC IS ASKING FROM THE**  
5 **TRA THROUGH ITS PETITION.**

6 **A6.** The Company is asking the TRA to implement new surcharges for all of its  
7 customers, **with the exception of industrial transmission customers**, to let it  
8 recover \$2,039,395 in deferred storm damage restoration costs.<sup>2</sup> Deferral of these  
9 costs was previously approved by the TRA in Docket 13-00121.

10  
11 **Q7. WHY IS THE COMPANY PROPOSING TO EXCLUDE INDUSTRIAL**  
12 **TRANSMISSION CUSTOMERS FROM THIS SURCHARGE?**

13 **A7.** According to the Company, KPC did not incur any storm related costs at the  
14 transmission voltage level and therefore the storm restoration costs should be  
15 borne entirely by the distribution customers.<sup>3</sup>

16  
17 **Q8. DO YOU AGREE WITH THE COMPANY'S PROPOSAL TO EXCLUDE**  
18 **INDUSTRIAL TRANSMISSION CUSTOMERS FROM THE PROPOSED**  
19 **STORM SURCHARGE?**

20 **A8.** No, I do not. To the best of my knowledge, KPC's individual customer class rate  
21 schedules are set on an **overall** cost of service. I am not aware of the TRA ever

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<sup>2</sup> \$90,333 of unrecovered storm damage costs from 2009 that were previously approved in Docket 12-00051 plus \$1,949,062 of storm damage costs from 2013 that were previously approved for deferral in Docket 13-00121.

<sup>3</sup> Direct testimony of Company witness Simmons, Page 4, Lines 12 – 16.

1 setting rates on an individual class cost of service study for any utility. Therefore,  
2 no particular expense or investment can be said to be the sole responsibility of any  
3 one particular customer class as the Company appears to allege. As a result, I  
4 would recommend that all of KPC's customers should bear a ratable portion of  
5 the storm damage restoration costs.

6  
7 ***Q9. WHAT METHODOLOGY HAS THE COMPANY USED TO ALLOCATE***  
8 ***COSTS TO THE DIFFERENT CUSTOMER CLASSES?***

9 ***A9.*** As shown on Attachment WHN-2, the Company first allocates the total storm  
10 damage restoration costs of \$2,039,395 to each of the customer classes, except  
11 industrial transmission customers, based on the 2013 Non-Coincident Peak  
12 ("NCP") demand for each customer class. The NCP demand allocation is then  
13 divided by either the 2013 metered kWh, 2013 billing demand kW or the number  
14 of units to produce the proposed storm surcharge rate for each customer class.<sup>4</sup>  
15 According to the Company, "traditional cost allocation rationale requires that the  
16 cost incurred to repair facilities such as distribution facilities should be allocated  
17 on a demand basis, as the distribution facilities are designed to meet peak demand  
18 rather than energy consumption."<sup>5</sup>

19  
20 ***Q10. DO YOU AGREE WITH THE COMPANY'S PROPOSAL TO ALLOCATE***  
21 ***STORM RESTORATION COSTS BASED DEMAND?***

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<sup>4</sup> Residential ("RS"), Small General ("SGS"), Medium General ("MGS"), Electric Heating ("EHS"), Church Service ("CS") and Public School ("PS") tariffs are based on the kWh usage. Large General ("LGS") and Industrial ("IP-PRI" and "IP-TRANS") tariffs are based on the kW demand. Outdoor Lighting ("OL") tariffs are based on the number of units.

<sup>5</sup> Direct testimony of Company witness Simmons, Page 5, Lines 13 – 16.

1 **A10.** No. The CAPD asked the Company to provide the source and support for their  
2 statement regarding “traditional cost allocation rationale” and no specific citation  
3 was provided.<sup>6</sup> Furthermore, the courts have ruled that the TRA has wide latitude  
4 in setting rates for utility service.<sup>7</sup> Therefore, the TRA is not bound to any one  
5 particular methodology for determining the proposed storm rider surcharge.  
6 Moreover, as I explained in A8 above, no particular expense is the sole  
7 responsibility of any one particular customer class.

