

IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

IN RE:)	
)	
PETITION OF KINGSPORT POWER)	
COMPANY d/b/a AEP APPALACHIAN)	
POWER FOR APPROVAL OF ITS)	
TARGETED RELIABILITY PLAN,)	Docket No. 17-00032
AND ITS TRP & MS RIDER, AN)	
ALTERNATIVE RATE MECHANISM AND)	
MOTION FOR A PROTECTIVE ORDER)	

PETITION TO INTERVENE

Herbert H. Slatery III, Attorney General and Reporter for the State of Tennessee, by and through the Consumer Protection and Advocate Division of the Office of the Attorney General (Consumer Advocate), pursuant to Tenn. Code Ann. § 65-4-118, respectfully petitions the Tennessee Public Utility Commission (TPUC) to grant the Consumer Advocate's intervention into this proceeding because consumers' interests, rights, duties or privileges may be determined or affected by the *Petition of Kingsport Power Company d/b/a AEP Appalachian Power for Approval of its Targeted Reliability Plan, and its TRP & MS Rider, an Alternative Rate Mechanism and Motion for Protective Order (Petition)* filed in this Docket by Kingsport Power Company d/b/a AEP Appalachian Power (Kingsport). For cause, Petitioner would show as follows:

1. The Consumer Advocate is authorized by Tenn. Code Ann. § 65-4-118 to represent the interests of Tennessee consumers of public utility services by initiating and intervening as a party in any matter or proceeding before the TPUC in accordance with the Uniform Administrative Procedures Act, Tenn. Code Ann. § 4-5-101 *et seq.*, and TPUC rules.

2. Kingsport is a public utility regulated by the TPUC and provides electric power distribution service to approximately 47,000 customers in Tennessee. All of Kingsport's electric power requirements are purchased from Appalachian Power Company.¹ The Utility's principal office is located in Kingsport, Sullivan County, Tennessee.

3. On April 19, 2017, Kingsport filed the *Petition*, in which Kingsport requests approval of a Targeted Reliability Plan (TRP).² Kingsport also requests approval of a mechanism to recover costs resulting from Major Storm (MS) recovery efforts.³

4. Kingsport asserts that the proposed TRP is intended to allow Kingsport to increase distribution reliability, over Kingsport's approximately 1,570 circuit miles of lines, by implementing a Vegetation Management Program and a System Improvement Program.⁴ The System Improvement Program would consist of a circuit inspection and maintenance program, a circuit improvement program, and a station improvement program.⁵

5. Kingsport proposes to recover the TRP and MS costs, upon TPUC approval, through a new tariff rider (TRP/MS Rider) under an alternative rate mechanism under Tenn. Code Ann. §§ 65-5-103(d)(2)(A) and (B).⁶ The TRP/MS Rider would recover from, or refund to, Kingsport's customers the operations and maintenance (O&M) and capitalized costs associated with the TRP (those which are not already included in base rates) and the O&M expenses associated with the MS (to the extent they exceed the amount of major storm expense already included in base rates).⁷

¹ Kingsport states that Appalachian Power Company's rates and charges are subject to the jurisdiction of the Federal Energy Regulatory Commission. *Petition*, page 3, paragraph 2.

² *Petition*, page 1, paragraph (a).

³ *Petition*, page 1, paragraph (b).

⁴ *Petition*, page 1, paragraph (a).

⁵ Direct Testimony of Philip A. Wright on Behalf of Kingsport, page 9, and Exhibit No. 2 to Mr. Wright's testimony.

⁶ Direct Testimony of A. Wayne Allen on Behalf of Kingsport, pages 8-9.

⁷ *Petition*, page 1, paragraph (b).

6. Kingsport requests authority to implement deferral or over/under recovery accounting for TRP/MS Rider costs beginning the month after approval of the Rider.⁸ After that point, Kingsport would track and defer costs associated with the Rider.⁹ Kingsport notes that the proposed TRP/MS Rider the rates in the TRP/MS Rider initially would be set at zero.¹⁰ After a year of accumulating actual costs, Kingsport would make a true-up filing that will be reviewed and result in a rate or factor to recover the incurred (but not recovered through base rates) costs over a specified period.¹¹ In subsequent true-up filings, the balance of what is ultimately collected or refunded to customers through the previous rate or factor would be combined with interim period costs, and a new rate or factor would be set.¹²

7. Kingsport estimates that, in the first year after the TRP/MSRP Rider is implemented, a typical residential customer's bill would increase by roughly \$1.90 per month, not including any difference attributable to MS costs.¹³ Kingsport further estimates that the TRP will increase operations and maintenance expenses (in excess of the \$903,372 that is in base rates as a result of Docket No. 16-00001) by approximately \$36.3 million over the next 10 years.¹⁴ Kingsport projects incurring \$54.5 million in capital expenditures over the next 10 years, on which it would expect to earn the rate of return set out in Docket No. 16-00001.¹⁵ With respect to MS costs, Kingsport states that they are "volatile and fluctuate greatly from year to year."¹⁶

8. The interests of consumers, including without limitation the expected increase in rates to customers through the implementation of the TRP/MS Rider, may be affected by the

⁸ *Petition*, page 2, paragraph (d).

⁹ *Petition*, page 4, paragraph 5.

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

¹³ Direct Testimony of William K. Castle on Behalf of Kingsport, page 7.

¹⁴ Direct Testimony of Philip A. Wright on Behalf of Kingsport, page 16, Figure 7.

¹⁵ *Id.*

¹⁶ Direct Testimony of Philip A. Wright on Behalf of Kingsport, page 18.

determinations and orders made by the TPUC with respect to (a) the interpretation, application, and implementation of Tenn. Code Ann. § 65-5-103 and other relevant statutory and regulatory provisions and (b) the review and analysis of the documentation, financial spreadsheets, and materials provided by Kingsport.

9. Only by participating as a party in this proceeding can the Consumer Advocate adequately carry out its statutory duty to represent the interests of Tennessee consumers.

WHEREFORE, Petitioner respectfully asks the Commission to grant this Petition to Intervene.

RESPECTFULLY SUBMITTED,



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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

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This the 18 day of May, 2017.



Wayne M. Irvin