

S. Morris Hadden  
William C. Argabrite  
Jimmie Carpenter Miller  
Mark S. Dessauer  
Gregory K. Haden  
Michael L. Forrester  
Stephen M. Darden  
James N. L. Humphreys<sup>1</sup>  
Michael S. Lattier<sup>5,6</sup>  
Scott T. Powers  
Leslie Tentler Ridings  
Christopher D. Owens<sup>1,3</sup>

**HUNTER·SMITH·DAVIS**  
SINCE 1916 LLP

**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

Jason A. Creech  
Meredith Bates Humbert  
Joseph B. Harvey<sup>4</sup>  
Caroline Ross Williams<sup>1</sup>  
Marcy E. Walker<sup>2</sup>  
J. Christopher Rose<sup>1</sup>  
Sydney B. Gilbert  
Will A. Ellis  
Jordan T. Richardson  
Laura Medlin Mickel<sup>8</sup>

**Respond to:**  
Kingsport Office  
William C. Bovender  
423-378-8858, 423-534-7897 (mobile)  
bovender@hdsdlaw.com

All Attorneys Licensed in Tennessee  
Unless Noted

Additional Bar Memberships:  
VA<sup>1</sup>, NC<sup>2</sup>, KY<sup>3</sup>, GA<sup>4</sup>, FL<sup>5</sup>, MT<sup>6</sup>, CA only<sup>7</sup>,  
NC only (TN pending)<sup>8</sup>

May 24, 2023

Of Counsel:  
William C. Bovender  
Jeannette Smith Tysinger  
John B. Buda<sup>7</sup>

[www.hdsdlaw.com](http://www.hdsdlaw.com)

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**VIA EMAIL ([tpuc.docketroom@tn.gov](mailto:tpuc.docketroom@tn.gov)) & FEDEX**

Herbert H. Hilliard, Chairman  
c/o Ectory Lawless, 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 OCTOBER, 2021 – DECEMBER 2022 ANNUAL  
RECOVERY UNDER THE TARGETED RELIABILITY PLAN  
AND MAJOR STORM RIDER (“TRP&MS”), ALTERNATIVE  
RATE MECHANISMS APPROVED IN  
DOCKET NO. 17-00032  
DOCKET NO.: 23-00019

Dear Chairman Hilliard:

On behalf of Kingsport Power Company d/b/a AEP Appalachian Power, we transmit herewith Kingsport Power Company d/b/a AEP Appalachian Power’s Rebuttal Testimony of John A. Stevens.

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

Very sincerely yours,

**HUNTER, SMITH & DAVIS, LLP**

  
William C. Bovender

Enclosure

cc: Kelly Grams, General Counsel (w/enc.)  
David Foster (w/enc.)

***Via U.S. Mail and Email: [Kelly.Grams@tn.gov](mailto:Kelly.Grams@tn.gov)***  
***Via U.S. Mail and Email: [david.foster@tn.gov](mailto:david.foster@tn.gov)***

Monica L. Smith-Ashford, Esq. (w/enc.)

***Via U.S. Mail and Email: [monica.smith-ashford@tn.gov](mailto:monica.smith-ashford@tn.gov)***

Michael J. Quinan, Esq. (w/enc.)

***Via U.S. Mail and Email: [mquinan@t-mlaw.com](mailto:mquinan@t-mlaw.com)***

Edward L. Petrini, Esq. (w/enc.)

***Via U.S. Mail and Email: [epetrini@cblaw.com](mailto:epetrini@cblaw.com)***

Karen H. Stachowski, Esq. (w/enc.)

***Via U.S. Mail and Email: [Karen.Stachowski@ag.tn.gov](mailto:Karen.Stachowski@ag.tn.gov)***

Mason C. Rush, Esq. (w/enc.)

***Via U.S. Mail and Email: [Mason.Rush@ag.tn.gov](mailto:Mason.Rush@ag.tn.gov)***

James R. Bacha, Esq. (w/enc.)

***Via Email: [jrbacha@aep.com](mailto:jrbacha@aep.com)***

Joseph B. Harvey, Esq. (w/enc.)

***Via Email: [jharvey@hstdlaw.com](mailto:jharvey@hstdlaw.com)***

**REBUTTAL TESTIMONY OF  
JOHN A. STEVENS  
ON BEHALF OF KINGSPORT POWER COMPANY  
D/B/A AEP APPALACHIAN POWER  
BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION  
DOCKET NO. 23-00019**

1   **Q.   PLEASE STATE YOUR NAME.**

2   A.   My name is John A. Stevens.

3   **Q.   ARE YOU THE SAME JOHN A. STEVENS WHO SUBMITTED DIRECT**  
4       **TESTIMONY IN THIS PROCEEDING?**

5   A.   Yes.

6   **Q.   WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

7   A.   My rebuttal testimony responds to the direct testimony of the Consumer Advocate Unit  
8       (Consumer Advocate) of the Office of the Tennessee Attorney General witness William  
9       H. Novak. Specifically, I address three aspects of Consumer Advocate witness Novak's  
10      testimony: (i) the recommendations related to the Company's workpapers; (ii) the  
11      recommendation to reduce the revenue requirement to reflect that the Company did not  
12      apply the appropriate TRP & MS surcharge to the Street Lighting customers during a  
13      portion of the current review period; and (iii) the recommendations related to the class  
14      allocation factors and rate design.