8  
9 **Q11. WHAT ALTERNATIVE COST RECOVERY METHODOLOGIES COULD**  
10 **THE TRA USE TO CALCULATE A STORM SURCHARGE RATE?**

11 **A11.** In addition to Company’s proposal based on billing demand that **excludes**  
12 industrial transmission customers, the TRA could also consider an allocation  
13 based on this same billing demand that **includes** industrial transmission customers  
14 as shown on Attachment WHN-3.<sup>8</sup>  
15 Likewise, the TRA could also consider an NCP allocation of storm restoration  
16 costs that are recovered on the basis of metered kWH consumption from all  
17 customers that either **excludes** or **includes** industrial transmission customers as  
18 shown on Attachments WHN-4 and WHN-5.<sup>9</sup> As with the Company’s proposal,  
19 however, an allocation based on metered kWH consumption that **excludes**  
20 industrial transmission customers improperly eliminates a particular customer  
21 class from paying for the storm damage.

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<sup>6</sup> Company response to CAPD Data Request, Item #7.

<sup>7</sup> See generally *CF Indus. v. Tenn. Pub. Serv. Comm’n*, 599 S.W. 2d 536 (Tenn. 1980).

<sup>8</sup> Company response to CAPD Data Request, Item #5 (Revised).

<sup>9</sup> Company response to CAPD Data Request, Items #6 and #6 (Revised).



Finally, the TRA could consider an allocation of storm restoration costs that are recovered on total metered kWH consumption that results in a single surcharge rate that is applied uniformly to all customer classes as shown on Attachment WHN-6.

***Q12. HOW DO THE SURCHARGE RATES COMPARE UNDER EACH OF THESE COST RECOVERY ALTERNATIVES?***

***A12.*** The surcharge results from each of these alternatives are presented in Table 1 below.

Table 1 – Comparison of Storm Damage Surcharge Rates					
Tariff	Demand Exclude IP	Demand Include IP	kWH Exclude IP	kWH Include IP	Uniform Rate
RS	\$0.00212	\$0.00169	\$0.00212	\$0.00169	\$0.00101
SGS	0.00135	0.00108	0.00135	0.00108	0.00101
MGS	0.00142	0.00113	0.00142	0.00113	0.00101
EHG	0.00144	0.00115	0.00144	0.00115	0.00101
CS	0.00243	0.00194	0.00243	0.00194	0.00101
PS	0.00167	0.00133	0.00167	0.00133	0.00101
LGS	0.32730	0.26120	0.00096	0.00077	0.00101
IP-PRI	0.23770	0.18970	0.00065	0.00052	0.00101
IP-TRANS		0.32500		0.00051	0.00101
OL	0.21970	0.17530	0.21970	0.17530	0.17530

***Q13. OF THE IDENTIFIED ALTERNATIVES, WHICH ONE DO YOU RECOMMEND THAT THE TRA ADOPT?***

***A13.*** I would recommend that the TRA adopt the uniform rate surcharge identified in Table 1 above. This methodology shares the burden of storm cost restoration across all customer classes. Furthermore, this methodology results in a single

1 rate<sup>10</sup> that is applied to all kWH consumption. Therefore this methodology is the  
2 simplest to administer and reconcile in future true-up filings.

3  
4 ***Q14. DOES THIS COMPLETE YOUR TESTIMONY?***

5 ***A14.*** Yes it does. However, I reserve the right to incorporate any new data that may  
6 subsequently become available.

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<sup>10</sup> With the exception of the Outdoor Lighting tariff that is applied based on the number of units.

