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July 29, 2024

KPOW-15921

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

Electronically Filed In TPUC Docket
Room on July 29, 2024 at 2:23 p.m.

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 the following:

Motion for Leave to Allow Malinda L. Dielman to Present the Direct Testimony of Witness J. David Spring on Behalf of Kingsport Power Company d/b/a AEP Appalachian Power

The original and six (6) copies are being sent via Federal Express. The attachments are being provided on the IManage System in both PDF and Excel format for those requesting and granted access for this matter.

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*
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IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

IN RE:)	
)	
PETITION OF KINGSPORT POWER)	
COMPANY d/b/a AEP APPALACHIAN)	
POWER FOR JANUARY, 2023 -)	
DECEMBER, 2023 ANNUAL RECOVERY)	DOCKET NO. 24-00010
UNDER THE TARGETED RELIABILITY)	
PLAN AND MAJOR STORM RIDER)	
("TRP&MS"), ALTERNATIVE RATE)	
MECHANISMS APPROVED IN DOCKET)	
NO. 17-00032)	

**MOTION FOR LEAVE TO ALLOW MALINDA L. DIELMAN TO PRESENT THE
DIRECT TESTIMONY OF WITNESS J. DAVID SPRING ON BEHALF OF
KINGSPORT POWER COMPANY d/b/a AEP APPALACHIAN POWER**

Comes Petitioner, Kingsport Power Company d/b/a AEP Appalachian Power ("KgPCo"), and respectfully requests that Malinda L. Dielman, a Regulatory Accounting Case Manager for American Electric Power Service Corporation, a sister company to KgPCo, be permitted to adopt and summarize the pre-filed direct testimony of J. David Spring. Mr. Spring passed away since the filing of the Petition and his pre-filed testimony, and is, therefore, unable to summarize his testimony at the hearing in person or by telephone.

Ms. Dielman is thoroughly familiar with Mr. Spring's testimony and the subject matter discussed therein. Ms. Dielman requests to present Mr. Spring's pre-filed testimony via electronic participation at the hearing on August 12, 2024.

This issue was discussed with Hearing Officer Monica Smith-Ashford during the Pre-Hearing Conference on July 29, 2024; and the Consumer Advocate and East Tennessee Energy Consumers did not object to the relief requested herein.

Attached as EXHIBIT 1 supporting this Motion is the direct testimony of Mr. Spring which Ms. Dielman will sponsor and present, and which was initially filed with KgPCo's Petition in the above-captioned matter.

PREMISES CONSIDERED, Kingsport Power Company d/b/a AEP Appalachian Power requests the Commission allow Ms. Dielman to summarize the direct testimony of Mr. Spring at the hearing on this Docket on August, 2024. FOR GOOD CAUSE SHOWN.

Respectfully submitted this 29th day of July, 2024.

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

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing ***MOTION FOR LEAVE TO ALLOW MALINDA L. DIELMAN TO PRESENT THE DIRECT TESTIMONY OF WITNESS J. DAVID SPRING ON BEHALF OF KINGSPORT POWER COMPANY d/b/a AEP APPALACHIAN POWER*** has been served by mailing a copy of same by United States mail, postage prepaid, and Email, to below on this the 29th day of July, 2024, as follows:

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Joseph B. Harvey

**DIRECT TESTIMONY OF
J. DAVID SPRING
ON BEHALF OF KINGSPORT POWER COMPANY
D/B/A AEP APPALACHIAN POWER
BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
DOCKET NO. 24-_____**

1 **Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.**

2 **A.** My name is J. David Spring, and I am a Regulatory Accounting Case Manager for
3 American Electric Power Service Corporation ("AEPSC"), a subsidiary of
4 American Electric Power Company, Inc. ("AEP"). My business address is 212 E.
5 6th Street, Tulsa, Oklahoma 74119-1295.

6 **Q. PLEASE PROVIDE A REVIEW OF YOUR EDUCATIONAL**
7 **BACKGROUND.**

8 **A.** I graduated magna cum laude from Langston University with a Bachelor in
9 Business Administration in Accounting.

10 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE.**

11 **A.** In 1994, I accepted a position with Transok, Inc., a subsidiary of Central and
12 Southwest Corporation ("CSW") as a Tax Accountant. My job duties in this
13 capacity were to file all federal income tax returns and approximately thirty state
14 income and franchise tax returns. In 2000, CSW merged with AEP. Since that
15 time, I have held various regulatory tax-related positions, until June of 2018. In
16 June 2018, I transferred to the Regulatory Accounting Services department to my
17 current position as Regulatory Accounting Case Manager.