15   **Q.   WHAT DOES THE CONSUMER ADVOCATE RECOMMEND RELATED TO**  
16       **THE COMPANY'S WORKPAPERS?**

17   A.   On page 12 of his testimony, Mr. Novak recommends that, "the Commission require the  
18       Company to include all supporting workpapers in future TRP & MS filings."  
19       Additionally, on page 13 of his testimony, Mr. Novak recommends that, "the

1 Commission require the Company to submit a structured set of workpapers for each  
2 monthly TRP&MS Rider calculation demonstrating how the calculation was carried out  
3 as a stand-alone workpaper in TRP&MS future filings.”

4 **Q. DO YOU HAVE ANY COMMENTS REGARDING THESE**  
5 **RECOMMENDATIONS?**

6 A. Yes. The Company agrees to make available all supporting workpapers  
7 contemporaneous with TRP & MS filings, to include a set of workpapers representing  
8 each monthly TRP & MS Rider calculation. These monthly workpapers will be similar  
9 to what has been provided through the discovery process in past filings in that they will  
10 support the calculation of the under- or over-recovery of TRP & MS costs that are  
11 recorded monthly to the Company’s general ledger.

12 **Q. PLEASE DISCUSS THE CONSUMER ADVOCATE’S FINDING AND**  
13 **RECOMMENDATION RELATED TO THE LEVEL OF REVENUE**  
14 **APPORTIONED TO THE STREET LIGHTING CUSTOMERS.**

15 A. Beginning on page 13 of his testimony, Consumer Advocate witness Novak asserts that  
16 the Company did not apply the appropriate TRP & MS surcharge to Street Lighting  
17 customers during a portion of the current review period. He estimates that this omission  
18 resulted in an overstatement of the Company’s requested revenue requirement of  
19 \$144,177 and recommends that the Commission deduct this amount from the Company’s  
20 requested revenue requirement.

21 **Q. DO YOU AGREE WITH THIS RECOMMENDATION?**

22 A. Yes, in principle. A billing issue related to the Street Lighting customers was identified  
23 and corrected in the Company’s last TRP & MS case, Docket No. 21-00142. Mr. Novak  
24 correctly points out that there was a gap between the period at issue in Docket No. 21-



1 00142 and when the Company began billing the TRP & MS surcharge to these  
2 customers. The Company agrees that the gap should be addressed in this case, but does  
3 not fully agree with Mr. Novak's calculation.

4 Based on information provided to him by the Company in response to Consumer  
5 Advocate Discovery Request 2-26, it appears that Mr. Novak assumed that the Company  
6 did not begin applying a surcharge to the Street Lighting customers until September  
7 2022. In that response, the Company inadvertently combined the monthly TRP & MS  
8 surcharge revenue for the months of August and September and reported it all in  
9 September. Thus, it may have appeared as if the Company did not begin billing the  
10 surcharge until September 2022, when in actuality it began billing the TRP & MS  
11 surcharge to the Street Lighting customers on August 8, 2022, effective with the  
12 implementation of new base rates.

13 The corrected surcharge revenue amounts for the months of August and  
14 September are \$9,639 and \$13,264, respectively. Based on the foregoing, the amount of  
15 the revenue requirement reduction in this case should be \$9,639 less than the \$144,177  
16 recommended by Mr. Novak, or \$134,538.

17 **Q. PLEASE DISCUSS THE CONSUMER ADVOCATE'S RECOMMENDATIONS**  
18 **RELATED TO THE CLASS ALLOCATION FACTORS AND RATE DESIGN.**

19 A. In its petition, the Company proposed utilizing adjusted allocation factors to allocate  
20 revenue to the Outdoor Lighting and Street Lighting customers. Beginning on page 17 of  
21 his testimony, Mr. Novak recommends using the customer class allocation factors used in  
22 the Company's most recent rate case, Docket No. 21-00107, to allocate the revenue  
23 requirement to all customer classes.

1                    Additionally, Mr. Novak proposed revised rates consistent with his  
2                    recommendations to reduce the Company's requested revenue requirement and to use  
3                    different allocation factors to allocate the revenue requirement to the Outdoor Lighting  
4                    and Street Lighting customers.

5    **Q.    DO YOU HAVE ANY COMMENTS ON THESE RECOMMENDATIONS?**

6    A.    Yes. The Company is willing to agree to a reduction in its requested revenue requirement  
7           of \$134,538 and does not oppose Mr. Novak's allocation factor and rate design  
8           recommendations for purposes of this case.

9    **Q.    DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

10   A.    Yes. It does.