

**DIRECT TESTIMONY OF  
PHILIP A. WRIGHT  
ON BEHALF OF KINGSPORT POWER COMPANY  
D/B/A AEP APPALACHIAN POWER  
BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION  
DOCKET NO. 17-00143**

1   **Q.   PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION.**

2   A.   My name is Philip A. Wright. My business address is 500 Lee Street, Suite 800,  
3       Laidley Tower, Charleston, West Virginia 25301. I am the Vice President of  
4       Distribution Operations for Appalachian Power Company (APCo) and Wheeling  
5       Power Company (WPCo). Since 2005, I have overseen the distribution operations for  
6       Kingsport Power Company (KgPCo, Kingsport, or Company) which is registered to  
7       do business in the State of Tennessee as AEP Appalachian Power. APCo, WPCo and  
8       KgPCo are wholly owned subsidiaries of American Electric Power Company, Inc.  
9       (AEP).

10   **Q.   PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND**  
11       **AND PROFESSIONAL EXPERIENCE.**

12   A.   I earned a Bachelor of Science degree in Electrical Engineering in 1982 from West  
13       Virginia Institute of Technology and a Master's Degree in Engineering from West  
14       Virginia College of Graduate Studies in 1992. I am registered as a Professional  
15       Engineer in West Virginia. I have over three decades of utility experience, focusing  
16       primarily on transmission and distribution (T&D) operations. In 1984, I joined  
17       APCo as an Electrical Engineer in Beckley, West Virginia. In 1988, I became the  
18       Area Supervisor in Oak Hill, West Virginia, and then in 1991 Engineering  
19       Supervisor of the Bluefield Division of APCo. In 1992, I was named Bluefield

1 Division's Line Superintendent responsible for the construction and maintenance of  
2 the distribution and transmission systems in that area. In 1996, I became the  
3 Operations Manager and, in 2000, Region Support Manager for APCo. I was named  
4 to my current position of Vice President of Distribution Operations in September  
5 2005.

6 **Q. WHAT ARE YOUR RESPONSIBILITIES AS VICE PRESIDENT OF**  
7 **DISTRIBUTION OPERATIONS?**

8 A. I have oversight responsibility for the planning, construction, operation, and  
9 maintenance of the Company's distribution system. My duties include ensuring the  
10 reliable delivery of service to KgPCo's customers and restoring service when  
11 outages occur. In addition, my responsibilities include overseeing the Company's  
12 distribution vegetation management program and other distribution reliability-related  
13 programs.

14 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

15 A. In my testimony, I summarize the major winter storm that occurred in January 2013,  
16 discuss the Company's storm restoration planning along with its efforts to restore  
17 service to customers following the winter storm, describe the issues encountered  
18 during the storm cost recovery proceeding (Docket No. 15-00024) in 2015, and  
19 sponsor the Company's proposed request to recover the unrecovered costs associated  
20 with the 2013 service restoration efforts. In addition, I will discuss changes made to  
21 the Company's storm restoration plan processes as a result of its experiences with  
22 the 2013 storm and the subsequent investigation of its 2013 storm restoration costs.

23 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

1 A. Yes, I sponsor the following exhibits:

- 2 • KgPCo Exhibit No. 1 (PAW): Storm Background, Process Improvements and
- 3 Enhanced Safeguards
- 4 • KgPCo Exhibit No. 2 (PAW): Enhanced Crew Time and Lodging Verification
- 5 Sheets

6 **Q. PLEASE BRIEFLY DESCRIBE THE COMPANY'S DISTRIBUTION**  
7 **SYSTEM.**

8 A. The Company serves approximately 47,000 retail customers in the City of  
9 Kingsport, Tennessee, and the surrounding communities. Kingsport's service area  
10 consists of approximately 297 square miles. The Company's distribution system  
11 includes more than 1,570 circuit miles of lines. KgPCo serves customers across  
12 three Tennessee counties: Sullivan, Hawkins, and Washington.

13 **Q. DID THE COMPANY EXPERIENCE A WINTER WEATHER EVENT THAT**  
14 **AFFECTED KINGSFORT'S SERVICE TERRITORY DURING JANUARY**  
15 **2013?**

16 A. Yes. A major winter storm slammed into Kingsport's and APCo's respective service  
17 territories beginning on January 17, 2013. The storm impacted electric distribution  
18 facilities in both Tennessee, owned by Kingsport, and Virginia, owned by APCo.

