

IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

| | | |
|--|---|---------------------|
| IN RE: |) | |
| |) | |
| PETITION OF KINGSPORT POWER COMPANY |) | |
| d/b/a AEP APPALACHIAN POWER FOR ANNUAL |) | |
| RECOVERY UNDER THE TARGETED |) | Docket No. 20-00127 |
| RELIABILITY PLAN AND MAJOR STORM |) | |
| RIDER ("TRP&MS"), ALTERNATIVE RATE |) | |
| MECHANISMS APPROVED IN DOCKET |) | |
| NO. 17-00032 |) | |

PETITION TO INTERVENE

The Consumer Advocate Unit in the Financial Division of the Office of the Attorney General ("Consumer Advocate"), by and through Herbert H. Slatery III, Attorney General and Reporter for the State of Tennessee, pursuant to Tenn. Code Ann. § 65-4-118, respectfully petitions the Tennessee Public Utility Commission ("TPUC" or "Commission") 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 Annual Recovery Under the Targeted Reliability Plan and Major Storm Rider ("TRP&MS"), Alternative Rate Mechanisms Approved in Docket No. 17-00032* ("*Petition*"). For cause, the Consumer Advocate 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 Commission in accordance with the Uniform Administrative Procedures Act¹ and TPUC rules.

¹ Tenn. Code Ann. § 4-5-101 *et seq.*

2. Kingsport Power Company (“Kingsport” or “Company”) is a public utility regulated by the Commission and distributes “electric power to approximately 50,000 retail customers in its service area which includes the City of Kingsport, Tennessee, the Town of Mt. Carmel, Tennessee, and parts of Sullivan County, Washington County and Hawkins County, Tennessee.”² All of Kingsport’s electric power requirements are purchased from Appalachian Power Company.³ The Utility’s principal office is located in Kingsport, Sullivan County, Tennessee.

3. On November 24, 2020, the Company filed the *Petition*, in which it requests the Commission grant recovery of deferred actual TRP&MS under-recovered expenses not reflected in base rates for the *Review Period*⁴ of October 1, 2019 – September 30, 2020.⁵

4. The Company proposes to recover the Targeted Reliability Plan and Major Storm costs beyond the amounts recovered through base rates⁶ by means of the TRP&MS Rider, as approved as an alternative rate mechanism under Tenn. Code Ann. § 65-5-103(d) in TPUC Docket No. 17-00032.⁷

5. The Targeted Rider Plan is designed to improve reliability for the Company’s distribution customers through two components: (1) a vegetation management program (“VMP”) and (2) a system improvement program (“SIP”).⁸ The Major Storm cost recovery is intended to

² *Petition* at p. 2, ¶2.

³ *Id.* at p. 3, ¶3. The Company states that Appalachian Power Company’s rates and charges are subject to the jurisdiction of the Federal Energy Regulatory Commission. *Id.*

⁴ *Review Period* is a defined term in the Company’s *Petition*. *Petition* at p. 4, ¶7.

⁵ *Id.* at p. 1 and p.4, ¶7.

⁶ Direct Testimony of Eleanor K. Keeton on Behalf of Kingsport Power Company d/b/a AEP Appalachian Power (Keeton Direct Testimony) at 3:19-22, TPUC Docket No. 20-00127 (November 24, 2020). “In the Company’s last base rate case, TPUC Docket No. 16-00001, the Commission set base rates to include \$903,372 in distribution and reliability Operation and Maintenance (O&M) expenses and \$392,381 for MS related O&M costs.” *Id.*

⁷ *Petition* at pp. 2-3, ¶¶4-6 and Keeton Direct Testimony at 3:5-23.

⁸ Keeton Direct Testimony at 3:7-9.

address operation and maintenance expenses associated with major storm efforts that are not included in base rates.⁹

6. For Major Storm costs, the Company experienced one major weather event during this *Review Period* which occurred on January, 11, 2020.¹⁰ The Company's Witness, A. Wayne Allen, explained that additional expenses were incurred during December 9, 2018 and February 24, 2019 and is "related to the December 9, 2018 and February 24, 2019 major storms that were discussed in Docket No. 19-00106. The January 11, 2020 storm resulted in \$600,735 of major storm O&M expenses incurred during the *Review Period*. The Company recorded additional O&M expenses during the *Review Period* of \$256,266 related to the December 9, 2018 storm and a credit to expenses of \$24,085 related to the February 24, 2019¹¹ storm.

