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VIA EMAIL (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 KINGSPORT 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 Jason E. Baker.

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

Very sincerely yours,

HUNTER, SMITH & DAVIS, LLP

Joseph B. Harvey

Enclosure

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KgPCo Exhibit No. ___
Witness: JEB

REBUTTAL TESTIMONY OF
JASON E. BAKER
ON BEHALF OF KINGSPORT POWER COMPANY
D/B/A AEP APPALACHIAN POWER
BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
DOCKET NO. 24-00010

Q. PLEASE STATE YOUR NAME.

A. My name is Jason E. Baker.

Q. ARE YOU THE SAME JASON E. BAKER WHO SUBMITTED DIRECT TESTIMONY IN THIS PROCEEDING?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS PROCEEDING?

A. I am responding to the direct testimony filed by William H. Novak, on behalf of The Consumer Advocate Division of the Office of the Tennessee Attorney General. Specifically, I am discussing Mr. Novak's assertion that the Targeted Reliability Plan has not been effective at decreasing service outages for Kingsport's customers.[1]

Q. HOW DO RELIABILITY IMPROVEMENTS SUCH AS THE VMP AND SIP AFFECT THE COMPANY'S RELIABILITY METRICS?

A. As the Company makes improvements to the resiliency of the distribution system and enhances its facilities' design and operational limits through its VMP and SIP programs, the impact of storms is diminished, resulting in a decrease in the number of Major Event Days ("MEDs"). Storms that would have been MEDs and excluded from reliability metrics are now considered non-MEDs and are included in the reliability

[1] Direct testimony of William H. Novak, Page 7.

metrics and calculations, thus increasing the metrics. This leads to the appearance that reliability is getting worse, when in fact, overall reliability is improving.

Q. HOW DO OTHER WEATHER EVENTS AFFECT THE COMPANY'S RELIABILITY PERFORMANCE?

A. Even though other weather events do not meet the exclusionary criteria to be classified as major events, they can still be quite severe and destructive in nature and may result in an increased number of outages.

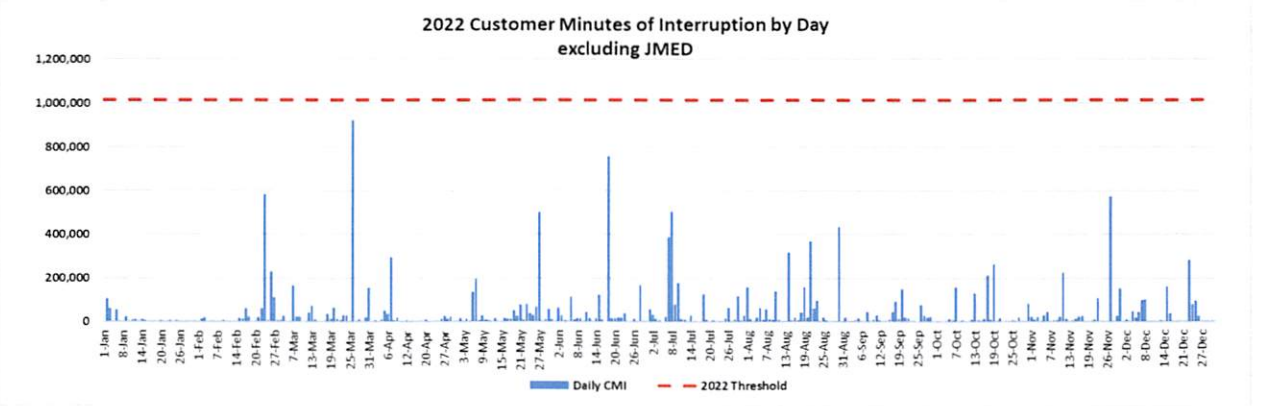
Q. MR. NOVAK'S STATES THAT KINGSPORT'S 2022 SAIDI VALUES ARE WORSE THAN WHEN THE TRP & MS RIDER BEGAN IN 2017.[2] PLEASE COMMENT.

A. The Company has generally been seeing an improvement in both SAIDI and SAIFI. However, in 2022, the Company's service territory experienced a significant increase in other weather events compared to most previous years. As a result of the higher than usual level of weather activity, the Company experienced a significant increase in CMI. Many of those events did not meet the threshold of a major storm event, primarily due to the results of the SIP component of the TRP, so they are reflected in the reliability indices since they cannot be excluded. The SIP component assists with the resiliency of the distribution system and reduces the impact of storms, which results in fewer MEDs. As shown in Figure 1, the Company's service territory experienced a significant number of other weather events in 2022. Even though these other weather

[2] Direct testimony of William H. Novak, Page 9.

