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March 28, 2025

VIA EMAIL (tpuc.docketroom@tn.gov) & FEDEX

David F. Jones, 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 March 28, 2025 at 1:17 p.m.

Re: IN RE: PETITION OF KINGSFORT POWER
COMPANY d/b/a AEP APPALACHIAN POWER
FOR JANUARY, 2024 – DECEMBER 2024 ANNUAL
RECOVERY UNDER THE TARGETED RELIABILITY
PLAN AND MAJOR STORM RIDER (“TRP&MS”),
ALTERNATIVE RATE MECHANISMS APPROVED IN
DOCKET NO. 17-00032
DOCKET NO.: 25- 00022

Dear Chairman Jones:

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

Petition Of Kingsport Power Company d/b/a AEP Appalachian Power

The original and four (4) copies are being sent via Federal Express. The attachments are being provided on the enclosed CD and on the IManage System in both PDF and Excel format for those requesting and granted access for this matter.

Also enclosed is a check in the amount of \$25.00 for filing.

Very sincerely yours,

HUNTER, SMITH & DAVIS, LLP


Joseph B. Harvey

Enclosure

cc:	Kelly Grams, General Counsel (w/enc.)	<i>Via U.S. Mail and Email: Kelly.Grams@tn.gov</i>
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BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

IN RE: PETITION OF KINGSPORT POWER)	
COMPANY d/b/a AEP APPALACHIAN POWER)	
FOR JANUARY, 2024 - DECEMBER, 2024 ANNUAL)	
RECOVERY UNDER THE TARGETED RELIABILITY)	
PLAN AND MAJOR STORM RIDER ("TRP&MS"),)	DOCKET NO.: 25- <u>00022</u>
ALTERNATIVE RATE MECHANISMS APPROVED)	
IN DOCKET NO. 17-00032)	

**PETITION OF KINGSPORT POWER COMPANY d/b/a AEP APPALACHIAN POWER
FOR JANUARY 2024 – DECEMBER 2024 ANNUAL RECOVERY UNDER THE
TARGETED RELIABILITY PLAN AND MAJOR STORM RIDER ("TRP&MS"),
ALTERNATIVE RATE MECHANISMS APPROVED IN DOCKET NO. 17-00032**

Petitioner Kingsport Power Company, d/b/a AEP Appalachian Power ("KgPCo" or "Company") respectfully requests the Tennessee Public Utility Commission ("TPUC" or "Commission") grant KgPCo recovery of \$13,006,130 of deferred actual Targeted Reliability Plan ("TRP") costs and Major Storm ("MS") expenses that are not offset by cumulative TRP&MS Rider revenues. The TRP&MS Rider, approved by TPUC in Docket No. 17-00032, authorizes KgPCo to Petition to recover these incremental costs and expenses. Per the Commission's Order in Docket No. 21-00107, KgPCo does not recover TRP costs or MS expenses through base rates. Reference is hereby made to Order Granting the Petition in Docket No. 17-00032, and subsequent orders in Docket Nos. 18-00125, 19-00106, 20-00127, 21-00107, 21-00142, 23-00019, and 24-00010.

1. It is requested that any notices or other communications with respect to this Petition be sent to the following individuals on behalf of KgPCo:

A. William K. Castle, Director, Regulatory Services VA/TN
American Electric Power Service Corporation
Three James Center

Suite 1100 1051 E. Cary Street
Richmond, VA 23219-4029
Ph: (804) 698-5540
Email: wkcastle@aep.com

- B. Elisabeth M. Bruce, Esq., Associate General Counsel
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DESCRIPTION OF THE COMPANY AND JURISDICTION

2. KgPCo is a public utility with its principal office located in Kingsport, Tennessee, and is engaged in the business of distributing electric power to approximately 49,500 retail customers in its service area which includes the City of Kingsport, Tennessee, the Town of Mt. Carmel, Tennessee, and portions of Sullivan County, Washington County and Hawkins County, Tennessee. KgPCo's service area consists of 297 square miles and its distribution system includes approximately 1,600 circuit miles of line. KgPCo's service area abuts in several areas the state line between Tennessee and Virginia. As a public utility operating in the electricity distribution business in Tennessee, KgPCo is subject to the regulation and supervision of TPUC.

3. Kingsport purchases all of its electric power requirements from Appalachian Power Company ("APCo"), whose wholesale rates and charges are subject to the jurisdiction of the Federal Energy Regulatory Commission.

ACTION OF TPUC IN DOCKET NO. 17-00032

4. In Docket No. 17-00032, TPUC, citing TENN. CODE ANN. § 65-5-103(d), TPUC found that the proposed "...ten-year TRP consisting of a Vegetation Management and Systems Improvement should improve service and the reliability of KgPCo's infrastructure at reasonable costs to consumers." (Order, Docket No. 17-00032, p. 10). In addition, TPUC "...further found the MS recovery mechanism to be a reasonable approach to account for and recover future costs related to storm damages." (*Id.*). In its most recent Order in Docket No. 24-00010, TPUC "concluded that the [TRP & MS Rider] mechanism continues to improve reliability to customers while allowing Kingsport Power Company to recover legitimate costs associated with its Targeted Reliability Plan and Major Storm events without having to file expensive rate cases" and "[a]s it benefits both consumers and the Company, the panel concluded that the Rider remains in the public interest." (Order, Docket No. 24-00010, p.9.)

5. Pursuant to the Order in Docket No. 17-00032, KgPCo has previously filed Petitions for Annual Recovery Under the Targeted Reliability Plan and Major Storm Rider ("TRP&MS"), Alternative Rate Mechanisms, in Docket No. 18-00125, Docket No. 19-00106, Docket No. 20-00127, Docket No. 21-00142, Docket No. 23-00019, and Docket No. 24-00010, with all portions of the filings in those Dockets being incorporated herein by reference, and, particularly, the STIPULATION AND SETTLEMENT and ORDER APPROVING THE STIPULATION AND SETTLEMENT AGREEMENT in Docket No. 18-00125, the ORDERS APPROVING THE PETITIONS in Docket No. 19-00106, Docket No. 20-00127, Docket No. 21-00142, and Docket No. 23-00019, and the ORDER GRANTING PETITION AS AMENDED in Docket 24-00010. Pursuant to the STIPULATION AND SETTLEMENT AGREEMENT and ORDER APPROVING same in Docket No. 18-00125, and the orders of the TPUC in the other

referenced dockets, KgPCo is obligated in TRP&MS Rider proceedings to provide information and metrics, and make adjustments, as discussed in the testimony.