19 **Q. DID KINGSFORT HAVE AN EMERGENCY PLAN IN PLACE FOR MAJOR**  
20 **STORM RESTORATION THAT IT FOLLOWED DURING THE JANUARY**  
21 **EVENT?**

1 A. Yes. The Company has comprehensive plans in place for dealing with disruptions to  
2 its electric system and the restoration of service to its customers. The Company's  
3 Service Restoration Plan is an emergency response plan that provides a thorough set of  
4 procedures and information integral to responding to and correcting service  
5 interruptions.

6 **Q. DID THE COMPANY TAKE ANY ACTIONS TO PREPARE IN ADVANCE**  
7 **FOR THE STORM IN JANUARY 2013?**

8 A. Yes. Based on the forecasts, the Company requested additional support before the  
9 storm began, resulting in assistance being en route by the time the snow began to fall.  
10 The Company arranged to have crews and supplies available in the geographic area to  
11 restore service to customers as quickly as possible. The Company contracted for  
12 external crews that included other utilities' contract line personnel and external  
13 vegetation management crews. In addition, internal Kingsport and other AEP  
14 operating company storm restoration personnel were assigned to various tasks around  
15 the area.

16 **Q. PLEASE DESCRIBE THE WINTER STORM IN MORE DETAIL.**

17 A. The winter storm arrived in Kingsport's service area during the afternoon of January  
18 17, 2013. The storm consisted of a heavy, wet snowfall, ranging from 5 to 12 inches  
19 of snow in Northeast Tennessee and Southwest Virginia. The temperatures dropped to  
20 20° on January 18, 2013, which resulted in ice accumulating on trees and power lines.  
21 As much as one half inch of ice coated roadways and power lines across Tennessee.  
22 The storm made many roads dangerous to travel or even impassable.

23 **Q. WAS THIS STORM UNUSUAL FOR THE KINGSPORT AREA?**

1 A. Yes. The storm that hit Northeast Tennessee and Southwest Virginia in January  
2 2013 was significantly worse than the winter storms that normally occur in the area.

3 **Q. DID THE STORM RESULT IN SERVICE OUTAGES FOR CUSTOMERS IN**  
4 **KINGSPORT'S SERVICE AREA?**

5 A. Yes. The storm caused extensive damage to the Company's distribution facilities, as  
6 well as over a large part of APCo's territory in Southwest Virginia, which abuts the  
7 Kingsport service territory. By around 4 p.m. on January 17, 2013, the day the  
8 storm began, the Company started to receive reports of outages. By around 6 p.m.  
9 that same day, the number of outages peaked, impacting around 14,600 of the  
10 Company's approximately 47,000 customers. Over 31% of the Company's  
11 Tennessee customers suffered interruptions at some point during the storm. Over  
12 193,000 calls came into the Customer Operations Center during January 17-22,  
13 2013, from customers in Kingsport's service territory and surrounding areas. There  
14 were also approximately 102,000 calls routed to AEP's High Volume Call  
15 Answering Service, where customers could report their outages via a voice response  
16 system. The sheer number of these calls indicates the extent of storm damage  
17 experienced by Kingsport and APCo customers.

18 **Q. PLEASE DESCRIBE THE ORGANIZATION OF THE SERVICE**  
19 **RESTORATION PROCESS THE COMPANY USED DURING THE JANUARY**  
20 **2013 STORM.**

21 A. The January 2013 winter storm was a level-three event that required the utilization of  
22 the Company's employees as well as numerous external personnel. As soon as  
23 weather conditions permitted, the Company began its restoration efforts with an

1 overall assessment of damage and then began repairs and restoration while continuing  
2 to refine its damage assessment. The assessment process was coordinated from the  
3 Kingsport office.

4 The Kingsport Supervisor of Distribution System (SDS) assumed overall  
5 responsibility for the restoration efforts. The Company implemented a "Circuit  
6 Coordinator" method to de-centralize responsibility of the restoration efforts, which  
7 placed key individuals in the geographic areas with the most damage and gave them  
8 full authority for the restoration of service in their assigned territory. The Kingsport  
9 SDS had lead responsibility for assigning Circuit Coordinators and allocating  
10 restoration resources to those coordinators as dictated by the needs in each area. The  
11 Circuit Coordinator method promoted efficiency in the restoration process and  
12 increased the speed at which electric service was restored to the Company's  
13 customers.