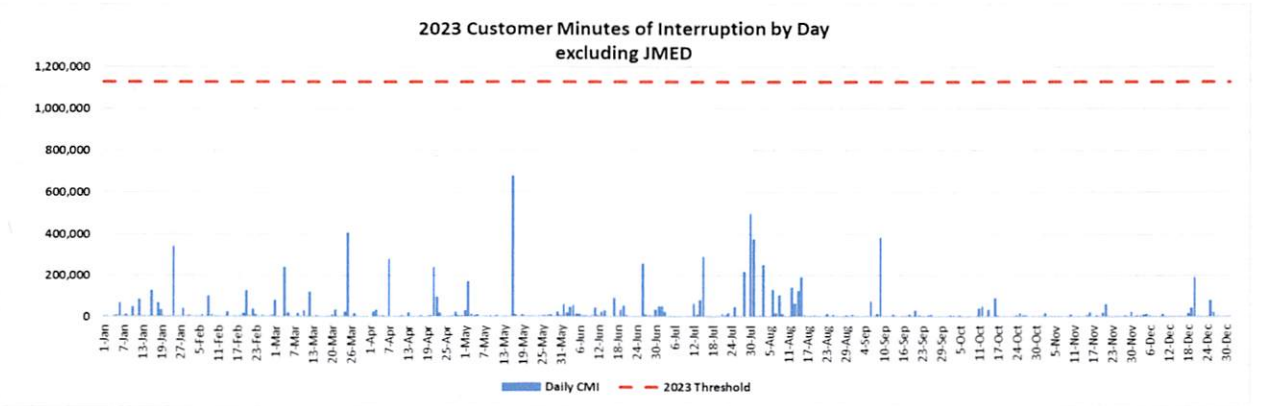
events were not major storms, they still caused significant amounts of CMI. The 5-year average CMI per day is 34,505. In 2022, there were 76 days above this average.

Figure 1- 2022 CMI Caused by Other Weather Events



As shown in Figure 2, the Company's service territory experienced a more normalized level of other weather events in 2023, which resulted in significantly less CMI than in 2022. In 2023, there were 55 days above the 5-year CMI per day average compared to the 2022 count of 76 days mentioned above.

Figure 2- 2023 CMI Caused by Other Weather Events



Additionally, the Company's SAIDI for 2023 was 191.5, which is significantly less than when the program began.

It is important to note that the TRP began in November 2017 and did not get fully going until nearly a year later. Reliability benefits are not realized immediately. It typically takes at least one year for reliability initiatives to result in an improvement in reliability indices. It is also important to note that 2018 was another year when the Company's service territory experienced a significant amount of other weather events, which were reflected in the reliability indices for that year.

Q. DO YOU AGREE WITH MR. NOVAK'S ASSERTION THAT THE TARGETED RELIABILITY PLAN HAS NOT BEEN EFFECTIVE AT DECREASING SERVICE OUTAGES FOR KINGSPORT'S CUSTOMERS?[3]

A. No. Mr. Novak's assertion is based on the Company's 2022 SAIDI score, which should not be used as the basis for concluding that the TRP is ineffective, especially when the Company's reliability indices have generally been improving. Years like 2022, which contain significant abnormal weather events, should not be used to evaluate the effectiveness of a reliability program. An effective reliability program is designed to improve the resiliency of the Company's distribution system, but an effective reliability program will always be abnormally impacted by an abnormal weather event. The Company measures the TRP's effectiveness by looking at multi-year trends and expects to see declining SAIDI and SAIFI trends as the program continues.

As I stated above, the Company's 2023 SAIDI score was significantly less than its SAIDI score when the program began. In fact, the Company's 2023 SAIDI score was its lowest SAIDI score since 2010. Also, as I stated in my direct testimony, CMI caused by

[3] Direct testimony of William H. Novak, Page 7.

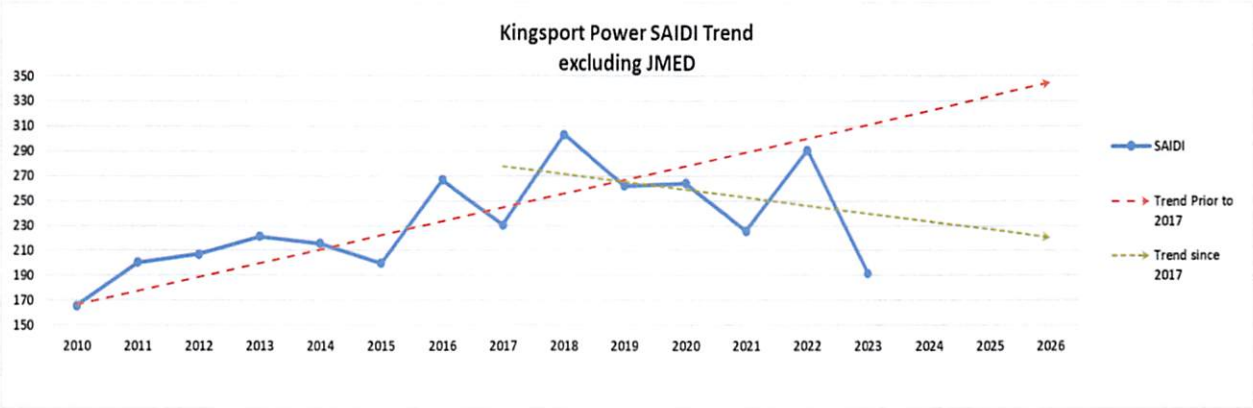
trees inside the ROW (TIR) has decreased by 81.9% since 2018, CMI caused by equipment failures has decreased by 38.6% since 2018, while CMI from all causes has decreased by 35.3% since 2018. [4]

Q. MR. NOVAK STATES THAT "THE INESCAPABLE CONCLUSION IS THAT THE CUMULATIVE $25.1 MILLION INVESTMENT IN THE TARGETED RELIABILITY PLAN COMPONENT OF THE TRP&MS RIDER HAS NOT HAD AN IMPACT ON REDUCING THE NUMBER OR DURATION OF CUSTOMER OUTAGES."[5] PLEASE RESPOND.