1 **Q. WHAT ARE YOUR RESPONSIBILITIES AS REGULATORY**
2 **ACCOUNTING CASE MANAGER?**

3 A. My responsibilities include providing the AEP electric operating subsidiaries,
4 such as KgPCo, with accounting support for regulatory filings including the
5 preparation of cost of service adjustments, accounting schedules and testimony.
6 In addition, I monitor regulatory proceedings and legislation impacting AEP
7 subsidiaries for accounting implications and assist in determining the appropriate
8 regulatory accounting treatment.

9 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY AS A WITNESS**
10 **BEFORE ANY REGULATORY COMMISSION?**

11 A. Yes, I have filed testimony before the Public Utility Commission of Texas on
12 behalf of SWEPCO in Docket Nos. 39205, 46449, 52389, 54039, 54040, 55629
13 and 55438 and on behalf of AEP Texas in Docket Nos. 50733, 51984, 53451,
14 55187 54824, and 55820. I have also filed testimony before the Arkansas Public
15 Service Commission on behalf of SWEPCO in Docket No. 09-008-U and before
16 the Louisiana Public Commission in Docket Nos. U-36169 and U-36174.

17 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
18 **PROCEEDING?**

19 A. The purpose of my testimony is to:
20

- Support the Targeted Reliability Plan and Major Storm (TRP&MS) costs

21 incurred during the 12-month period from January 2023 through
22 December 2023 ("Review Period") as well as the cumulative under-
23 recovery balance as of December 31, 2023.

- 1 • Identify the revenues recorded from the TRP&MS Rider during the
- 2 Review Period.
- 3 • Provide an attestation that the Rider revenues, costs, and expenses
- 4 included in this Petition are complete and accurate and reflect actual
- 5 amounts on the Company's books and records.
- 6 • Provide supporting information for TRP&MS costs incurred during the
- 7 Review Period as agreed in the Stipulation and Settlement Agreement
- 8 ("Settlement Agreement") approved by the Commission in Docket No. 18-
- 9 00125.
- 10 • Provide a comparison of actual life-to-date TRP costs (both capital
- 11 expenditures and O&M expenses) to the original 10-year annual
- 12 projections of such costs provided in Docket No. 17-00032 as
- 13 recommended by the Consumer Advocate and approved by the
- 14 Commission in Docket No. 20-00127.
- 15 • Provide supporting information for the Repair Allowance percentage
- 16 calculation during the Review Period per the Commission's decision in
- 17 Docket No. 21-00142.
- 18 • Provide supporting workpapers for the monthly calculations of under-
- 19 recovery or over-recovery of TRP&MS Rider costs that are recorded in
- 20 the Company's general ledger as directed by the Commission in its Order
- 21 in Docket No. 23-00019.

22 **Q. WHAT EXHIBITS ARE YOU SPONSORING?**

23 **A. I am sponsoring the following exhibits:**

- 1 • KgPCo Exhibit No. 1 (JDS) is a summary of the monthly over or under-
- 2 recovery of TRP&MS costs for the Review Period.
- 3 • KgPCo Exhibit No. 2 (JDS) is a schedule of revenues recorded from the
- 4 TRP&MS Rider during the Review Period.
- 5 • KgPCo Exhibit No. 3 (JDS) is an attestation regarding the requested
- 6 TRP&MS revenues, costs, and expenses.
- 7 • KgPCo Exhibit No. 4 (JDS) is a summary by category of TRP&MS O&M
- 8 expenses incurred during the Review Period and a supporting list of
- 9 invoices paid related to such expenses.
- 10 • KgPCo Exhibit No. 5 (JDS) is voluminous general ledger detail of all
- 11 TRP&MS O&M expenses incurred during the Review Period, which is
- 12 being supplied electronically.
- 13 • KgPCo Exhibit No. 6 (JDS) is a chart listing the 10-year annual projected
- 14 TRP costs compared with the actual life-to-date TRP costs.
- 15 • KgPCo Exhibit No. 7 (JDS) is the source data supporting the Repair
- 16 Allowance percentage calculation.
- 17 • KgPCo Exhibit No. 8 (JDS) is a list of TRP&MS project descriptions.

