

S. Morris Hadden  
Jimmie Carpenter Miller  
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>  
Jason A. Creech  
Meredith Bates Humbert

**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

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>2</sup>  
Colin M. Wyvill

Of Counsel:  
William C. Bovender  
William C. Argabrite  
Mark S. Dessauer  
Jeannette Smith Tysinger  
John B. Buda<sup>7</sup>  
Sarah E. Larkin

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

**Respond to:**  
Kingsport Office  
Joseph B. Harvey  
423-378-8854  
[jharvey@hsdlaw.com](mailto:jharvey@hsdlaw.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>

June 13, 2024

KPOW-15921

Electronically Filed in TPUC Docket  
Room on June 13, 2024 at 2:27 p.m.

**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 JANUARY, 2023 – DECEMBER 2023 ANNUAL  
RECOVERY UNDER THE TARGETED RELIABILITY  
PLAN AND MAJOR STORM RIDER (“TRP&MS”),  
ALTERNATIVE RATE MECHANISMS APPROVED IN  
DOCKET NO. 17-00032  
DOCKET NO.: 24-00010

Dear Chairman Hilliard:

On behalf of Kingsport Power Company d/b/a AEP Appalachian Power, we transmit herewith  
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**

  
Joseph B. Harvey

Enclosure

cc: Kelly Grams, General Counsel (w/enc.) *Via U.S. Mail and Email: [Kelly.Grams@tn.gov](mailto:Kelly.Grams@tn.gov)*  
Monica L. Smith-Ashford, Esq. (w/enc.)

David Foster (w/enc.)

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

Vance Broemel, Esq. (w/enc.)

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

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

Shilina B. Brown, Esq. (w/enc.)	<i><b>Via U.S. Mail and Email: <a href="mailto:Shilina.Brown@ag.tn.gov">Shilina.Brown@ag.tn.gov</a></b></i>
Michael J. Quinan, Esq. (w/enc.)	<i><b>Via U.S. Mail and Email: <a href="mailto:mquinan@t-mlaw.com">mquinan@t-mlaw.com</a></b></i>
James R. Bacha, Esq. (w/enc.)	<i><b>Via Email: <a href="mailto:jrbacha@aep.com">jrbacha@aep.com</a></b></i>
James G. Ritter, Esq. (w/enc.)	<i><b>Via Email: <a href="mailto:jritter@aep.com">jritter@aep.com</a></b></i>
William C. Bovender, Esq. (w/enc.)	<i><b>Via Email: <a href="mailto:bovender@hsdlaw.com">bovender@hsdlaw.com</a></b></i>
William K. Castle (w/enc.)	<i><b>Via Email: <a href="mailto:wkcastle@aep.com">wkcastle@aep.com</a></b></i>

**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. 24-00010**

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 four aspects of Consumer Advocate witness Novak's  
10      testimony: (i) his recommendations related to the Company's revenue request, class  
11      allocation factors and proposed rates; (ii) his recommendation that the Commission  
12      require the Company to provide notice of the cost of its future anticipated capital projects  
13      in accordance with Commission rules; (iii) his concern that the Company did not include  
14      a copy of the workpapers in native format supporting the filed TRP & MS exhibits with  
15      the TRP & MS filing; and (iv) his discussion regarding the Company's proposal to  
16      increase the annual TRP budget to allow it to transition to a four-year vegetation  
17      management cycle as originally intended and approved in Docket No. 17-00032.

1 **Q. ARE YOU SPONSORING ANY NEW EXHIBITS WITH YOUR REBUTTAL**  
2 **TESTIMONY?**

3 A. Yes. I am sponsoring the following new exhibit:

- 4 • KgPCo Exhibit No. 4 (JAS) – Kingsport Power Company’s 2023 Capital  
5 Expenditure Forecast filed April 4, 2023.