6. In addition, said STIPULATION AND SETTLEMENT AGREEMENT and ORDER in Docket No. 18-00125 reflect that, going forward, KgPCo will utilize IEEE Standard 1366-2012, or any successor thereto, to determine which weather events, if any, qualify as Major Storms for purposes of recovering eligible costs under Rider TRP&MS.¹

7. Effective August 8, 2022 with the Commission's Order in Docket No. 21-00107, all TRP&MS O&M costs are now recovered through the TRP&MS Rider with no base rate recovery offset. In other words, during the Review period, no TRP costs and MS expenses were recovered through base rates.

8. January 1, 2024 – December 31, 2024 is the review period for this matter ("Review Period"). This Review Period reflects KgPCo's transition to a calendar-year Review Period, as approved in ORDER GRANTING PETITION AS AMENDED in Docket No. 23-00019.

9. In this Petition, KgPCo is requesting to recover \$13,006,130 of deferred actual TRP&MS under-recovered costs as of December 31, 2024, recorded on KgPCo's books in Account 1823426, TRP&MS Under Recovery. The net under-recovery of \$13,006,130 is comprised of \$31,888,986 for TRP costs and \$10,758,895 for major storm expenses offset by cumulative TRP&MS Rider revenues of \$29,641,751 recorded through December 2024. If this Petition is approved as filed, a residential customer will see an increase of approximately \$1.55 in the service charge component on their monthly bill. The net under-recovery sought in this matter is higher than previous years in large part due to damage caused by Hurricane Helene in

¹ Stipulation and Settlement Agreement, pp. 4, 5; Order, page 9.

September 2024. KgPCo proposes to recover the system restoration costs associated with Hurricane Helene over a two-year period to mitigate the impact to customers.

10. KgPCo submits in support of this Petition the following:

A. DIRECT TESTIMONY OF JASON E. BAKER, including the following exhibits:

- KgPCo Exhibit (JEB): Kingsport Power Reliability Profile (1/1/2024-12/31/2024).

B. DIRECT TESTIMONY OF MALINDA L. DIELMAN, including the following exhibits:

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

C. DIRECT TESTIMONY OF JOHN A. STEVENS, including the following exhibits:

- KgPCo Exhibit No. 1 (JAS) – TRP & MS Rider Revenue Allocation and Rate Calculations;
- KgPCo Exhibit No. 2 (JAS) – TRP & MS Rider tariff sheets (clean and redline); and
- KgPCo Exhibit No. 3 (JAS) – Typical Bill Comparison.

10. KgPCo will cause to be published in the Kingsport Times News, the newspaper of general circulation in KgPCo's service area, a NOTICE TO PUBLIC relative to this proceeding.

RELIEF REQUESTED

11. This Petition is filed pursuant to the Rules and Regulations of TPUC, Sections 1220-04-01-.02, 1220-04-01-.03, and 1220-04-01-.05 and TENN. CODE ANN. § 65-5-103. KgPCo respectfully requests TPUC grant KgPCo recovery for incremental Targeted Reliability Plan costs and Major Storm expenses as of December 31, 2024 in the amount of \$13,006,130, consisting of \$31,888,986 of cumulative TRP costs and \$10,758,895 for Major Storm O&M expenses offset by cumulative TRP&MS Rider revenues of \$29,641,751.

WHEREFORE, KgPCo respectfully prays that TPUC issue an Order (1) permitting the recovery sought in this proceeding of the \$13,006,130 revenue requirement, same being the actual amount of unrecovered costs through December 31, 2024, under the formula approved by TPUC in Docket No. 17-00032; and (2) approval of applicable rates contained in KgPCo's TRP&MS Rider.

Respectfully submitted this the 28th day of March, 2025.

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

By: 

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*Attorneys for Kingsport Power Company
d/b/a AEP Appalachian Power*

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing *Petition Of Kingsport Power Company D/B/A AEP Appalachian Power ("KgPCo") or ("Company") for January, 2024 – December, 2024 Annual Recovery Under The Targeted Reliability Plan And Major Storm Rider ("TRP&MS")*, *Alternative Rate Mechanisms Approved In Docket No. 17-00032* has been served by mailing a copy of same by United States mail, postage prepaid, and Email, to below on this the 28th day of March, 2025, as follows:

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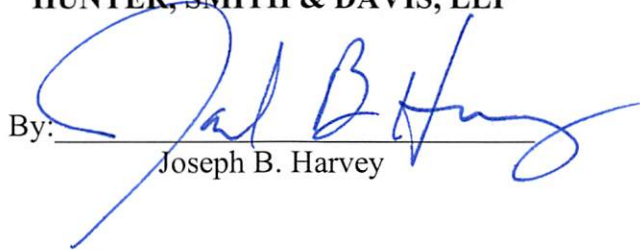
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HUNTER, SMITH & DAVIS, LLP

By: _____

Joseph B. Harvey

A handwritten signature in blue ink, appearing to read "Joe B. Harvey", is written over a horizontal line. The signature is fluid and cursive.

**DIRECT 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. 25-_____**

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

2 A. My name is Jason E. Baker, and my business address is 200 Association Drive,
3 Charleston, West Virginia, 25311. I am the Vice President of Distribution Operations for
4 Appalachian Power Company ("APCo"). The distribution functions at Kingsport Power
5 Company, d/b/a AEP Appalachian Power Company ("Kingsport," "KgPCo" or "the
6 Company"), are managed by APCo personnel. Both APCo and KgPCo are subsidiaries
7 of American Electric Power Company, Inc. ("AEP").