7. The Company requests authority to recover deferred TRP&MS costs in the net amount of \$8,488,738 as of September 30, 2020.¹² The net amount is comprised of an under-recovery of \$10,355,252 for TRP costs and an under-recovery of \$2,252,034 for MS costs as of September 30, 2020, and offset by \$4,118,548 in TRP&MS rider revenues.¹³ That total revenue requirement amount is then allocated by Kingsport among the rate classes in accordance with the allocation in Kingsport's most recent general rate case.¹⁴

⁹ *Id.* at p. 3, ¶4.

¹⁰ Keeton Direct Testimony at 6:8-11. The event lasted 56.5 hours and caused damage to poles, crossarms, conductors and insulators that resulted in power outages for 20,930 customers of the Company. *Id.*

¹¹ Direct Testimony of A. Wayne Allen on Behalf of Kingsport Power Company d/b/a AEP Appalachian Power at 9:17 – 10:2, TPUC Docket No. 20-00127 (November 24, 2020).

¹² *Petition* at p. 4, ¶8.

¹³ *Id.* This amount excludes the Prompt Payment Discount, as required by the Commission's Stipulation and Settlement Agreement in TPUC Docket No. 18-00125. *Order Approving the Stipulation and Settlement Agreement, In re: 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 Rider"), Alternative Rate Mechanisms Approved in Docket No. 17-00032*, p. 8 and Exhibit A, p. 6, ¶14, TPUC Docket No. 18-00125 (August 5, 2019).

¹⁴ Keeton Direct Testimony at 7:3-6 and Exhibit No. 2 (EKK).

8. The Company represents that under-recovered amounts requested in this Docket, if approved by the Commission, would increase rates paid by the Company's residential customers by \$1.03 per month in the service charge part of their bill.¹⁵

9. The interests of consumers, including without limitation the increase in rates to customers through the implementation of the TRP&MS Rider, may be affected by the determinations and orders made by the Commission 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 the Company.

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

Wherefore, the Consumer Advocate requests the Commission grant this *Petition to Intervene*.

{Signatures on Following Page}

¹⁵ *Petition* at p. 4, ¶8.

RESPECTFULLY SUBMITTED,



HERBERT H. SLATTERY III (BPR No. 009077)

Attorney General and Reporter
State of Tennessee



KAREN H. STACHOWSKI (BPR No. 019607)

Assistant Attorney General

VANCE L. BROEMEL (BPR No. 011421)

Senior Assistant Attorney General

Office of the Tennessee Attorney General

Financial Division, Consumer Advocate Unit

P.O. Box 20207

Nashville, Tennessee 37202-0207

Phone: (615) 741-2370

Email: Karen.Stachowski@ag.tn.gov

Vance.Broemel@ag.tn.gov

In re: Petition of KgPCo for Annual Recovery Under the TRP&MS Alternative Rate Mechanisms
TPUC Docket No. 20-00127
Consumer Advocate's Petition to Intervene

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:

William C. Bovender, Esq.
Joseph B. Harvey, Esq.
Hunter, Smith & Davis, LLP
P.O. Box 3740
Kingsport, TN 37664
bovender@hstdlaw.com
jharvey@hstdlaw.com

William K. Castle
American Electric Power Service Corporation
Three James Center
Suite 1100 1051 E. Cary Street
Richmond, VA 23219-4029
wkcastle@aep.com

James R. Bacha, Esq.
American Electric Power Service Corporation
1 Riverside Plaza
Columbus, OH 43215
jrbacha@aep.com

Noelle J. Coates, Esq.
American Electric Power Service Corporation
Three James Center
1051 E. Cary Street, Suite 1100
Richmond, VA 23219-4029
njcoates@aep.com

This the 22 day of January, 2021.



KAREN H. STACHOWSKI