14 **Q. WHY IS IT IMPORTANT TO RESTORE ELECTRIC SERVICE TO**  
15 **CUSTOMERS IN KINGSFORT'S SERVICE TERRITORY QUICKLY?**

16 A. Many of the Company's customers rely on electricity to heat their homes.  
17 Therefore, it is important to restore electric service quickly in cold temperatures like  
18 those that accompanied the January 2013 storm, especially for customers such as  
19 hospitals and other critical infrastructure facilities.

20 **Q. PLEASE SUMMARIZE THE COMPANY'S RESTORATION EFFORTS.**

21 A. The restoration crews assigned to the Circuit Coordinators had been given safety  
22 briefings and were pre-staged in a number of strategic locations including nearby  
23 Bristol, Virginia, when the storm hit. As explained more fully later in my testimony,

1 because of lodging limitations in Southwest Virginia, several contract crews assigned  
2 to restoration efforts in Southwest Virginia were assigned lodging in Tennessee.

3 During the morning of January 18, crews were assigned Crew Guides and were  
4 sent from their pre-staged locations directly to their Circuit Coordinator's location  
5 where they immediately began work. This approach worked well and the customer  
6 outage counts in Tennessee decreased by almost 68% (from approximately 14,600  
7 during the evening of January 17 to approximately 4,600 during the evening of  
8 January 18). This major storm event effectively ended in Kingsport's service territory  
9 on January 21, although isolated outages continued to occur and be resolved over the  
10 next few days.

11 In addition, KgPCo established a logistics coordination function in the  
12 Kingsport office that, with assistance from AEP's Emergency Restoration Planning  
13 organization, staged and supported incoming contract crews from other utilities.  
14 Toward the end of the restoration efforts, a number of two-person crews from the  
15 Company went into the field to complete individual service repairs and to clear up any  
16 other damage reports provided by customers associated with the event. Crews worked  
17 16-hour days every day, and the majority of restoration forces performed as much  
18 work as possible during daylight hours to assure maximum efficiency and increase  
19 safety margins.

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

22 **A.** Treacherous conditions that existed during and just after the storm made responding to  
23 the outages while the storm was still underway challenging. Many roads had not been

1 cleared and were dangerous or impassable. Due to hazardous road conditions, only a  
2 limited number of Company employees were able to access areas for damage  
3 assessment. Furthermore, the Company focused its restoration efforts on the most  
4 critical customers, such as hospitals and other critical infrastructural facilities, during  
5 the evening of January 17. As a result, the Company could not begin widespread  
6 restoration efforts in earnest until the following morning.

7 **Q. DID KINGSFORT REQUEST HELP THROUGH ANY MUTUAL**  
8 **ASSISTANCE AGREEMENT FOR THE JANUARY 2013 STORM?**

9 A. Yes. AEP Operating Companies, including Kingsport, are member participants in  
10 various mutual assistance programs including the Southeast Electric Exchange (SEE)  
11 and the Edison Electric Institute (EEI). EEI has established guidelines that serve as an  
12 aid in establishing the basis on which member companies assist one another in  
13 restoring electric service. These operating guidelines and governing principles help  
14 standardize the arrangement and terms of mutual assistance agreements between  
15 utilities. These guidelines include such items as:

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

20 **Q. WHAT ASSISTANCE DID KINGSFORT RECEIVE THROUGH THE**  
21 **AGREEMENT DURING THE STORM RESTORATION?**

22 A. KgPCo recognized that the impact of the storm could create restoration needs greater  
23 than its internal resources could efficiently address alone, and therefore outside



1 assistance would be needed. As a result, Kingsport requested and secured the  
2 assistance of over 200 contractors, including vegetation management workers.

3 **Q. HOW DID KINGSFORT DETERMINE THE NEED FOR ASSISTANCE AND**  
4 **WHICH OUTSIDE CONTRACTORS OR OTHER UTILITIES WERE**  
5 **NEEDED IN THE RESTORATION EFFORTS?**

6 A. Kingsport made an initial pre-storm assessment to determine the need for outside crew  
7 assistance. In general, requests for outside crew assistance must be made early enough  
8 to accommodate mobilization and travel time in a manner that allows crew arrivals  
9 and the organization of day-work/night-rest cycles. Once the decision had been made  
10 regarding the type and number of outside crew assistance needed, this information was  
11 communicated to the Mutual Assistance Coordinator to allow time to obtain crew  
12 assistance. Throughout the weather event, coordination calls were held at least twice  
13 daily to update needs as the event recovery progressed and to let other utilities know  
14 when resources were available to assist in other areas.