8 **Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
9 **PROFESSIONAL EXPERIENCE.**

10 A. I earned a Bachelor of Science Degree in Business Administration from Purdue
11 University Global in 2019. In addition, I obtained a Project Management Professional
12 (PMP) certification in 2016. I have more than 15 years of electric utility experience,
13 primarily focused on project management, generation, and distribution operations.
14 From 1998 to 2007, I served in various positions in the Columbus, Ohio area, such as a
15 Geology Intern, Boring Inspector/Drilling Coordinator and Project Manager. In 2007, I
16 joined AEP in Columbus, Ohio, where I served as a Site Construction Manager for six
17 years. From 2013 to 2018, I held generation and distribution project management
18 positions of increasing responsibility in locations that included Columbus, Ohio, and Ft.
19 Wayne, Indiana. In 2018, I was promoted to Project Management Office Manager for

1 I&M Distribution, and in 2021, I was promoted to Director of Operations for I&M
2 Distribution. In November 2022, I was named to my current position.

3 **Q. WHAT ARE YOUR RESPONSIBILITIES FOR KINGSPORT?**

4 A. In my current position, I am responsible for overseeing the planning, construction,
5 operation, and maintenance of KgPCo's distribution system. My duties include the safe
6 and reliable delivery of service to our customers, the extension of service to new
7 customers, and the restoration of service when outages occur. My responsibilities also
8 include overseeing KgPCo's major reliability programs, which include its Targeted
9 Reliability Plan ("TRP").

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

11 A. The purpose of my testimony in this proceeding is to sponsor the data contained in
12 KgPCo's Reliability Profile, which provides the reliability information and metrics that
13 the Tennessee Public Utility Commission's ("TPUC" or "Commission") Order in Docket
14 No. 17-00032 directed KgPCo to submit in subsequent Targeted Reliability Plan & Major
15 Storm ("TRP & MS") filings. The information covers the twelve-month calendar year
16 from January 1, 2024, through December 31, 2024 ("2024 Reliability Profile Period"). I
17 also provide an update on the Company's TRP, including the status of both its Vegetation
18 Management Program ("VMP") and System Improvement Program ("SIP") components.
19 In addition, I describe the one major storm that KgPCo experienced during the 2024
20 Reliability Profile Period, which were determined consistent with the definition of major

1 storms¹ used since the establishment of its Targeted Reliability Plan and Major Storm
2 Alternative Rate Mechanism.

3 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

4 A. Yes, I am sponsoring the following exhibit:

- 5 • KgPCo Exhibit (JEB): Kingsport Power Reliability Profile (1/1/2024-12/31/2024).

6 **Q. PLEASE DESCRIBE KGPCO EXHIBIT (JEB).**

7 A. KgPCo Exhibit (JEB) provides the reliability information and metrics directed by the
8 Commission's Order in Docket No. 17-00032¹ for the 2024 Reliability Profile Period.

9 **Q. PLEASE DESCRIBE THE COMPANY'S DISTRIBUTION SYSTEM.**

10 A. The Company serves approximately 49,000 customers in the city of Kingsport,
11 Tennessee, and eight neighboring communities in northeastern Tennessee. Kingsport's
12 service area spans approximately 297 square miles. The Company's distribution system
13 is approximately 1,600 miles (primary and secondary) long and consists of approximately
14 1,300 overhead miles and 281 underground miles of conductors.

15 **Q. PLEASE IDENTIFY THE PROGRAMS APPROVED BY THE COMMISSION IN**
16 **DOCKET NO. 17-00032, ON WHICH YOU ARE REPORTING IN THIS CASE.**

17 A. The VMP was designed to transition the Company to a four-year, ongoing vegetation
18 management cycle, which required an accelerated focus on rights-of-way ("ROW")
19 clearing, followed by a vegetation management program that would address each circuit

¹ Per the TPUC Order approving the Stipulation and Settlement Agreement in Docket No. 18-00125, KgPCo uses the IEEE Standard 1366-2012 to determine if a weather event qualifies as a Major Storm for purposes of recovering eligible Major Storm costs under the Company's TRP&MS Rider. *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, Docket No. 18-00125, Order Approving the Stipulation and Settlement Agreement, p. 9 (August 5, 2019).*

every four years. The SIP, which is being phased in over a 10-year period, encompasses three elements that improve reliability and potentially reduce the impact of storms: circuit improvements, circuit inspections, and station improvements. Pursuant to the Order in Docket No. 17-00032, the Company is reporting on the progress of these two component programs of the TRP that provide a more proactive approach to its vegetation management and asset replacement programs.

Q. PLEASE BRIEFLY DESCRIBE THE STATUS OF THE VMP COMPONENT OF THE TRP.

A. The VMP component of the TRP commenced with a focus on clearing ROW and was designed to transition the Company to an ongoing four-year cycle of vegetation management that would address each circuit every four years. In 2024 the Company completed its initial vegetation management cycle and commenced its second cycle.

During 2024, the Company completed vegetation management activities on 251 miles of ROW, which included 12 miles of vegetation management in the initial cycle and 239 miles of vegetation management in the second cycle. Overall, the Company completed vegetation management on approximately 18% of its second vegetation management cycle in 2024 with plans to complete an estimated 28% of the total second cycle mileage in 2025. The Company has also performed vegetation management work on all 66 (100%) of the targeted distribution circuits since the program's inception.

Q. PLEASE DISCUSS THE STATUS OF THE SIP COMPONENT OF THE APPROVED TRP.

A. The SIP component of the TRP was designed to improve reliability by focusing on circuit inspections and maintenance, circuit improvements, and station improvements in phases

1 over a 10-year period. The SIP was also designed to help harden the distribution system
2 from storms and other events.

3 During 2024, the Company completed the inspection of 4,439 wood poles, 286
4 overhead circuit miles, and 1,601 underground structures. As a result of these inspections,
5 the Company replaced 194 poles, 145 cross arms, 15 reclosers, 241 cutouts, 114 switches,
6 16 URD enclosures, performed 2,130 feet of underground small wire replacement, and
7 4,888 feet of overhead small wire replacement. Additionally, the Company replaced 2,144
8 feet of underground conductor and 51,824 feet of overhead conductor on reliability
9 projects.