ATTACHMENT WHN-1

William H. Novak Vitae

**William H. Novak**

19 Morning Arbor Place  
The Woodlands, TX 77381

Phone: 713-298-1760

Email: halnovak@whnconsulting.com

**Areas of Specialization**

Over twenty-five years of experience in regulatory affairs and forecasting of financial information in the rate setting process for electric, gas, water and wastewater utilities. Presented testimony and analysis for state commissions on regulatory issues in four states and has presented testimony before the FERC on electric issues.

**Relevant Experience****WHN Consulting – September 2004 to Present**

In 2004, established WHN Consulting to provide utility consulting and expert testimony for energy and water utilities. Complete needs consultant to provide the regulatory and financial expertise that enabled a number of small gas and water utilities to obtain their Certificate of Public Convenience and Necessity (CCN) that included forecasting the utility investment and income. Also provided the complete analysis and testimony for utility rate cases including revenues, operating expenses, taxes, rate base, rate of return and rate design for utilities in Tennessee. Assisted American Water Works Company in preparing rate cases in Ohio and Iowa. Provided commercial and industrial tariff analysis and testimony for an industrial intervenor group in a large gas utility rate case. Industry spokesman for water utilities dealing with utility commission rulemaking. Consultant for the North Carolina and Illinois Public Utility Commissions in carrying out their oversight functions of Duke Energy and Peoples Gas Light and Coke Company through focused management audits. Also provide continual utility accounting services and preparation of utility commission annual reports for water and gas utilities.

**Sequent Energy Management – February 2001 to July 2003**

Vice-President of Regulatory Compliance for approximately two years with Sequent Energy Management, a gas trading and optimization affiliate of AGL Resources. In that capacity, directed the duties of the regulatory compliance department, and reviewed and analyzed all regulatory filings and controls to ensure compliance with federal and state regulatory guidelines. Engaged and oversaw the work of a number of regulatory consultants and attorneys in various states where Sequent has operations. Identified asset management opportunities and regulatory issues for Sequent in various states. Presented regulatory proposals and testimony to eliminate wholesale gas rate fluctuations through hedging of all wholesale gas purchases for utilities. Also prepared testimony to allow gas marketers to compete with utilities for the transportation of wholesale gas to industrial users.

**Atlanta Gas Light Company – April 1999 to February 2001**

Director of Rates and Regulatory Analysis for approximately two years with AGL Resources, a public utility holding company serving approximately 1.9 million customers in Georgia, Tennessee, and Virginia. In that capacity, was instrumental in leading Atlanta Gas Light Company through the most complete and comprehensive gas deregulation process in the country that involved terminating the utility's traditional gas recovery mechanism and instead allowing all 1.5 million AGL Resources customers in Georgia to choose their own gas marketer. Also responsible for all gas deregulation filings, as well as preparing and defending gas cost recovery and rate filings. Initiated a weather normalization adjustment in Virginia to track adjustments to company's revenues based on departures from normal weather. Analyzed the regulatory impacts of potential acquisition targets.

**Tennessee Regulatory Authority – Aug. 1982 to Apr 1999; Jul 2003 to Sep 2004**

Employed by the Tennessee Regulatory Authority (formerly the Tennessee Public Service Commission) for approximately 19 years, culminating as Chief of the Energy and Water Division. Responsible for directing the division's compliance and rate setting process for all gas, electric, and water utilities. Either presented analysis and testimony or advised the Commissioners/Directors on policy setting issues, including utility rate cases, electric and gas deregulation, gas cost recovery, weather normalization recovery, and various accounting related issues. Responsible for leading and supervising the purchased gas adjustment (PGA) and gas cost recovery calculation for all gas utilities. Responsible for overseeing the work of all energy and water consultants hired by the TRA for management audits of gas, electric and water utilities. Implemented a weather normalization process for water utilities that was adopted by the Commission and adopted by American Water Works Company in regulatory proceedings outside of Tennessee.