A. Mr. Novak concludes that the investment in the TRP has not had an impact on reducing the number of duration of customer outages. However, Mr. Novak provides no opinion on what the Company's reliability indices would likely show if the Company had not invested $25.1 million in the TRP. Figure 3 illustrates the Company's SAIDI trend prior to 2017 when the TRP began and since 2017. This indicates the trajectory of the Company's SAIDI as a result of investing $25.1 million in its TRP as well as the Company's anticipated SAIDI if the Company had not invested $25.1 million in its TRP.

[4] Direct testimony of Jason Baker, Pages 9-11.
[5] Direct testimony of William H. Novak, Page 11.

Figure 3- Kingsport Power SAIDI Trend



Q. WHAT CRITERIA DID MR. NOVAK USE TO SELECT THE PEER GROUP THAT WAS USED TO ANALYZE AND COMPARE TO KINGSPORT'S RELIABILITY PERFORMANCE?

A. Mr. Novak states that in Docket No. 17-00032, he composed the Peer Group based on a group of 14 electric distribution utilities that were similarly situated as Kingsport.[6]

Q. DOES MR. NOVAK EXPLAIN HOW MEMBERS OF THE PEER GROUP ARE "SIMILARLY SITUATED?"

A. Mr. Novak states that the 14 electric distribution utilities in the Peer Group are in geographically close proximity to Kingsport Power, so therefore, the utilities in the Peer Group would face the same vegetation management constraints that Kingsport faces.[7]

Q. SINCE MR. NOVAK REASONS THAT THE PEER GROUP WOULD FACE THE SAME VEGETATION MANAGEMENT CONSTRAINTS THAT KINGSPORT

[6] William H. Novak's responses to the Company's Discovery Request 1-1.
[7] William H. Novak's responses to the Company's Discovery Request 1-1.

FACES, WHAT INSIGHT DOES MR. NOVAK PROVIDE REGARDING THE PEER GROUP UTILITIES' VEGETATION MANAGEMENT SPENDING?

A. Mr. Novak provides no insight to the peer group utilities' vegetation management spending and did not consider vegetation management spending while assembling the peer group. "Neither the Consumer Advocate nor Mr. Novak has any data that quantifies the level of vegetation management spending by each member of the Peer Group, and no such data has been cited in Mr. Novak's testimony in this Docket.[8]

Q. CAN ELECTRIC DISTRIBUTION UTILITIES BE DEEMED "SIMILARLY SITUATED" SOLELY BECAUSE OF THEIR GEOGRAPHICAL LOCATION?

A. No. It is not adequate to compare other electric distribution utilities to Kingsport, solely because they are located in Tennessee. There are several significant variables such as vegetation management spending, safety stats, number of employees, line miles, number of customers, and underground wires, that Mr. Novak neglected to consider when he composed the Peer Group. Additionally, the service territories of other distribution utilities may have different terrain and may also experience different weather events. These variables all play an important role in how electric distribution utilities are situated.

Q. SHOULD KINGSPORT'S RELIABILITY PERFORMANCE BE COMPARED TO THE RELIABILITY PERFORMANCE OF OTHER UTILITIES?

A. No. Kingsport's reliability performance should be based off the history of its own reliability metrics and not be compared to the reliability performance of other utilities. "Reliability statistics are the quantitative basis for good decision making and come in

[8] William H. Novak's responses to the Company's Discovery Request 1-2.

many forms. Overall, reliability statistics are excellent for self-evaluation. That's not to say utility-to-utility comparisons cannot be made, but differences specific to each electrical network, such as weather conditions, number of customers served, customer willingness to pay for reliability, and equipment used, limit the value of such comparisons. Some regulators take the perspective that standardized metrics are paramount for cross-utility comparison. While such comparisons have benchmarking value, the metrics are most useful when examined from period-to-period (week, month, or year) for a single electric system."[9]

The Company's reliability performance is more meaningful when it is compared to its own historical reliability metrics. However, if a comparison to other utilities must be made, then it is important to note that Mr. Novak himself states that the Company's SAIFI average is below the average of the peer group that he created. He also states that that the Company's SAIFI score is significantly better than the peer group average. [10] Mr. Novak's own admission that the Company's SAIFI score is significantly better than the peer group average is indicative of the TRP's effectiveness.

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes.

[9] 2018 Distribution System Reliability and Operations Report (publicpower.org)
[10] Direct testimony of William H. Novak, Page 10: 6-10.