10 **Q. PLEASE EXPLAIN HOW THE COMPANY MEASURES THE RESULTS OF**
11 **THE VMP AND SIP DESCRIBED ABOVE TO ASSESS ITS RELIABILITY**
12 **PERFORMANCE AND ITS IMPACT ON CUSTOMERS.**

13 A. The indices that the Company uses to measure service reliability are the System Average
14 Interruption Duration Index ("SAIDI") and the System Average Interruption Frequency
15 Index ("SAIFI"). These indices are in general use across the electric utility industry in
16 the United States. The Institute of Electrical and Electronics Engineers ("IEEE")
17 Standard 1366-2012 describe the indices as follows:

- 18 • SAIDI indicates the total time the average customer is without service due to
19 sustained interruptions during the specified period. It is the sum of customer-
20 minutes of interruption from each outage divided by the number of customers
21 served.
- 22 • SAIFI indicates how often the average customer experiences a sustained
23 interruption over a predefined period of time. It is the total number of customers
24 interrupted divided by the total number of customers served.

25 These indices provide insight into how well the Company is minimizing service
26 interruptions. For each index, lower values indicate better reliability. The Company

1 calculates its SAIFI and SAIDI indices over a 12-month period, excluding major events,
2 to provide a more realistic view of how the system operates during normal operating
3 conditions. Major events represent conditions usually caused by weather that exceed
4 reasonable design and/or operational limits of the electric power distribution system. In
5 instances where the major event is caused by weather, the Company refers to these events
6 as “major storms.” Later in my testimony, I provide more details related to the major
7 storm that occurred during 2024.

8 **Q. HOW DO RELIABILITY IMPROVEMENTS SUCH AS THE VMP AND THE SIP**
9 **AFFECT THE COMPANY’S RELIABILITY METRICS?**

10 A. As the Company makes improvements to the resiliency of the distribution system and
11 enhances its facilities’ design and operational limits through its VMP and SIP programs,
12 the impact of storms is diminished, resulting in a decrease in the number of Major Event
13 Days (“MEDs”). Storms that would have been MEDs and excluded from reliability
14 metrics are now considered non-MEDs and are included in the reliability metrics
15 calculations, thus sometimes giving the appearance that reliability is getting worse, when
16 in fact, overall reliability is improving.

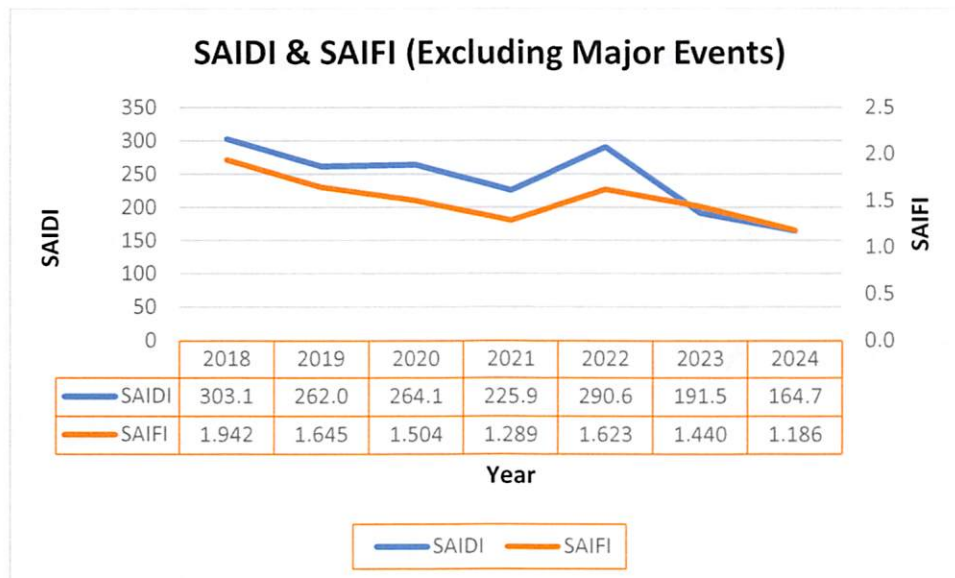
17 **Q. HOW DO MINOR WEATHER EVENTS AFFECT THE COMPANY’S**
18 **RELIABILITY PERFORMANCE?**

19 A. Even though minor weather events do not meet the exclusionary criteria to be classified
20 as major events, they can still be quite severe and destructive in nature. They can also
21 cause numerous outages, especially outages resulting from equipment failures.

1 **Q. PLEASE PROVIDE THE COMPANY'S SAIDI AND SAIFI INDICES FOR THE**
2 **MOST RECENT SEVEN YEARS.**

3 A. The company's annual SAIDI and SAIFI indices for the years 2018 through 2024,
4 excluding major events, are shown in Figure 1. Please note that the data below is
5 provided for each calendar year (January 1st through December 31st) and may differ from
6 indices reported during previous review years prior to 2022, that reported the indices
7 from October 1st through September 30th.

8 **Figure 1– SAIDI and SAIFI Excluding Major Events**



9 **Q. WHAT HAS BEEN THE GENERAL RELIABILITY TREND SINCE THE**
10 **PROGRAM'S INCEPTION?**

11 A. The Company's SAIDI and SAIFI have shown significant improvement since 2018,
12 which was the first year the TRP was fully up and running. The Company's reliability
13 indices were elevated in 2022 because the Company's service territory experienced a
14 significant increase in both major and minor storms compared to most previous years.

1 However, the Company has seen significant improvement in its reliability performance
2 since the start of the TRP.

3 **Q. PLEASE DESCRIBE THE MAJOR STORM ACTIVITY EXPERIENCED**
4 **DURING THE 2024 RELIABILITY PROFILE PERIOD.**

5 A. The Company categorizes major events in accordance with the statistical methodology
6 detailed in IEEE Std. 1366-2012. The Company experienced one major weather event
7 during 2024, which was Hurricane Helene. Company witness Dielman supports the costs
8 associated with the major storm.

9 **Q. PLEASE DESCRIBE HURRICANE HELENE.**

10 A. Heavy rain and winds upward of 45 miles per hour caused by Category 4 storm
11 Hurricane Helene were experienced throughout parts of Kingsport's service territory.
12 The first impacts of the storm were seen on September 24, 2024, at approximately 7 pm.