15 The Mutual Assistance Coordinator generally fills requests for outside crew  
16 assistance in the following order of resources:

- 17 1. Other AEP operating company crews;
- 18 2. Contractor personnel currently working on AEP property;
- 19 3. Contractor personnel that can be brought in from outside AEP property; and
- 20 4. Other utilities from neighboring AEP territory.

21 The outside crews that assisted in this restoration effort were from Tennessee,  
22 Alabama, South Carolina, Arkansas, Louisiana, and Florida. Most of the additional  
23 crews working in Kingsport were contractors from outside of the service territory of  
24 AEP operating companies, but the Company used a few crews from APCo's service  
25 territory.

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

3 A. The Company called upon contract linemen and vegetation management resources  
4 both internal and external to it and APCo. The Company also utilized all Company  
5 resources for assessment and administration as well as to repair the damages.

6 **Q. HOW EXTENSIVE WERE THE RESTORATION EFFORTS IN TENNESSEE?**

7 A. During the restoration effort in Tennessee, the Company replaced nearly 12,000 feet  
8 of overhead conductor and associated equipment, which notably included 14 cutouts,  
9 12 cross arms, 11 arresters, 10 poles, 7 transformers, and 94 insulators.

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

12 A. The Company has found that the most effective way to expedite restoration while  
13 controlling costs is to place supervision of repair forces as close to the damage as  
14 possible. The Company used Company employees as Circuit Coordinators to control  
15 the assignment of repair resources from a location in the field near the concentration  
16 of the restoration work. With Circuit Coordinators stationed in the field, the Company  
17 was able to determine first-hand the progress of the restoration efforts, and what  
18 specifically was needed to expedite restoration, while maintaining close supervision of  
19 field resources, thereby minimizing costs and maximizing efficiency.

20 **Q. DID THE JANUARY 2013 STORM MEET THE COMPANY'S DEFINITION**  
21 **OF A MAJOR STORM?**

22 A. Yes. The Company uses IEEE Standard 1366-2012 to categorize major events,  
23 which includes major storms. This industry standard uses a statistical methodology

1 to define major event days and differentiate between normal operations and those  
2 during major events. Due to the significant number of outages caused by the storm  
3 in January 2013, it met the definition of a major storm.

4 **Q. HAS THE COMPANY PREVIOUSLY MADE ANY FILINGS WITH**  
5 **RESPECT TO THE JANUARY 2013 WINTER STORM?**

6 A. Yes. On September 13, 2013, the Company petitioned the then-Tennessee  
7 Regulatory Authority (TRA) for approval to defer incremental O&M expenses  
8 incurred in restoring service following the January 2013 winter storm (sometimes  
9 referred to as “2013 storm restoration costs”). Approval to defer the expenses was  
10 granted by the TRA on November 13, 2013, in Docket No. 13-00121.

11 **Q. AFTER OBTAINING APPROVAL TO DEFER INCREMENTAL O&M**  
12 **EXPENSES, DID THE COMPANY FILE TO RECOVER THOSE COSTS?**

13 A. Yes. In 2015, Kingsport filed for approval of a Storm Damage Rider (SDR) to  
14 recover the incremental expenses incurred in restoring electric service following the  
15 January 2013 storm, and the unrecovered costs remaining from the December 2009  
16 winter storms. The case was assigned Docket No. 15-00024.

17 **Q. DID THE TRA APPROVE THE RECOVERY OF THE PETITIONED-FOR**  
18 **SDR COSTS?**

19 A. The case did not reach that stage. Before a hearing was held on the merits of the  
20 Company’s request, the Company withdrew its Petition after the TRA Staff  
21 questioned why certain supporting documents provided by the Company indicated  
22 that some of the 2013 storm restoration costs that were included in the filing may  
23 have been incurred for restoration efforts conducted in Virginia, which is outside of

1 Kingsport's service territory. When alerted to the issue, the Company promptly  
2 researched its restoration expenses and determined it was appropriate to withdraw its  
3 Petition until only those restoration costs that were actually incurred to restore  
4 service in Kingsport's service territory were recorded on the Company's books and  
5 included in a future filing for recovery.