**Education**

B.A, Accounting, Middle Tennessee State University, 1981  
MBA, Middle Tennessee State University, 1997

**Professional**

Certified Public Accountant (CPA), Tennessee Certificate # 7388  
Certified Management Accountant (CMA), Certificate # 7880  
Former Vice-Chairman of National Association of Regulatory Utility Commission's Subcommittee on Natural Gas

**WHN CONSULTING**  
**Witness & Advisory History for William H. Novak, CPA**  
**Selected Cases**

State	Company/Sponsor	Year	Assignment	Docket
Louisiana	CenterPoint Energy/Louisiana PSC	2011	Audit of PGA Filings from 2002 - 2008 of CenterPoint Arkla	S-32534
	CenterPoint Energy/Louisiana PSC	2011	Audit of PGA Filings from 2002 - 2008 of CenterPoint Entex	S-32537
	Louisiana Electric Utilities/Louisiana PSC	2012	Technical Consultant for Impact of Net Meter Subsidy on other Electric Customers	R-31417
Tennessee	Aqua Utilities	2006	Rate Case Audit - Revenue, Expenses, Rate Base and Rate Design	06-00187
	Atmos Energy Corporation/Atmos Intervention Group	2006	Rate design for Industrial Intervenor Group	05-00258
	Atmos Energy Corporation/Atmos Intervention Group	2007	Rate design for Industrial Intervenor Group	07-00105
	Bristol TN Essential Services	2009	Audit of Cost Allocation Manual	05-00251
	Chattanooga Manufacturers Association	2009	Spokesperson for Industrial Natural Gas Users before the Tennessee State Legislature	HB-1349
	Tennessee-American Water Company/Tennessee AG	2011	Rate Case Audit - Weather Normalization Adjustments	10-00189
	Piedmont Natural Gas Company/Tennessee AG	2011	Rate Case Audit - Revenue, Class Cost of Service Study & Rate Design	11-00144
	Lynwood Wastewater Utility/Tennessee AG	2012	Rate Case Audit - Revenue, Class Cost of Service Study & Rate Design	11-00198
	Tennessee-American Water Company/Tennessee AG	2012	Rate Case Audit - Revenues, Rate Base, Class Cost of Service Study and Rate Design	12-00049
	Atmos Energy Corporation/Tennessee AG	2012	Rate Case Audit - Revenues, Rate Base and Rate Design	12-00064
	Jefferson County (Birmingham) Wastewater/Alabama AG	In Process	Bankruptcy Filing - Allowable Costs and Rate Design	2009-2318
	Peoples & North Shore Gas Cos./Illinois Commerce Comm.	2007	Management Audit of Gas Purchasing Practices	06-0556
New Mexico	Southwestern Public Service Co./New Mexico PRC	2010	Financial Audit of Fuel Costs for 2009 and 2010	09-00351-UT
New York	National Grid/New York PSC	2011	Audit of Affiliate Relationships and Transactions	10-M-0451
Ohio	Ohio-American Water Company/Ohio Consumers' Counsel	2010	Rate Case Audit - Class Cost of Service and Rate Design	09-0391-WS-AIR
	Vactren Energy Delivery of Ohio/Ohio Consumers' Counsel	2008	Rate Case Audit - Class Cost of Service and Rate Design	07-1080-GA-AIR
Texas	Duke Energy-Ohio/Public Utilities Commission of Ohio	2009	Focused Management Audit of Fuel & Purchased Power (FPP Riders)	07-0723-EL-JUNC
	Center Point Energy/Texas AG	2009	Rate Case Audit - Class Cost of Service and Rate Design	GUD 9902
Virginia	Aqua Utilities/PSS Legal Fund	2011	Rate Case Audit - Class Cost of Service and Rate Design	W-218_Sub-319
Washington DC	Washington Gas Light Co./Public Service Comm of DC	2011	Audit of Tariff Rider for Infrastructure Replacement Costs	1027

**NOTE:** Click on Docket Number to view testimony/report for each case where available.

# ATTACHMENT WHN-2

Storm Rider Surcharge Calculation Based on Demand and Excluding IP-  
Transmission Customers -- Company Proposal