13 **Q. PLEASE DESCRIBE THE DAMAGE TO THE DISTRIBUTION SYSTEM**
14 **CAUSED BY HURRICANE HELENE?**

15 A. In Tennessee there were 64 broken poles, 147 cutouts, 41 transformers were replaced,
16 and 261 crew jobs necessary to make repairs and restore service. The peak number of
17 customers experiencing a sustained interruption of service was approximately 18,261 at 2
18 pm on September 27, 2024. A total of 29,247 Tennessee customers experienced a
19 sustained outage.

20 **Q. WHEN DID THE HURRICANE HELENE RESTORATION EFFORTS**
21 **CONCLUDE?**

22 A. Restoration efforts concluded by approximately 12 pm on October 4, 2024.

1 **Q. DOES THE COMPANY HAVE A PLAN IN PLACE TO RESTORE POWER IN A**
2 **SAFE, EFFICIENT MANNER AFTER A SIGNIFICANT WEATHER EVENT?**

3 A. Yes. The Company has an Emergency Response Plan (“ERP”) that provides guidance on
4 restoration activities.

5 **Q. PLEASE PROVIDE AN OVERVIEW OF THE COMPANY’S ERP.**

6 A. The Company has a written ERP that establishes procedures to guide, during emergency
7 conditions, the restoration of electrical service to all of its assets in a systematic and
8 efficient manner by utilizing all of the Company’s available human and physical
9 resources, and, if necessary, by securing and utilizing outside resources. The ERP is
10 reviewed regularly to ensure its appropriateness in managing emergency service
11 restoration conditions.

12 In general under the ERP, the Company monitors weather services on an ongoing
13 basis and begins ramping up planning activities as a storm approaches. After the storm
14 passes, the Company then refines its restoration plans as new information becomes
15 available from damage assessments.

16 **Q. PLEASE DESCRIBE THE OBJECTIVES OF THE ERP.**

17 A. The primary objective of the ERP is to establish an emergency operation organization
18 that will efficiently utilize all available resources to resolve the emergency situation. The
19 ERP allows the Company to accomplish timely repair of electric facilities for the
20 protection of public health and safety and the restoration of services to all customers in
21 the minimum time possible.

22 The second objective of the ERP is to provide for the timely collection of accurate
23 damage assessment reports for management, employees, and the general public. The

1 reports include such information as the extent of any damage to the distribution and
2 transmission systems and the progress made in restoring service.

3 **Q. PLEASE DESCRIBE THE KEY FUNCTIONS OF THE COMPANY AND AEP**
4 **PERSONNEL UNDER THE ERP.**

5 A. When a major emergency or disaster occurs, the first function of the Company and AEP
6 personnel is to clear all known public hazards, such as downed power lines, that pose an
7 immediate danger to the public. The second function is to conduct a detailed assessment
8 of the damage to the affected systems so that the Company can procure the necessary
9 resources, and management can position crews appropriately for the efficient restoration
10 of service. The third function is to restore service to the most consumers in the shortest
11 time while keeping in focus restoration of service to vital community services and
12 installations (critical loads). The fourth function is to restore service to all remaining
13 users as quickly as possible.

14 **Q. DOES THE COMPANY UTILIZE OTHER RESOURCES ASIDE FROM KGPCO**
15 **AND AEP PERSONNEL TO EXECUTE THE ERP?**

16 A. Yes. The Company also engages help from Regional Mutual Assistance Groups
17 ("RMAGs").

18 **Q. PLEASE DESCRIBE THE COMPANY'S MUTUAL ASSISTANCE PROCESS.**

19 A. The Company utilizes a tiered approach when requesting resources for major events. As
20 the resource plan is developed and outside resources are needed, the Company begins
21 requesting resources from other AEP operating companies. Concurrently, AEP will
22 engage with mutual assistance groups to request resources. AEP is a member of four
23 RMAGs, including Southeastern Electric Exchange, Texas Mutual Assistance Group,

1 Midwest Mutual Assistance Group, and Great Lakes Mutual Assistance Group.

2 Membership in these groups provides a source of additional assistance from other utilities
3 as needed. Utilizing both AEP operating companies and mutual assistance groups, the
4 Company is able to bring resources in as quickly and efficiently as possible to restore
5 service to its customers.

6 **Q. DID THE COMPANY UTILIZE ASSISTANCE FROM RMAGS TO ASSIST WITH**
7 **RESTORATION EFFORTS RELATED TO HURRICANE HELENE?**

8 A. Yes. Over 7,000 personnel assisted in the restoration efforts in West Virginia,
9 Tennessee, and Virginia. This included internal personnel, business partners, AEP
10 operating company personnel (Public Service Company of Oklahoma, AEP Texas, AEP
11 Ohio, Southwestern Electric Power Company, Kentucky Power, and Indiana Michigan
12 Power), and other off-system resources acquired through the mutual assistance process.
13 In total, personnel from 27 different states, from as far away as Nebraska, helped the
14 Company's crews and contractors restore electric service.

15 **Q. HOW DID THE COMPANY PREPARE FOR HELENE IN THE DAYS BEFORE**
16 **THE HURRICANE ARRIVED IN WEST VIRGINIA?**

17 A. The following describes the Company's preparations in the days prior to Hurricane
18 Helene's arrival in Tennessee:

- 19 • On September 24, 2024, the Company started preparing for the storm by
20 having all employees and business partners on alert and prepared to work.
- 21 • On September 26, 2024, the Company made its initial request for mutual
22 assistance.

STAGING SITES AND MATERIALS

Q. PLEASE DESCRIBE STAGING SITES.

A. Staging sites are set up for an incident where materials can be housed while awaiting tactical assignment.

Q. DID THE COMPANY UTILIZE STAGING SITES DURING HURRICANE HELENE?

A. Yes. The Company utilized staging sites during the storm.

Q. DID THE COMPANY PROVIDE MEALS AND LODGING TO WORKERS ASSISTING WITH RESTORATION EFFORTS?

A. Yes. The Company utilized hotels and various lodges for all crews assisting with the storm response. The Company also provided meals to workers during the restoration efforts.