6 **Q. WHY WERE RESTORATION COSTS INCURRED IN A NON-KINGSPORT**  
7 **JURISDICTION BILLED TO KINGSPORT?**

8 A. Several factors contributed to the mistaken recording of certain expenses that were  
9 incurred for restoration efforts in Virginia as expenses incurred for restoration  
10 efforts in Kingsport's service territory, including the urgency of the situation, the  
11 proximity of the Kingsport and APCo service territories, the availability of lodging,  
12 communication issues, and insufficient information in the Company's internal  
13 documentation.

14 First, as discussed previously, the January 2013 winter storm impacted  
15 customers across multiple jurisdictions served by different AEP operating  
16 companies, especially Kingsport and APCo. In an effort to restore electric service to  
17 as many customers as quickly as possible, the Company secured contract line and  
18 contract vegetation management crews. As a result, many of the contract crews  
19 working in Tennessee, Southwest Virginia, and surrounding areas were from outside  
20 of Kingsport's service territory. Due to the limited availability of lodging in  
21 Southwest Virginia, some contracted crews who were assigned to perform  
22 restoration work in Southwest Virginia obtained nearby lodging across the state line  
23 in Tennessee, including in Kingsport.

1           Second, the Company's distribution facilities cross the state lines at  
2           numerous points, requiring restoration crews to cross state lines as necessary to  
3           complete repair work. The Company's investigation revealed that, in a number of  
4           instances, crews crossed state lines without accurately documenting in every case the  
5           state in which the work was performed. In addition, because the Company was  
6           attempting to restore service to almost a third of Kingsport's customers as quickly as  
7           possible, there was less emphasis on communicating with restoration crews the  
8           significance of distinguishing between work done in Tennessee and that done in  
9           Virginia, many of whom were not familiar with the Kingsport area.

10   **Q.   HAVE THE STORM REPAIR COSTS INCURRED FOR RESTORATION OF**  
11   **SERVICE IN VIRGINIA BEEN REMOVED FROM THE COMPANY'S**  
12   **BOOKS AND FROM THE REQUEST IN THIS MATTER?**

13   **A.**   Yes. The Company's research revealed that certain 2013 restoration costs incurred  
14           in APCo's Virginia service territory were billed to Kingsport. Consequently, those  
15           costs have been removed from Kingsport's books and excluded from the Company's  
16           request in this matter.

17   **Q.   DID THE COMPANY TAKE ANY REMEDIAL ACTION FOLLOWING THE**  
18   **WITHDRAWAL OF ITS 2015 PETITION?**

19   **A.**   Absolutely. After the withdrawal of its 2015 SDR Petition, the Company requested  
20           that auditors from the AEP Service Corporation study the process used to assign  
21           storm-related costs to different states when a storm affects more than one state, and  
22           to recommend improvements and control enhancements to the then-existing process.  
23           The auditors made a number of observations and recommendations, and reported on

1 the actions taken by the Company to enhance its procedures to ensure that storm-  
2 related costs are assigned to the proper state or AEP operating company, and its  
3 report is attached to my testimony as KgPCo Exhibit No. 1 (PAW).

4 In short, as a result of the lessons learned during its investigation into the  
5 January 2013 storm costs and its 2015 filing with the TRA, the Company took  
6 significant steps to identify and correct the procedural shortcomings that resulted in  
7 the withdrawal of the Company's initial Petition. The Company took concrete  
8 actions to enhance its procedures for identifying and assigning storm restoration  
9 costs by state in order to ensure the accuracy and reliability of storm related costs  
10 moving forward.

11 **Q. WHAT OBSERVATIONS WERE MADE DURING THE AUDIT PROCESS?**

12 A. The auditors identified five areas in the Company's storm cost reporting process that  
13 would benefit from certain enhancements. Those areas are:

14 1. Storm Work Order Procedure – Pre-Storm Accounting Preparation. Under  
15 the Company's procedures existing in January 2013, storm restoration work was  
16 assigned a work order or project number. The auditors observed that the Company's  
17 Storm Work Order Procedure existing in January 2013 did not provide for a clear  
18 separation for major storm-related costs when the weather event impacted customers  
19 on both sides of a state, and/or operating company, boundary.