18 **Q. WHAT IS THE ACTUAL OVER OR UNDER-RECOVERY BALANCE OF**
19 **TRP&MS COSTS THAT THE COMPANY IS REQUESTING TO**
20 **INCLUDE IN THE UPDATED TRP&MS RIDER?**

21 A. The Company is requesting to recover \$5,917,276 of deferred actual TRP&MS
22 under-recovered costs recorded on KgPCo's books in Account 1823426,
23 TRP&MS Under Recovery, as of December 31, 2023. The net under-recovery of

1 \$5,917,276 is comprised of \$25,136,132 for TRP costs and \$5,720,159 for major
2 storm expenses offset by cumulative TRP&MS Rider revenues of \$24,939,016
3 recorded through December 2023.

4 **Q. ARE YOU SPONSORING AN EXHIBIT THAT SUMMARIZES THE**
5 **COST COMPONENTS AND RECOVERY OF THE TRP&MS COSTS**
6 **THROUGH DECEMBER 31, 2023?**

7 A. Yes. KgPCo Exhibit No. 1 (JDS) summarizes the monthly TRP&MS costs
8 incurred for the period January 2023 through December 2023, the monthly
9 TRP&MS Rider revenues recorded and the resulting under-recovery at the end of
10 each month. The beginning amounts as of December 31, 2022, shown in this
11 exhibit are the same as the respective ending amounts provided in KgPCo Exhibit
12 No. 1 (MLD) in Docket No. 23-00019. Note that this exhibit shows a beginning
13 under-recovery balance in column (p) on December 31, 2022, of \$3,674,241 that
14 included adjusting entries made in early 2023 to correct the Repairs Allowance
15 calculation and to adjust for the TRP&MS surcharge to Street Lighting customers
16 consistent with the Commission's decision in Docket No. 21-00142. In Docket
17 No. 23-00019, the Commission approved an additional reduction in the TRP&MS
18 under-recovery of \$134,538 related to Street Lighting customers resulting in a
19 revenue requirement of \$3,539,703 approved through the TRP&MS Rider
20 effective June 20, 2023. The \$134,538 reduction in TRP&MS costs recovery is
21 reflected on Exhibit No. 1 in the under-recovery balance of \$5,917,276 as of
22 December 31, 2023.

1 **Q. PLEASE DESCRIBE THE INFORMATION CONTAINED IN KGPCO**
2 **EXHIBIT NO. 1 (JDS).**

3 A. Columns (a) through (k) of KgPCo Exhibit No. 1 (JDS) provide monthly costs
4 incurred and the resulting under-recovery related to the TRP and columns (l)
5 through (n) provide monthly expenses incurred and the resulting under-recovery
6 related to major storms. Column (p) provides the month-end net TRP&MS
7 under-recovery balances recorded on the Company's books in Account 1823426
8 and are the sum of the amounts shown in column (k) for the TRP and column (n)
9 for major storms reduced by the cumulative Rider revenues in column (o).

10 For the TRP, column (a) provides the monthly O&M expenses charged to
11 the TRP projects. Column (b) provides the cumulative capital additions charged
12 to the TRP projects for capital investments incurred after July 2022 consistent
13 with KgPCo's base case order in Docket No. 21-00107. Column (c) provides the
14 accumulation of monthly depreciation expense amounts, which during the Review
15 Period are shown in column (h). The depreciation rates used to calculate
16 depreciation on the TRP projects are those rates approved by the Commission in
17 Docket No. 21-00107. The accumulated deferred income taxes ("ADIT") shown
18 in column (d) reflect the difference between book depreciation and accelerated tax
19 depreciation. The ADIT calculations include the Repairs Deduction as applicable.
20 The net TRP capital additions shown in column (e) are computed by subtracting
21 columns (c) & (d) from column (b) and are applied to the monthly carrying charge
22 rate in column (f) to calculate the pre-tax return on capital shown in column (g).
23 The sum of columns (a), (g), and (h) equal the total TRP costs shown in column

1 (i). No TRP costs are included in base rates, as shown in column (j). The
2 cumulative under-recovery of TRP costs is shown in column (k) before
3 consideration of TRP&MS Rider revenues shown in column (o).

4 For major storms, the monthly O&M expenses charged (or credited) to a
5 KgPCo major storm project(s) during the Review Period are shown in column (l)
6 and these O&M expenses are the only major storm costs included in the
7 TRP&MS over/under-recovery. No major storm expenses are included in base
8 rates, as reflected in column (m). The cumulative under-recovery of major storm
9 expenses is shown in column (n) before consideration of TRP&MS Rider
10 revenues shown in column (o).