Q. PLEASE DESCRIBE HOW THE COMPANY MANAGED MATERIAL DURING RESTORATION EFFORTS.

A. The Company reserves a level of materials as storm stock in anticipation of major events. The Company conducted daily inventory of storm material at each staging site and submitted material requests as needed. The Company coordinated additional bulk orders through other distribution centers within Kingsport and AEP procurement vendors.

Q. WHAT WAS THE PROCESS FOR HANDLING THE MATERIAL AT THE CONCLUSION OF RESTORATION EFFORTS?

A. Inventory counts were taken on all material at the time the event concluded, and the staging sites closed. The remaining materials were returned to inventory to be used for future events and day-to-day operations.

HAZARD REMOVAL AND DAMAGE ASSESSMENTS

Q. PLEASE DESCRIBE HOW THE COMPANY MANAGES RESTORING POWER TO ITS CUSTOMERS.

A. As a weather event unfolds, the Company begins evaluating the outage situation throughout the impacted area of its service territory. This includes simultaneously identifying immediate hazards, initial damage assessment, critical facilities impacted, and the overall distribution and transmission infrastructure damage impacting customers. Over the course of the event, the Company reevaluates and adjusts any restoration plans.

Q. WHAT TYPES OF DISTRIBUTION HAZARDS EXIST AFTER SUCH STORMS?

A. Distribution lines and poles may be down across highways, roads, and streets. In some instances, the downed facilities may block passage completely, while in other instances, facilities may still be energized and thereby prevent safe passage across them.

Q. PLEASE DESCRIBE HOW HAZARDS WERE IDENTIFIED AND ADDRESSED DURING AND AFTER THE STORM.

A. Hazards are identified through calls from customers or civil authorities during the damage assessment process or by first responders and repair crews. Once a hazard location is identified, it is cleared and repaired and guarded by qualified individuals until it can be mitigated, or, in cases where energized facilities are not involved, made safe by the placement of cones, barricade tape, or other suitable barrier until the facilities can be repaired.

1 **Q. PLEASE DESCRIBE HOW DAMAGES WERE ASSESSED DURING AND**
2 **AFTER THE STORM.**

3 A. The damage assessment process was initiated as early as it was safe to do so with additional
4 assessments occurring as needed. The assessment process included the following:

- 5 • Geographical description of the area involved
- 6 • Stations and/or circuits affected
- 7 • Equipment damaged and/or hazardous situations
- 8 • Estimated number of customers affected
- 9 • Restoration plans (manpower and material needs)
- 10 • Estimated restoration time

11 **RESTORATION IMPLEMENTATION**

12 **Q. PLEASE DESCRIBE HOW THE COMPANY PRIORITIZED ITS**
13 **RESTORATION EFFORTS.**

14 A. Company personnel gave priority in the restoration efforts to the resolution of hazardous
15 conditions, essential services/critical customers (public safety, health, etc.), and to
16 circuits based on the number of customers affected. These efforts occur concurrently, not
17 necessarily consecutively.

18 **Q. PLEASE DESCRIBE THE COMPANY'S PROCESS TO RESTORE POWER TO**
19 **CRITICAL FACILITIES.**

20 A. The Company establishes guidelines to assist in setting the priority order in which
21 assessed outages are worked. Critical loads are essential services as collaboratively
22 determined by community leaders and KgPCo. These include:

- 23 • Hospitals, institutions, and health support facilities
- 24 • Fire, law enforcement and essential governmental agencies
- 25 • Water and sewage treatment facilities

- Perishable food processors
- Media communication centers
- FAA Navigational Facilities
- Other institutions whose operation are essential to the safety, health, and welfare of the community

Q. PLEASE DESCRIBE HOW THE COMPANY IMPLEMENTS ITS STRATEGY TO RESTORE SERVICE TO THE MOST CUSTOMERS IN THE SHORTEST PERIOD OF TIME.

A. To restore service to the most customers in the shortest amount of time, the Company generally works through restoration in the following order, many of which are worked in parallel, prioritizing the stability and integrity of the entire transmission and distribution grid:

- Transmission outages that could impact the stability of the grid
- Transmission outages on circuits that serve distribution substations
- Distribution circuit outages
- Larger distribution outages

Although the above order is a general work plan, crews work multiple facilities in parallel paths to the extent possible so that service can be restored as quickly and as safely as possible. Additionally, even though the overall work plan listed above indicates that restoration of transmission facilities comes prior to restoration of distribution facilities, the transmission and distribution work teams also proceed in parallel paths so that service can be restored as quickly as possible.

Q. WHAT IS THE BENEFIT OF THIS APPROACH?

A. This approach is designed to restore power to the largest number of customers in the shortest time possible.

1 **Q. DID THE COMPANY KEEP ITS CUSTOMERS AND OTHER STAKEHOLDERS**
2 **INFORMED DURING THE HURRICANE HELENE RESTORATION**
3 **EFFORTS?**

4 A. Yes. The Company recognizes that timely communication is vital to managing storm-
5 related outages, and it made sure to keep its customers and other interested stakeholders
6 apprised of all-important factors related to the restoration efforts. The Company's
7 communications started before Hurricane Helene made landfall, providing customers
8 with important safety and preparedness tips. One Voice Communications, designed to
9 create a system of providing regular updates to customers, were distributed throughout
10 the restoration process.

11 The Company also took a more visual approach to communicating restoration,
12 using videos on social media to tell the story of rebuilding the power grid in mountainous
13 terrain. Throughout the storm, APCo placed more than 100 social media posts, added
14 nearly 8,500 followers, garnered nearly 3 million impressions, 100,000 engagements
15 across its Tennessee, Virginia, and West Virginia service territories. Additionally, APCo
16 recorded the all-time number one post across all of AEP.

17 **Q. PLEASE DESCRIBE THE MAJOR COST DRIVERS FOR THE DISTRIBUTION-**
18 **RELATED SYSTEM RESTORATION COSTS INCURRED BY THE COMPANY**
19 **AS A RESULTS OF HURRICANE HELENE.**

20 A. The major cost drivers for the Company's recovery effort included the extent of the
21 damage to the distribution system and the urgency of the situation.

