

HUNTER·SMITH·DAVIS
SINCE 1916 LLP

S. Morris Hadden
William C. Bovender
William C. Argabrite
Jimmie Carpenter Miller
Mark S. Dessauer
Gregory K. Haden
Michael L. Forrester
Stephen M. Darden
Edward J. Webb, Jr.
James N. L. Humphreys
Suzanne Sweet Cook
Michael S. Lattier
Scott T. Powers

Respond to:
Kingsport Office
William C. Bovender
423-378-8858
bovender@hdsdlaw.com

Kingsport Office
1212 North Eastman Road
P.O. Box 3740
Kingsport, TN 37664
Phone (423) 378-8800
Fax (423) 378-8801

Johnson City Office
100 Med Tech Parkway
Suite 110
Johnson City, TN 37604
Phone (423) 283-6300
Fax (423) 283-6301

Leslie Tentler Ridings
Christopher D. Owens
Chad W. Whitfield
Jason A. Creech
Meredith Bates Humbert
Joseph B. Harvey
Rachel Ralston Mancl
Caroline Ross Williams
Marcy E. Walker
Matthew F. Bettis
Teresa Mahan Lesnak *
Michael A. Eastridge *
Jeannette Smith Tysinger*

**Of Counsel*

www.hdsdlaw.com

KPOW.96032

November 30, 2018

VIA EMAIL (tpuc.docketroom@tn.gov) & FEDEX

Robin Morrison, Chairman
c/o Sharla Dillon, Dockets & Records Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

Re: IN RE: PETITION OF KINGSFORT POWER
COMPANY d/b/a AEP APPALACHIAN POWER
FOR ANNUAL RECOVERY UNDER THE
TARGETED RELIABILITY PLAN AND MAJOR
STORM RIDER ("TRP&MS"), ALTERNATIVE
RATE MECHANISMS APPROVED IN DOCKET
NO. 17-00032
DOCKET NO.: 18- 00125

Dear Chairman Morrison:

On behalf of Kingsport Power Company, we transmit herewith the following:

Petition For Annual Recovery Under The Targeted Reliability Plan And Major Storm
Rider ("TRP&MS"), Alternative Rate Mechanisms Approved In Docket No. 17-00032

Direct Testimony of Philip A. Wright on Behalf of Petitioner Kingsport Power Company
d/b/a AEP Appalachian Power Company

Direct Testimony of A. Wayne Allen on Behalf of Petitioner Kingsport Power Company
d/b/a AEP Appalachian Power Company

Direct Testimony of Eleanor K. Keeton on Behalf of Petitioner Kingsport Power Company
d/b/a AEP Appalachian Power Company

Robin Morrison, Chairman

Page 2

November 30, 2018

The originals and four (4) copies are being sent via Federal Express.

Also, enclosed is a check in the amount of \$25.00 for filing.

Very sincerely yours,

HUNTER, SMITH & DAVIS, LLP



William C. Bovender

Enclosure: As enumerated

cc: Kelly Grams, General Counsel (w/enc.)
David Foster (w/enc.)
Monica L. Smith-Ashford, Esq. (w/enc.)
Michael J. Quinan, Esq. (w/enc.)
Daniel P. Whitaker, III, Esq. (w/enc.)
Karen H. Stachowski, Esq. (w/enc.)
James R. Bacha, Esq. (w/enc.)

Via U.S. Mail and Email: Kelly.Grams@tn.gov
Via U.S. Mail and Email: david.foster@tn.gov
Via U.S. Mail and Email: monica.smith-ashford@tn.gov
Via U.S. Mail and Email: mquinan@cblaw.com
Via U.S. Mail and Email: Daniel.Whitaker@ag.tn.gov
Via U.S. Mail and Email: Karen.Stachowski@ag.tn.gov
Via Email: jrbacha@aep.com

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

IN RE: PETITION OF KINGSPORT POWER)
COMPANY d/b/a AEP APPALACHIAN POWER)
FOR ANNUAL RECOVERY UNDER THE) DOCKET NO.: 18-_____
TARGETED RELIABILITY PLAN AND MAJOR)
STORM RIDER ("TRP&MS"), ALTERNATIVE RATE)
MECHANISMS APPROVED IN DOCKET NO. 17-00032)

**PETITION OF KINGSPORT POWER COMPANY, d/b/a AEP APPALACHIAN
POWER, FOR ANNUAL RECOVERY UNDER THE TARGETED RELIABILITY PLAN
AND MAJOR STORM RIDER ("TRP&MS"), ALTERNATIVE RATE MECHANISMS
APPROVED IN DOCKET NO. 17-00032**

Comes Petitioner, Kingsport Power Company, d/b/a AEP Appalachian Power (herein, "KgPCo" or "Company"), and respectfully requests the Tennessee Public Utility Commission (herein, "TPUC") grant KgPCo recovery for incremental Targeted Reliability Plan (herein, "TRP") costs and Major Storm (herein, "MS") expenses incurred during the period of October, 2017 – September, 2018, that are not reflected in base rates. The TRP&MS Rider, approved by TPUC in Docket No. 17-00032, authorizes KgPCo to Petition to recover these incremental costs and expenses. Reference is hereby made to Order Granting the Petition in Docket No. 17-00032.