20 2. Contract Crew Time Sheets. Contractor time sheets are used to record the  
21 actual time worked for each contract worker. The auditors found that, although all  
22 contractors monitored each crew member's time for the January 2013 storm, the

1 time sheets submitted by certain contractors did not contain a field to identify the  
2 location of the work being performed by each crew member.

3 3. Crew Time Verification Sheets. Crew Time Verification spreadsheets are  
4 used to validate the actual contract crew time sheets and contain fields for entering  
5 the work district, work location, and other information. The auditors noted that the  
6 Crew Time Verification spreadsheets were not required or routinely completed.

7 4. Kingsport Crew Guide Responsibilities. The Company's Storm  
8 Restoration Plan calls for Crew Guides to be sent out on jobs with contract crews to  
9 supervise, coordinate, and direct the crews to their work location. The auditors  
10 found that Crew Guides are sometimes assigned to multiple contract crews, which  
11 prevents the Crew Guides from accurately monitoring the location of all the work  
12 performed by each crew. The auditors also found that the work experience and skills  
13 of Crew Guides varied significantly, which can create time reporting issues when the  
14 contract crews work in multiple locations.

15 5. Storm Work Order Procedure – Post Storm Accounting Review. Although  
16 the Company's Storm Work Order Procedure existing in January 2013 provided for  
17 a post-storm review process to ensure that expenditures were properly classified as  
18 expense or capital, the auditors found that this post-storm review process did not  
19 include a review to ensure that work order charges were assigned to the correct  
20 jurisdiction or operating company.

21 **Q. WHAT PROCESS ENHANCEMENTS DID THE AUDITORS**  
22 **RECOMMEND?**

1 A. The auditors made recommendations for process enhancements for each of the areas  
2 identified above, as follows:

3 1. Storm Work Order Procedure – Pre-Storm Accounting Preparation. The  
4 auditors recommended that the Company expand its Storm Work Order Procedure to  
5 require that major storm costs be properly segregated when the weather event  
6 impacts customers on both sides of a state, and/or operating company, boundary.

7 2. Contract Crew Time Sheets. The auditors recommended that the Company  
8 develop a time keeping process that provides more specific direction to contractors  
9 regarding information that must be included in their time sheets and requires all  
10 contractors to monitor and report crew work locations on their time sheets.

11 3. Crew Time Verification Sheets. The auditors recommended that the  
12 Company require Crew Guides to complete the Crew Time Verification Sheets  
13 and/or other forms to identify when a contractor fails to identify the work location  
14 on its time sheets and then quickly determine and record the proper location  
15 information. The auditors also recommended that the Company consider revising  
16 the Crew Time Verification Sheets to include additional fields for recording time  
17 spent at various bordering work locations.

18 4. Kingsport Crew Guide Responsibilities. The auditors recommended that  
19 the Company provide Crew Guides with necessary training and more effectively  
20 communicate its expectations for Crew Guides, including expectations when work  
21 spans jurisdictional and/or operating company boundaries.

22 5. Storm Work Order Procedure – Post Storm Accounting Review. The  
23 auditors recommended that the Company strengthen the Storm Work Order



1 Procedure to enhance the post-storm review of work order charges and contractor  
2 invoices to ensure that all costs are attributed to the proper jurisdiction.

3 **Q. DID THE COMPANY IMPLEMENT ANY CHANGES AS A RESULT OF**  
4 **THE AUDITOR'S RECOMMENDATIONS?**

5 A. Yes. As a result of the auditor's recommendations, Kingsport implemented a  
6 number of process improvements and enhanced safeguards.

7 **Q. PLEASE DESCRIBE THE PROCESS IMPROVEMENTS AND ENHANCED**  
8 **SAFEGUARDS KINGSFORT HAS PUT INTO PLACE AS A RESULT OF**  
9 **THE AUDITOR'S RECOMMENDATIONS.**

10 A. The various process improvements and enhanced safeguards implemented are  
11 explained in detail in KgPCo Exhibit No. 1 (PAW). These process improvements  
12 and safeguard enhancements, which are designed to ensure that costs incurred to  
13 restore service following storms that impact customers in different AEP operating  
14 companies are properly charged to the appropriate company and state, are  
15 summarized below:

16 1. Storm Work Order Procedure – Pre-Storm Accounting Preparation. When  
17 a major storm occurs in a region that encompasses multiple states, jurisdictions, or  
18 operating companies, the Company will create and use separate work orders and  
19 projects for each state or jurisdiction affected. In other words, work performed in  
20 separate states or jurisdictions will be done on separate work orders and projects.  
21 Using separate work orders and projects (with different numbers) will enable the  
22 Company to distinguish work performed in different jurisdictions and avoid  
23 confusion when major storms occur near and across jurisdictional boundaries.