6 **Q. PLEASE DISCUSS MR. NOVAK’S RECOMMENDATIONS RELATED TO THE**  
7 **COMPANY’S REVENUE REQUEST, CLASS ALLOCATION FACTORS AND**  
8 **PROPOSED RATES.**

9 A. Mr. Novak recommends that the Commission accept his revenue request of \$5,914,416,  
10 as the appropriate amount for TRP & MS Rider recovery in this case. Consistent with  
11 this recommendation, he also recommends that the Commission adopt his proposed class  
12 allocation factors and TRP & MS rates. The Company is willing to agree to the  
13 Consumer Advocate’s proposed revenue requirement of \$5,914,416 and does not oppose  
14 Mr. Novak’s class allocation factors and rate design recommendations for purposes of  
15 this case.

16 **Q. DO YOU HAVE ANY COMMENTS REGARDING MR. NOVAK’S**  
17 **RECOMMENDATION THAT THE COMMISSION REQUIRE THE COMPANY**  
18 **TO PROVIDE NOTICE OF THE COST OF ITS FUTURE ANTICIPATED**  
19 **CAPITAL PROJECTS?**

20 A. Yes. On page 18, lines 16-17 of his direct testimony, which addresses the Lovedale  
21 Station project, Mr. Novak states that, “no notice was provided to the Commission for the  
22 impact of this capital project.” He then recommends that the Commission require the

1 Company to provide notice of the cost of its future anticipated capital projects in  
2 accordance with Commission rules.

3 Mr. Novak appears to be unaware that the Company did provide notice to the  
4 Commission of its intent to rebuild the Lovedale Station project. In accordance with  
5 Chapter 1220-4-1-.01 of the Rules of the Tennessee Public Utility Commission the  
6 Company submits a Capital Expenditure Forecast to the Commission each year, typically  
7 in April. The Company filed Kingsport Power Company's 2023 Capital Expenditure  
8 Forecast on April 4, 2023. In that filing, the Company informed the Commission that it  
9 had completed the demolition of the Lovedale Station in 2022 and that it intended to  
10 finish construction on the complete rebuild of the Lovedale Station in 2023. A copy of  
11 Kingsport Power Company's 2023 Capital Expenditure Forecast is included with this  
12 testimony as KgPCo Exhibit No. 4 (JAS). Therefore, Mr. Novak's recommendation that  
13 the Commission require the Company to provide notice of the cost of its future  
14 anticipated capital projects in accordance with Commission rules is redundant and  
15 unnecessary.

16 **Q. DO YOU HAVE ANY COMMENTS REGARDING MR. NOVAK'S CONCERN**  
17 **THAT THE COMPANY DID NOT INCLUDE A COPY OF THE WORKPAPERS**  
18 **SUPPORTING THE FILED TRP & MS EXHIBITS WITH THE TRP & MS**  
19 **FILING?**

20 **A.** Yes. This omission was the result of an administrative oversight. It was the Company's  
21 intention to upload these workpapers in Excel format to the iManage shared document  
22 site concurrent with the PDF versions included with TRP & MS filing. When it was



1 brought to the Company's attention that this had not occurred, the Company immediately  
2 uploaded the workpapers to the shared site.

3 **Q. PLEASE DISCUSS THE COMPANY'S PROPOSAL TO INCREASE THE**  
4 **ANNUAL TRP BUDGET TO ALLOW IT TO TRANSITION TO A FOUR-YEAR**  
5 **VEGETATION MANAGEMENT CYCLE AS ORIGINALLY INTENDED AND**  
6 **APPROVED IN DOCKET NO. 17-00032.**

7 A. As discussed in more detail in the direct testimony of Company witness Jason E. Baker,  
8 the Company proposes to increase the annual TRP budget to approximately \$4.6 million  
9 for 2024 and approximately \$6.8 million for years 2025 through 2027. This level of  
10 spending will allow the Company to transition to a four-year vegetation management  
11 cycle as originally intended and approved in Docket No. 17-00032. While the Company  
12 acknowledges that the costs associated with this type of program have increased since  
13 2017, as demonstrated in the rebuttal testimony of Company witness Baker, the  
14 Company's TRP is still effective in reducing the number of service interruptions and their  
15 duration, and the Company's overall cost of service. Based on the foregoing, the  
16 Company continues to support a four-year vegetation management cycle.