11 **Q. DO YOU HAVE A SCHEDULE SUMMARIZING THE TRP&MS RIDER**
12 **REVENUES RECORDED THROUGH DECEMBER 31, 2023?**

13 A. Yes. KgPCo Exhibit No. 2 (JDS) is a schedule of TRP&MS Rider revenues
14 recorded monthly on the Company's books on a billed and accrued basis. This
15 schedule provides the monthly billed Rider revenues along with the set-up of the
16 current month and reversal of the prior month unbilled revenues and any
17 estimated revenues. Estimated revenues are recorded whenever the actual month-
18 end billing information for certain large commercial and industrial customers is
19 not available until the following month.

20 **Q. IS THE COMPANY PROVIDING AN ATTESTATION REGARDING THE**
21 **TRP&MS COSTS AND EXPENSES INCLUDED IN THIS PETITION NET**
22 **OF RIDER REVENUES?**

1 A. Yes. KgPCo Exhibit No. 3 (JDS) provides an attestation as required in the
2 TPUC's *Order Granting Petition* in Docket No. 17-00032. This attestation states
3 that Rider revenues, costs and expenses included in the Company's Petition in the
4 current docket are complete and accurate and reflect actual amounts recorded on
5 KgPCo's books and records during the 12-month period ended December 31,
6 2023.

7 **Q. ARE YOU SUPPORTING ADDITIONAL INFORMATION AS AGREED**
8 **TO IN A PREVIOUS TRP&MS PROCEEDING?**

9 A. Yes. KgPCo Exhibit Nos. 4 (JDS) and 5 (JDS) provide the same type of
10 information as set forth in Attachment 1 to the Settlement Agreement in Docket
11 No. 18-00125, along with support for invoices paid and details of other incurred
12 TRP&MS costs. KgPCo Exhibit No. 4 (JDS) is a summary that lists the
13 TRP&MS O&M expenses incurred during the Review Period by various types of
14 transactions such as accounts payable accruals, intercompany billings, and non-
15 labor compatible unit (CU) allocations. Compatible units are work management
16 control processes to administer projects and accumulate associated costs. KgPCo
17 Exhibit No. 4 (JDS) also provides a supporting list of third-party invoices paid
18 during the Review Period including vendor names related to such TRP&MS
19 O&M expenses.

20 KgPCo Exhibit No. 5 (JDS) provides over 2,500 lines of general ledger
21 transaction details of all TRP&MS O&M expenses totaling \$6,846,198 incurred
22 during the Review Period for both invoiced and non-invoiced costs. The

1 Company is electronically supplying the voluminous information reflected in this
2 exhibit.

3 **Q. DID THE COMMISSION APPROVE A SCHEDULE IN DOCKET NO. 20-**
4 **00127 TO BE PROVIDED IN EACH TRP&MS RIDER FILING GOING-**
5 **FORWARD?**

6 A. Yes. The Commission found that “the Company should include with its annual
7 Targeted Reliability Plan filing a chart listing the 10-year projected costs
8 compared with the actual Targeted Reliability Plan costs for the same period”.
9 The Consumer Advocate had recommended in its testimony in Docket No. 20-
10 00127 that the Company provide an annual comparison of actual life-to-date TRP
11 costs (both capital expenditures and O&M expenses) to the original 10-year
12 projections of such costs as provided by the Company in Docket No. 17-00032.

13 **Q. ARE YOU SPONSORING AN EXHIBIT THAT COMPLIES WITH THE**
14 **COMMISSION’S DIRECTIVE TO PROVIDE AN ANNUAL**
15 **COMPARISON OF ACTUAL VERSUS PROJECTED TRP COSTS?**

16 A. Yes, KgPCo Exhibit No. 6 (JDS) provides a chart listing the 10-year annual
17 projected TRP costs compared with the actual life-to-date TRP costs on an annual
18 basis in the format recommended by the Consumer Advocate.

19 **Q. PLEASE DESCRIBE KGPCO EXHIBIT NO. 6 (JDS).**

20 A. KgPCo Exhibit No. 6 (JDS) compares the actual TRP capital expenditures
21 incurred for the four successive 12-month review periods ended September 30,
22 2018, through 2021, the 15-month period ending December 31, 2022, and the 12-
23 month review period ending December 31, 2023, to the respective projected TRP

1 capital expenditures for the first six years of the planned 10-year Targeted
2 Reliability Plan.