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

A. William C. Bovender, Esq.
Joseph B. Harvey, Esq.
Hunter, Smith & Davis, LLP
PO Box 3740
Kingsport, TN 37665
Ph: (423) 378-8858; Fax: (423) 378-8801
Email: Bovender@hsdlaw.com

- B. Philip A. Wright
American Electric Power Service Corporation
500 Lee Street, Suite 800
Laidley Tower
Charleston, WV 25301
Email: pawright@aep.com
- C. James R. Bacha, Esq.
American Electric Power Service Corporation
1 Riverside Plaza
Columbus, OH 43215
Ph: (615) 716-1615; Fax: (614) 716-2950
Email: jrbacha@aep.com
- Noelle J. Coates, Esq.
American Electric Power Service Corporation
Three James Center
Suite 1100 1051 E. Cary Street
Richmond, VA 23219-4029
Ph: (804) 698-5541
Email: njcoates@aep.com

DESCRIPTION OF THE COMPANY AND JURISDICTION

2. KgPCo is a public utility with its principal office located in Kingsport, Tennessee, and is engaged in the business of distributing electric power to some 48,000 retail customers in its service area which includes the City of Kingsport, Tennessee, the Town of Mt. Carmel, Tennessee, and portions of Sullivan County, Washington County and Hawkins County, Tennessee. KgPCo's service area consists of 297 square miles; and, its distribution system includes more than 1,570 circuit miles of overhead and underground line. KgPCo's service area abuts in several areas the state line between Tennessee and Virginia. As a public utility operating in the electricity distribution business in Tennessee, KgPCo is subject to the regulation and supervision of TPUC.

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

ACTION OF TPUC IN DOCKET NO. 17-00032

4. In Docket No. 17-00032, TPUC, citing T.C.A. § 65-5-103(d), found that the proposed “...ten-year TRP consisting of a Vegetation Management and Systems Improvement [programs] should improve service and the reliability of KgPCo’s infrastructure at reasonable costs to consumers.” (Order, Docket No. 17-00032, p. 10).

In addition, TPUC “...further found the MS recovery mechanism to be a reasonable approach to account for and recover future costs related to storm damages.” (*Id.*).

5. The incremental TRP costs and Major Storm expenses KgPCo seeks to recover in this proceeding were incurred during the period of October, 2017 – September, 2018 and are not reflected in base rates. In KgPCo’s last base rate case, Docket No. 16-00001, TPUC set base rates to include \$903,372 in distribution reliability Operation and Maintenance (“O&M”) expenses and \$392,381 for Major Storm related O&M costs. The TRP&MS is designed to recover or return any costs above or below these amounts.

6. The incremental TRP costs and MS O&M expenses sought by KgPCo consist of a total of \$2,330,677 of deferred TRP&MS under-recovered costs as of September 30, 2018, recorded on KgPCo’s books in Account 1823426: The components being an under-recovery of \$2,224,484 for TRP costs and an under-recovery of \$106,193 for Major Storm O&M expenses. These under-recovery balances as of September 30, 2018 are net of the annual level of costs recovered through base rates.

7. KgPCo submits herewith in support of the Petition the following:

(A) Direct Testimony of Philip A. Wright, including KgPCo Exhibit No. 1 (PAW), which provides information and metrics that KgPCo was directed to submit in filings such as this in TPUC's Order in Docket No. 17-00032; gives a status update on the VMP and SIP components of the TRP; and provides information about the major storm that occurred in KgPCo's service territory on July 20-21, 2018.

(B) Direct Testimony of A. Wayne Allen, which (i) supports the calculation of the over/under-recovery of incremental TRP costs and Major Storm expenses incurred during the 12-month period ended September, 2018; (ii) provides an attestation that the costs and expenses included in the TRP&MS Rider are complete and accurate and reflect amounts on KgPCo's books and records; and (iii) identifies the procedures to track and defer TRP&MS costs/expenses as compared to the level of such costs/expenses included in base rates.