22 The Company recognized the importance of restoring service quickly. In any
23 restoration effort of this magnitude, it is essential to first restore service to key functions,

such as water pumping stations, hospitals, sewer lifts, as well as schools and businesses.

The health, safety, and well-being of all customers is paramount.

Q. PLEASE DETAIL THE ESTIMATED COSTS OF HURRICANE HELENE?

A. Figure 2 below shows the estimated distribution costs that the Company has incurred for Hurricane Helene through December 31, 2024.

**Figure 2 – Hurricane Helene Distribution Cost Estimate for Kingsport
Through December 31, 2024**

	Capital	O&M	Removal	Other	Total
Internal Labor	\$245,110	\$626,746	\$26,861	0	\$898,716
Materials & Supplies	\$198,523	\$0	\$0	\$73	\$198,523
Outside Services	\$1,593,015	\$3,769,225	\$160,923	0	\$5,523,163
Other	\$348,642	\$603,400	\$29,389	0	\$981,432
Total	\$2,385,290	\$4,999,371	\$217,173	\$73	\$7,601,908

Q. PLEASE PROVIDE AN OVERVIEW OF THE REMOVAL COSTS.

A. Removal costs are costs incurred to remove and dispose of the storm-damaged distribution capital assets as part of the restoration effort.

Q. PLEASE PROVIDE AN OVERVIEW OF THE OUTSIDE SERVICES COSTS.

A. The distribution-related outside services costs make up the majority of distribution costs and total approximately \$5.5 million. The outside services costs include the costs of non-AEP personnel to assist the Company in restoring service to customers after Hurricane Helene. The function provided by non-AEP personnel include assessors, linemen, tree trimmers, and other miscellaneous functions as needed.

1 **Q. PLEASE DESCRIBE THE PROCESS BY WHICH THE COMPANY OBTAINED**
2 **CONTRACTUAL OUTSIDE SERVICES.**

3 A. In the months and years prior to Hurricane Helene, the Company identified contractors
4 used by other AEP operating companies and other utilities that would be available to help
5 in the event of a major storm. This enabled the Company to establish proactive
6 emergency operations with contractors in advance of the storm. This largely eliminated
7 the process of qualifying contractors and negotiating contracts during restoration.

8 **Q. PLEASE IDENTIFY THE TYPES OF OUTSIDE SERVICES COSTS IN**
9 **GREATER DETAIL.**

10 A. The outside services costs include the costs of the following:

- 11 • Mutual assistance utilities
- 12 • Line contractors
- 13 • Distribution-related substation contractors
- 14 • Vegetation contractors
- 15 • Engineering contractors
- 16 • Environmental contractors
- 17 • Transportation contractors
- 18 • Logistics contractors

19 **Q. ARE THE DISTRIBUTION-RELATED COSTS RESULTING FROM**
20 **HURRICANE HELENE REASONABLE AND NECESSARY?**

21 A. Yes. It was necessary for the Company to incur the costs to restore service as safely and
22 quickly as possible after the storm.

1 **Q. HOW IS KINGSPORT PROPOSING TO RECOVER THE COSTS RELATED TO**
2 **THE RESTORATION EFFORTS FOR HURRICANE HELENE?**

3 A. Company witness Stevens addresses Kingsport's request for cost recovery related to the
4 restoration for Hurricane Helene.

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

6 A. Yes, it does.

**DIRECT TESTIMONY OF
MALINDA L. DIELMAN
ON BEHALF OF KINGSPORT POWER COMPANY
D/B/A AEP APPALACHIAN POWER
BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
DOCKET NO. 25-____**

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

2 A. My name is Malinda L. Dielman. My business address is 1 Riverside Plaza,
3 Columbus, Ohio 43215. I am a Regulatory Accounting Case Manager for
4 American Electric Power Service Corporation (AEPSC), a wholly owned
5 subsidiary of American Electric Power Company, Inc. (AEP). AEP is the parent
6 company of Kingsport Power Company (KgPCo or the Company).

7 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND EMPLOYMENT**
8 **BACKGROUND.**

9 A. I graduated with Bachelor of Arts Degrees in Accounting and Business
10 Administration from Wilmington College in 1999. After joining AEPSC as a
11 Staff Accountant in 2005, I held various positions in the AEPSC Accounting
12 organization performing and supervising tasks related to commercial, derivative,
13 energy, and investment accounting. I transferred to my current position in May
14 2020.

15 **Q. WHAT ARE YOUR RESPONSIBILITIES AS REGULATORY**
16 **ACCOUNTING CASE MANAGER?**

17 A. My responsibilities include providing the AEP electric operating subsidiaries,
18 such as KgPCo, with accounting support for regulatory filings including the
19 preparation of cost of service adjustments, accounting schedules and testimony.

1 In addition, I monitor regulatory proceedings and legislation impacting AEP
2 subsidiaries for accounting implications and assist in determining the appropriate
3 regulatory accounting treatment.

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

6 A. Yes, I presented testimony before the Tennessee Public Utility Commission
7 (TPUC or Commission) on behalf of KgPCo in Docket Nos. 23-00019 and 24-
8 00010. I have also submitted testimony before the Indiana Utility Regulatory
9 Commission and the Virginia State Corporation Commission on behalf of AEP
10 subsidiaries Indian Michigan Power Company (I&M) and Appalachian Power
11 Company (APCo), respectively.

12 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
13 **PROCEEDING?**

14 A. The purpose of my testimony is to:

- 15 • Support the Targeted Reliability Plan and Major Storm (TRP&MS) costs
16 incurred during the 12-month period from January 2024 through
17 December 2024 (“Review Period”) as well as the cumulative under-
18 recovery balance as of December 31, 2024.
- 19 • Identify the revenues recorded from the TRP&MS Rider during the
20 Review Period.
- 21 • Provide an attestation that the Rider revenues, costs, and expenses
22 included in this Petition are complete and accurate and reflect actual
23 amounts on the Company’s books and records.
- 24 • Provide supporting information for TRP&MS costs incurred during the
25 Review Period as agreed in the Stipulation and Settlement Agreement
26 (“Settlement Agreement”) approved by the Commission in Docket No. 18-
27 00125.
- 28 • Provide a comparison of actual life-to-date TRP costs (both capital
29 expenditures and O&M expenses) to the original 10-year annual

1 projections of such costs provided in Docket No. 17-00032 as
2 recommended by the Consumer Advocate and approved by the
3 Commission in Docket No. 20-00127.