17 In the alternative, if the Company's requested increase is not authorized, and the  
18 Company maintains its current (2023) level of spending, it will be able to accomplish a  
19 six-year vegetation management cycle, which is not optimal. Relative to the 2017  
20 estimates, this represents an increase in the TRP level of O&M of slightly over \$1 million  
21 annually. The Company asks that the Commission make this determination.

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

23 A. Yes. It does.

# **KINGSPORT POWER COMPANY**

## **2023 ANNUAL FILING SUMMARY**

## TABLE OF CONTENTS

	<u>Page Nos.</u>
Background and Summary	1- 3
Capital/Lease Expenditures	4
Historical Information	5



## CAPITAL IMPROVEMENTS SUMMARY

Kingsport Power Company (the Company) is one of the nine electric operating company subsidiaries of American Electric Power Company, Inc. (AEP), a registered holding company under the Public Utility Holding Company Act of 1935. The Company serves approximately 49,000 customers in the City of Kingsport and the surrounding communities and continues to provide its customers with a source of reliable, low-cost power.

The Company has made the following major capital improvements to continue to satisfy its customers' electrical demands. These improvements include Asset Programs with such activities as:

- Pole Inspection and Groundline Treatment;
- Pole Replacement;
- Recloser Replacement;
- Conductor Replacement;
- Circuit Inspections;
- Underground Distribution Structure Inspections; and
- Sectionalizing Program.

In 2022, the following projects were completed:

- Completed replacing underground station exit, and armless construction in the first zone of Short Hills Pinebrook.
- Completed Station demolition of Lovedale Station to begin Rebuild.
- Completed replacing armless construction in the first zone of Short Hills Brookside and Mason Dixon.
- Completed replacing a failed underground station exit on Orebank Arcadia.
- Completed two phasing and reconductoring a single-phase line for a new subdivision on Sullivan Gardens Rock Springs.
- Completed the prep work for phase one conversion for Rotherwood West Ridge 12 kV to 34 kV.
- Transferred Air Products 138 kV load from the Moreland Drive Station to the new Riverport Station.

## ACTUAL CAPITAL/LEASE EXPENDITURES

The following is a breakdown of 2022 expenditures for these and similar programs or projects, as well as the Company's total capital/lease requirements:

<u>Year</u>	<u>Status</u>	<u>Capital Expenditures</u>	<u>Description</u>
2022	<u>Completed</u>	\$10,332,000	Completed various Blanket Programs on the distribution and transmission systems related to asset improvements, capacity additions, Right-of-Way expansion including the Vegetation Management Program cycle, customer service, and facility relocations along with related activities.
2022	<u>Completed</u>	\$7,616,000	Completed various distribution and transmission projects. Completed the demolition of Lovedale station, installation of the mobile transformer for Lovedale Station rebuild, completed rebuilding the first zones of three circuits out of Short Hills, and completed the replacement of Orebank Arcadia underground station exit.
2022	<u>Completed</u>	\$17,341,000	Completed all other program and project activities including facility upgrades, software purchases, and telecommunications among other activities
2022	<u>Total Completed</u>	\$35,289,000	<b>All Capital/Lease Expenditures</b>

## PROJECTED CAPITAL/LEASE EXPENDITURES

It is anticipated the capital/lease expenditures will be as follows:

2023	\$40,745,000	Anticipated Capital/Lease Requirements
------	--------------	----------------------------------------

The enclosed table labeled “Kingsport Power Company 2022 Projected Capital/Lease Expenditures” provides a detailed list of specific plans. These projects will generally relate to new customer service, as well as distribution and transmission improvements with a continued emphasis on reliability. It is the Company’s intent to carefully analyze all distribution projects and select the most cost-effective method to satisfy customer needs. As electrical loads continue to increase, the Company will meet its service obligation, and take the necessary steps to provide the distribution resources.

Our focus for 2023 will be improving distribution reliability through such projects as station work and underground cable replacement, sectionalizing improvements, the replacement of cutouts and arresters, and the continued implementation of the cycle vegetation management program with emphasis on widening rights of way and removing danger trees. A few specific projects include: finishing the construction on the complete rebuild of Lovedale Station, convert the Rotherwood West Ridge to 34 kV, and complete the undergrounding mainline along Catawba Street on Highlands White City. Finish construction to add a new transformer at Edens Ridge and addition of the new Cooks Valley 12kV circuit. The Company plans to begin construction for a 69 kV sub-transmission line from Fort Robinson station to Hill station. Purchase land for the complete rebuild of Cumberland station. The Company will continue its efforts to replace meters with the new AMI meters. At the end of 2022 all AMI meter in the Kingsport service territory have been replaced. There are 250 meters in Tennessee to be replaced that are in the Glade Springs service territory.