3 Similarly, KgPCo Exhibit No. 6 (JDS) compares the actual TRP O&M
4 expenses incurred for the four 12-month review periods ended September 30,
5 2018, through 2021, the 15-month review period ended December 31, 2022, and
6 the 12-month review period ended December 31, 2023, to the respective projected
7 TRP O&M expenses for the first six years of the planned 10-year TRP. The
8 projected amounts shown on Exhibit 6 were taken from Figure 7 of the Direct
9 Testimony of Company witness Wright in Docket No. 17-00032.

10 **Q. DID THE COMMISSION DIRECT THE COMPANY TO PROVIDE**
11 **ADDITIONAL TAX SUPPORT IN EACH TRP&MS RIDER FILING**
12 **GOING-FORWARD IN DOCKET NO. 21-00142?**

13 A. Yes. In Docket No. 21-00142, the Commission directed the Company to include
14 with its annual Targeted Reliability Plan filing the Repair Allowance calculation
15 with supporting documentation.

16 **Q. ARE YOU SPONSORING AN EXHIBIT THAT COMPLIES WITH THE**
17 **COMMISSION'S DIRECTIVE TO PROVIDE SOURCE DATA FOR THE**
18 **REPAIR ALLOWANCE PERCENTAGE CALCULATIONS?**

19 A. Yes, KgPCo Exhibit No. 7 (JDS) provides support for the Repair Allowance
20 percentage calculations using the following ratio: Repairs Deduction divided by
21 Additions. The source of the Repairs Deduction is a report from KgPCo's tax
22 subledger system which outlines Schedule M line item 532C Repairs Deduction.
23 The source of the Additions is a report that outlines additions in General Ledger

1 accounts 1010001 and 1060001, excluding tangible plant, land, land rights, and
2 Asset Retirement Obligations. The Repair Allowance percentages will be based
3 on forecasted data until such time that the Company's final tax return is filed for
4 each respective year.

5 **Q. PLEASE DESCRIBE YOUR REMAINING EXHIBIT.**

6 A. KgPCo Exhibit No. 8 (JDS) provides a brief description of each of the projects
7 included in KgPCo Exhibit Nos. 4 (JDS) and 5 (JDS) along with the project
8 category and type. The projects listed in Exhibit No. 8 (JDS) are the total
9 population of TRP&MS projects being tracked by the Company as of December
10 31, 2023, but some of these projects may not have incurred any costs to date.

11 **Q. DID THE COMPANY EXPERIENCE ANY NEW MAJOR STORMS**
12 **DURING THE REVIEW PERIOD?**

13 A. Yes. During the January 2023 through December 2023 period, there were four
14 new major storms that affected KgPCo's customers as described by Company
15 witness Baker. The first major storm during this Review Period was a windstorm
16 on January 3, 2023, which primarily affected the transmission system, resulting in
17 \$17,716 of major storm distribution O&M expenses incurred. A major storm on
18 March 3, 2023, resulted in \$140,546 of major storm O&M expenses incurred. A
19 windstorm on April 1, 2023, resulted in \$407,593 of major storm O&M expenses.
20 The final major storm during the Review Period was a thunderstorm that occurred
21 on July 29, 2023, resulting in \$1,735,135 of O&M expenses.

22 **Q. WHAT RATE DID THE COMPANY USE TO CALCULATE THE**
23 **RETURN ON TRP CAPITAL INVESTMENTS IN THIS PETITION?**

1 A. KgPCo used the annual pre-tax carrying charge rate of 7.642% to calculate the
2 return on net capital investments that the Company used in the previous TRP&MS
3 docket beginning with costs incurred for August 2022. This 7.642% carrying
4 charge rate is the same as the 7.642% annual rate approved by the Commission in
5 KgPCo's base rate case in Docket No. 21-00107.

6 **Q. WERE ANY NEW FILING REQUIREMENTS APPROVED IN THE**
7 **ORDER IN KGPCO'S LATEST TRP&MS RIDER FILING, DOCKET NO.**
8 **23-00019?**

9 A. Yes. In its Order in Docket No. 23-00019, the Commission directed that KgPCo
10 provide in future filings supporting workpapers for the monthly calculations of
11 under-recovery or over-recovery of TRP&MS Rider costs that are recorded in the
12 Company's general ledger. KgPCo is providing such supporting workpapers,
13 which are similar to those provided in discovery in past TRP&MS dockets,
14 contemporaneously with this filing.

15 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

16 A. Yes, it does.