1                   2. Contract Crew Time Sheets. The Company modified its Crew Time &  
2 Lodging Verification Sheet to provide more specific direction to Crew Guides and  
3 contractors on what information is needed to properly account for their time and  
4 lodging. A copy of the Company's revised Crew Time and Lodging Verification  
5 Sheet is attached to my testimony as KgPCo Exhibit No. 2 (PAW). This sheet  
6 includes fields to record the Work Order number and billing information; fields for  
7 each crew member to provide the location and jurisdiction; and a field for hours  
8 worked each day. The enhanced process will ensure that documentation includes  
9 location information and is sufficient to assign storm restoration costs to the proper  
10 jurisdiction.

11                   3. Crew Time Verification Sheets. Under the Company's enhanced process,  
12 Crew Guides are required to complete the Crew Time & Lodging Verification Sheet  
13 which includes the location (jurisdiction) to be charged for work performed each day  
14 (See KgPCo Exhibit No. 2 (PAW)). Completing the form is no longer optional. As  
15 noted above, this form has been revised to allow for reporting work in multiple  
16 jurisdictions, if necessary, which will prevent storm restoration costs from being  
17 attributed to an incorrect jurisdiction.

18                   4. Kingsport Crew Guide Responsibilities. Based on the auditor's  
19 recommendation, the Company assembled a team of subject matter experts who  
20 revised the existing Crew Guide Training to include specific requirements for  
21 properly recording the jurisdictional information for each day of work. The  
22 Company then re-trained employees who typically guide crews during restoration  
23 events. In addition, if other employees are needed to guide crews, the Crew Guide

1 training can be utilized prior to the employee beginning his or her duties. Company  
2 leadership also will take jurisdictional boundaries into account when assigning  
3 employees to guide crews. These steps will ensure that Crew Guides are properly  
4 trained and that the enhancements to the Company's procedures will be executed  
5 properly.

6 5. Storm Work Order. The Company revised and expanded the Storm Work  
7 Order Procedure by adding the additional requirement that "...all major storm work  
8 orders from storms occurring in a region that encompasses multiple states or  
9 jurisdictions should be reviewed to ensure that all costs incurred are recorded  
10 appropriately. It is essential that all major storm costs are recorded on the  
11 appropriate major storm work order, by state or jurisdiction." This amendment to  
12 the post-storm review procedure will help confirm that the enhanced procedures  
13 implemented by the Company accurately assign storm restoration costs to the  
14 appropriate jurisdiction and are corrected, if necessary.

15 **Q. WHAT WERE THE ACTUAL INCREMENTAL O&M EXPENSES THAT**  
16 **KINGSPORT INCURRED FOLLOWING THE JANUARY 2013 STORM TO**  
17 **RESTORE SERVICE TO ITS CUSTOMERS?**

18 **A.** As a result of its investigation into the 2013 service restoration costs (which were  
19 deferred on its books at the time Docket No. 15-0024 was withdrawn), the Company  
20 determined that the actual incremental O&M expenses incurred to restore service to  
21 Kingsport's customers following the January 2013 storm were \$1,415,021. This  
22 information, and the other results of Kingsport's investigation, were provided to the  
23 Company's accountants, including Company witness Allen. Consequently, the

1 Company is requesting recovery of \$1,415,021 for 2013 service restoration costs in  
2 this case. All of Kingsport's January 2013 storm restoration costs were distribution  
3 related, as Kingsport did not incur any storm related costs at the transmission voltage  
4 level.

5 **Q. IS KINGSFORT CONFIDENT THAT THE JANUARY 2013 SERVICE**  
6 **RESTORATION COSTS REQUESTED IN THIS FILING ARE ACCURATE?**

7 **A.** Yes. Based upon the thorough review of the January 2013 storm expenses, the  
8 Company is confident the 2013 service restoration costs it is seeking to recover in  
9 this case accurately reflect the costs Kingsport incurred to restore service to  
10 customers in its service territory following the January 2013 storm.

11 **Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?**

12 **A.** Yes, it does.