In addition to the projected 2023 capital/lease expenditure information, this document includes historical information regarding the number of customers, energy sales, operation and maintenances expenses, peak demand growth trends, overhead line miles and underground circuit miles. The Company continues its efforts to minimize or reduce expenses whenever possible. In addition, the Company will continue to make investments that will improve the quality of service for its customers.

KINGSPORT POWER COMPANY			
2023 PROJECTED CAPITAL/LEASE EXPENDITURES			
		Actual	Control
		2022	2023
Requisition Title	Type	(\$000)	(\$000)
<b>Transmission Blankets/Programs</b>			
Reliability / Asset Improvement	Capital	543	436
Facility Relocations	Capital		
Capacity Additions	Capital		
Right-of-Way Expansion	Capital	690	
Other	Capital		
Total Transmission Blankets/Programs		1,233	436
<b>Distribution Blankets/Programs</b>			
Reliability / Asset Improvement	Capital	3,448	2,892
Customer Service	Capital	2,196	1,703
Facility Relocations	Capital	8	141
Meter and Transformers Blanket	Capital	1,527	434
Service Restoration	Capital	1,211	605
Capacity Additions	Capital		
Third Party Driven	Capital	917	252
Right-of-Way Expansion	Capital	1,025	968
Other	Capital		
Total Distribution Blankets/Programs		10,332	6,995
<b>Corporate/Other Blankets</b>			
Capitalized Software	Capital	1,745	726
Telecommunications	Capital	44	71
Facilities	Capital	976	646
General Plant and Other	Capital		
Automotive Transportation	Lease	656	1,061
Computer	Lease	33	15
General Plant - Real Property	Lease	-	77
General Plant - Personal Property	Lease	3	1
Telecommunications	Lease	2	30
Total Corporate/Other Blankets		3,459	2,626
<b>Total Blankets/Programs</b>		<b>\$ 15,024</b>	<b>\$ 10,058</b>
<b>Transmission Projects</b>			
Customer Service	Capital	14	-
Reliability / Asset Improvement	Capital	2,265	2,543
Telecommunications*	Capital	432	22
RTO Driven	Capital	-	
Other	Capital	4,306	828
Transmission Total		7,017.0	3,393.1
<b>Distribution Projects</b>			
Reliability / Asset Improvement	Capital	3,591	16,214
Capacity Additions	Capital	3,700	4,233
Smart Grid	Capital	0	(0)
Telecommunications*	Capital	16	26
Other	Capital	309	5,288
Distribution Total		7,616	25,762
<b>Corporate/Other Projects</b>			
Capitalized Software	Capital	412	1,490
Telecommunications*	Capital	744	0
Other	Capital	4,476	43
Corporate/Other Total		5,632	1,532
<b>Total Special Projects</b>		<b>20,265</b>	<b>30,687</b>
<b>AEP CONFIDENTIAL</b>			
<b>Total</b>		<b>35,289</b>	<b>40,745</b>

**Kingsport Power Company – Historical Information  
2018 - 2022**

	2018	2019	2020	2021	2022
<b>Minimum and Maximum Demands - (MW)</b>					
Min	282	292	192	220	256
Max	484	438	386	337	498
<b>Megawatt Hour Sales</b>	2,108,476	1,986,448	1,700,362	1,675,182	1,938,878
<b>Underground Circuit Miles</b>	262	268	270	272	276
<b>Overhead Line Miles</b>	1,322	1,321	1,300	1,324	1,333
<b>Number of Customers</b>	48,032	48,289	48,444	48,597	48,821
<b>Operation &amp; Maintenance Expense (Excluding Purchased Power Expense)</b>	\$12,043,410	\$11,821,767	\$13,663,705	\$13,735,640	\$18,563,228