**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:

<u>Tariff</u>	<u>Energy Rate</u> <u>(\$)/KWH</u>	<u>Demand Rate</u> <u>(\$)/KW</u>	<u>Lamp Rate</u> <u>(\$)/Lamp</u>
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-\_\_\_\_\_



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

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

**Demand Allocation Factors**

<b>Class</b>	<b>2013 12 NCP Average Peak Load (MW)</b>	<b>2012 Loss Factor</b>	<b>Loss Adjusted Load (to Transmission)</b>	<b>2013 Allocation</b>	<b>Demand Allocation \$</b>
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
<b>Total</b>	<b>427</b>		<b>451</b>	<b>100%</b>	<b>\$2,039,395</b>

**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					

# ATTACHMENT WHN-3

Storm Rider Surcharge Calculation Based on Demand and Including  
IP-Transmission Customers

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

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

**STORM DAMAGE**

**I. 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:

<b><u>Tariff</u></b>	<b><u>Energy Rate</u> (\$)/ KWH</b>	<b><u>Demand Rate</u> (\$)/KW</b>	<b><u>Lamp Rate</u> (\$)/ Lamp</b>
RS	0.00169		--
SGS	0.00108		--
MGS	0.00113		--
EHG	0.00115		--
CS	0.00194		--
PS	0.00133		--
LGS	--	0.2612	--
IP-PRI	--	0.1897	--
IP-TRANS	--	0.325	--
OL			0.1753

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

Recovery Amount = \$2,039,395

Class	2013 12 NCP Average Peak Load (MW)	2012 Loss Factor	Loss Adjusted Load (to Transmission)	2013 Allocation	Demand Allocation \$	Metered kWH 2013	SDR Factor (\$/kWH)	Number of Lamps	2013 Billing Demand kW	SDR Factor (\$/kW) or (\$/Lamp)
Residential	306	1.05597	323	57.22%	\$1,166,934	691,036,589	0.00169			
SGS	6	1.05597	6	1.12%	\$22,881	21,193,777	0.00108			
MGS	32	1.05597	34	5.98%	\$122,032	107,693,050	0.00113			
LGS	48	1.05597	51	8.98%	\$183,048				700,753	0.2612
IP - Pri	9	1.02602	9	1.64%	\$33,348				175,813	0.1897
IP - Trans	109	1.04664	114	20.20%	\$412,000				1,267,778	0.3250
EHG	8	1.05597	8	1.50%	\$30,508	26,480,603	0.00115			
CS	5	1.05597	5	0.93%	\$19,068	9,831,595	0.00194			
PS	10	1.05597	11	1.87%	\$38,135	28,611,892	0.00133			
OL	3	1.05597	3	0.56%	\$11,441			5,439		0.1753
Total	536		565	100%	\$2,039,395					

# ATTACHMENT WHN-4

Storm Rider Surcharge Calculation Based on Usage and Excluding  
IP-Transmission Customers

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:

<u>Tariff</u>	<u>Energy Rate</u> (\$ ) / KWH	<u>Lamp Rate</u> (\$ ) / Lamp
RS	0.00212	---
SGS	0.00135	---
MGS	0.00142	---
EHG	0.00144	---
CS	0.00243	---
PS	0.00167	---
LGS	0.00096	---
IP-PRI	0.00065	---
IP-TRANS	---	---
OL	---	0.2197