Mr. Allen submits with his Direct Testimony the following exhibits:

- (i) KgPCo Exhibit No. 1 (AWA), a summary of the monthly over or under-recovery of TRP&MS costs/expenses for the period October 1, 2017 through September 30, 2018;
- (ii) KgPCo Exhibit No. 2 (AWA), an attestation regarding the subject TRP&MS costs/expenses; and
- (iii) KgPCo Exhibit No. 3 (AWA), a list of TRP projects as of September 30, 2018.

(C) Direct Testimony of Eleanor K. Keeton, including KgPCo Exhibit No. 1 (EKK), which allocates the revenue requirement to KgPCo's customer classes consistent with the methodology approved in KgPCo's most recent base rate case, Docket No. 16-00001; KgPCo Exhibit No. 2 (EKK), which is a copy of the TRP&MS Rider (clean and redline); and KgPCo

Exhibit 3 (EKK), which sets forth the typical monthly bill increases for the Company's customer classes under the proposed rates.

8. As discussed in the Direct Testimony of Eleanor K. Keeton, the impact of the recovery sought under the TRP&MS Rider on a residential customer's bill will be an increase of \$1.33 per month.

9. KgPCo will cause to be published in the Kingsport Times News, the newspaper of general circulation in Kingsport's service area, a NOTICE TO PUBLIC relative to this proceeding.

RELIEF REQUESTED

10. This Petition is filed pursuant to the Rules and Regulations of TPUC, Sections 1220-4-1-.02, 1220-4-1-.03, and 1220-4-1-.05 and T.C.A. § 65-5-103. KgPCo respectfully requests TPUC grant KgPCo recovery for incremental Targeted Reliability Plan costs and Major Storm expenses, incurred during the period of October, 2017 – September, 2018, in the amount of \$2,330,677, consisting of an under-recovery of \$2,224,484 for TRP costs and an under-recovery of \$106,193 for Major Storm O&M expenses, a total of \$2,330,677. These under-recovery balances are net of the annual level of TRP costs and Major Storm expenses reflected in the Company's base rates per TPUC Order in Docket No. 16-00001. Grossing up the under-recovered TRP & MS costs to include KgPCo's Prompt Payment Discount produces a revenue requirement of \$2,366,170.

WHEREFORE, KgPCo respectfully prays that TPUC issue an Order 1) permitting the cost recovery sought in this proceeding; 2) approving the rates set forth in the Company's TRP & MS Rider [**KgPCo Exhibit No. 2 (EKK)**], effective March 1, 2019, on a service rendered basis; and granting such other relief as is appropriate under the circumstances.

Respectfully submitted this the 30th day of November, 2018.

**KINGSPORT POWER COMPANY d/b/a
AEP APPALACHIAN POWER**

By: _____


William C. Bovender, Esq.

Joseph B. Harvey, Esq.

HUNTER, SMITH & DAVIS, LLP

PO Box 3740

Kingsport, TN 37665

Ph: (423) 378-8858

OF COUNSEL:

James R. Bacha, Esq.

American Electric Power Service Corporation

1 Riverside Plaza

Columbus, OH 43215

Ph: (615) 716-1615; Fax: (614) 716-2950

Email: jrbacha@aep.com

Noelle J. Coates, Esq.

Appalachian Power Company

Three James Center

Suite 1100 1051 E. Cary Street

Richmond, VA 23219-4029

Ph: (804) 698-5541

Email: njcoates@aep.com

*Attorneys for Kingsport Power Company
d/b/a AEP Appalachian Power*

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing **PETITION FOR ANNUAL RECOVERY UNDER THE TARGETED RELIABILITY PLAN AND MAJOR STORM RIDER ("TRP&MS"), ALTERNATIVE RATE MECHANISMS APPROVED IN DOCKET NO. 17-00032** has been served by mailing a copy of same by United States mail, postage prepaid, and Email, to below on this the 30th day of November, 2018, as follows:

Kelly Grams, General Counsel
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243
Email: kelly.grams@tn.gov

David Foster, Chief-Utilities Division
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243
Email: David.Foster@tn.gov

Monica L. Smith-Ashford
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243
Email: monica.smith-ashford@tn.gov

Michael J. Quinan, Esq.
Christian & Barton, LLP
909 East Main Street, Suite 1200
Richmond, VA 23219
Email: mquinan@cblaw.com

Daniel P Whitaker, III, Assistant Attorney General
Karen H. Stachowski, Esq.
Office of the Tennessee Attorney General
Public Protection Section
Consumer Protection and Advocate Division
P.O. Box 20207
Nashville, Tennessee 37202-0207
Daniel.Whitaker@ag.tn.gov
Karen.Stachowski@ag.tn.gov

HUNTER, SMITH & DAVIS, LLP

By: 

William C. Bovender