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

**NO Transmission**

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

Class	2013 12 NCP Average Peak Load (MW)	2012 Loss Factor	Loss Adjusted Load (to Transmission)	2013 Allocation	Demand Allocation \$	Metered kWh 2013	SDR Factor (\$/kWh)	Number of Lamps	SDR Factor (\$/Lamp )
Residential	306	1.05597	323	71.71%	\$1,462,361	691,036,589	0.00212		
SGS	6	1.05597	6	1.41%	\$28,674	21,193,777	0.00135		
MGS	32	1.05597	34	7.50%	\$152,927	107,693,050	0.00142		
LGS	48	1.05597	51	11.25%	\$229,390	237,843,832	0.00096		
IP - Pri	9	1.02602	9	2.05%	\$41,791	64,587,150	0.00065		
EHG	8	1.05597	8	1.87%	\$38,232	26,480,603	0.00144		
CS	5	1.05597	5	1.17%	\$23,895	9,831,595	0.00243		
PS	10	1.05597	11	2.34%	\$47,790	28,611,892	0.00167	5,439	0.2197
OL	3	1.05597	3	0.70%	\$14,337				
Total	427		451	100%	\$2,039,395				



# ATTACHMENT WHN-5

Storm Rider Surcharge Calculation Based on Usage and Including  
IP-Transmission Customers

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

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

**STORM DAMAGE RIDER**

**I. 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:

<b><u>Tariff</u></b>	<b><u>Energy Rate</u> <b>(\$) / KWH</b></b>	<b><u>Lamp Rate</u> <b>(\$) / Lamp</b></b>
RS	0.00169	---
SGS	0.00108	---
MGS	0.00113	---
EHG	0.00115	---
CS	0.00194	---
PS	0.00133	---
LGS	0.00077	---
IP-PRI	0.00052	---
IP-TRANS	0.00051	---
OL	---	0.1753

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

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

<b>Class</b>	<b>2013 12 NCP Average Peak Load (MW)</b>	<b>2012 Loss Factor</b>	<b>Loss Adjusted Load (to Transmission)</b>	<b>2013 Allocation</b>	<b>Demand Allocation \$</b>	<b>Metered kWh 2013</b>	<b>SDR Factor (\$/kWh)</b>	<b>Number of Lamps</b>	<b>SDR Factor (\$/Lamp )</b>
Residential	306	1.05597	323	57.22%	\$1,166,934	691,036,589	0.00169		
SGS	6	1.05597	6	1.12%	\$22,881	21,193,777	0.00108		
MGS	32	1.05597	34	5.98%	\$122,032	107,693,050	0.00113		
LGS	48	1.05597	51	8.98%	\$183,048	237,843,832	0.00077		
IP - Pri	9	1.02602	9	1.64%	\$33,348	64,587,150	0.00052		
IP - Trans	109	1.04664	114	20.20%	\$412,000	815,491,816	0.00051		
EHG	8	1.05597	8	1.50%	\$30,508	26,480,603	0.00115		
CS	5	1.05597	5	0.93%	\$19,068	9,831,595	0.00194		
PS	10	1.05597	11	1.87%	\$38,135	28,611,892	0.00133		
OL	3	1.05597	3	0.56%	\$11,441			5,439	0.1753
<b>Total</b>	<b>536</b>		<b>565</b>	<b>100%</b>	<b>\$2,039,395</b>				

# ATTACHMENT WHN-6

Storm Rider Surcharge Calculation Based on Uniform Rate

**Consumer Advocate & Protection Division  
Kingsport Power Company Storm Rider 15-00024  
Analysis of Cost Recovery Methodologies**

<b>Customer Class</b>	<b>Demand Allocation</b>	<b>kWH/Bulbs</b>	<b>Surcharge Rate</b>
Residential	\$1,166,934	691,036,589	
SGS	22,881	21,193,777	
MGS	122,032	107,693,050	
LGS	183,048	237,843,832	
IP - Pri	33,348	64,587,150	
IP - Trans	412,000	815,491,816	
EHG	30,508	26,480,603	
CS	19,068	9,831,595	
PS	38,135	28,611,892	
<b>Subtotal</b>	<b>\$2,027,954</b>	<b>2,002,770,304</b>	<b>\$0.00101</b>
OL	11,441	5,439	\$0.17529
<b>Total</b>	<b>\$2,039,395</b>		

**SOURCE:** Attachment WHN-2.