- 4 • Provide supporting information for the Repair Allowance percentage
5 calculation during the Review Period per the Commission's decision in
6 Docket No. 21-00142.
- 7 • Provide supporting workpapers for the monthly calculations of under-
8 recovery or over-recovery of TRP&MS Rider costs that are recorded in
9 the Company's general ledger as directed by the Commission in its Order
10 in Docket No. 23-00019.

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

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

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

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

4 A. The Company is requesting to recover \$13,006,130 of deferred actual TRP&MS
5 under-recovered costs recorded on KgPCo's books in Account 1823426,
6 TRP&MS Under Recovery, as of December 31, 2024. The net under-recovery of
7 \$13,006,130 is comprised of \$31,888,986 for TRP costs and \$10,758,895 for
8 major storm expenses offset by cumulative TRP&MS Rider revenues of
9 \$29,641,751 recorded through December 2024.

10 **Q. ARE YOU SPONSORING AN EXHIBIT THAT SUMMARIZES THE**
11 **COST COMPONENTS AND RECOVERY OF THE TRP&MS COSTS**
12 **THROUGH DECEMBER 31, 2024?**

13 A. Yes. KgPCo Exhibit No. 1 (MLD) summarizes the monthly TRP&MS costs
14 incurred for the period January 2024 through December 2024, the monthly
15 TRP&MS Rider revenues recorded and the resulting under-recovery at the end of
16 each month. The beginning amounts as of December 31, 2023, shown in this
17 exhibit are the same as the respective ending amounts provided in KgPCo Exhibit
18 No. 1 (MLD) in Docket No. 24-00010.

19 **Q. PLEASE DESCRIBE THE INFORMATION CONTAINED IN KGPCO**
20 **EXHIBIT NO. 1 (MLD).**

21 A. Columns (a) through (k) of KgPCo Exhibit No. 1 (MLD) provide monthly costs
22 incurred and the resulting under-recovery related to the TRP and columns (l)
23 through (n) provide monthly expenses incurred and the resulting under-recovery

1 related to major storms. Column (p) provides the month-end net TRP&MS
2 under-recovery balances recorded on the Company's books in Account 1823426
3 and are the sum of the amounts shown in column (k) for the TRP and column (n)
4 for major storms reduced by the cumulative Rider revenues in column (o).

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

22 For major storms, the monthly O&M expenses charged (or credited) to a
23 KgPCo major storm project(s) during the Review Period are shown in column (l)

1 and these O&M expenses are the only major storm costs included in the
2 TRP&MS over/under-recovery. No major storm expenses are included in base
3 rates, as reflected in column (m). The cumulative under-recovery of major storm
4 expenses is shown in column (n) before consideration of TRP&MS Rider
5 revenues shown in column (o).

6 **Q. DO YOU HAVE A SCHEDULE SUMMARIZING THE TRP&MS RIDER**
7 **REVENUES RECORDED THROUGH DECEMBER 31, 2024?**

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

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

18 A. Yes. KgPCo Exhibit No. 3 (MLD) provides an attestation as required in the
19 TPUC's *Order Granting Petition* in Docket No. 17-00032. This attestation states
20 that Rider revenues, costs and expenses included in the Company's Petition in the
21 current docket are complete and accurate and reflect actual amounts recorded on
22 KgPCo's books and records during the 12-month period ended December 31,
23 2024.

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

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

14 KgPCo Exhibit No. 5 (MLD) provides over 1,700 lines of general ledger
15 transaction details of all TRP&MS O&M expenses totaling \$10,080,940 incurred
16 during the Review Period for both invoiced and non-invoiced costs. The
17 Company is electronically supplying the voluminous information reflected in this
18 exhibit.

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

22 A. Yes. The Commission found that “the Company should include with its annual
23 Targeted Reliability Plan filing a chart listing the 10-year projected costs

1 compared with the actual Targeted Reliability Plan costs for the same period.”

2 The Consumer Advocate had recommended in its testimony in Docket No. 20-
3 00127 that the Company provide an annual comparison of actual life-to-date TRP
4 costs (both capital expenditures and O&M expenses) to the original 10-year
5 projections of such costs as provided by the Company in Docket No. 17-00032.

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

9 A. Yes, KgPCo Exhibit No. 6 (MLD) provides a chart listing the 10-year annual
10 projected TRP costs provided by the Company in Docket No. 17-0032 compared
11 with the actual life-to-date TRP costs on an annual basis in the format
12 recommended by the Consumer Advocate. Beginning with this filing, the
13 Company is also providing an annual comparison of actual TRP O&M expenses
14 to the updated projections of such costs as provided by the Company in Docket
15 No. 24-00010.

16 **Q. PLEASE DESCRIBE KGPCO EXHIBIT NO. 6 (MLD).**

17 A. KgPCo Exhibit No. 6 (MLD) compares the actual TRP capital expenditures
18 incurred for the four successive 12-month review periods ended September 30,
19 2018, through 2021, the 15-month period ending December 31, 2022, and the 12-
20 month review periods ending December 31, 2023, and December 31, 2024, to the
21 respective projected TRP capital expenditures for the first seven years of the
22 planned 10-year Targeted Reliability Plan.

23 Similarly, KgPCo Exhibit No. 6 (MLD) compares the actual TRP O&M

1 expenses incurred for the four 12-month review periods ended September 30,
2 2018, through 2021, the 15-month review period ended December 31, 2022, and
3 the 12-month review periods ended December 31, 2023, and December 31, 2024,
4 to the respective projected TRP O&M expenses for the first seven years of the
5 planned 10-year TRP. The projected amounts shown on Exhibit 6 that were
6 approved in Docket No. 17-00032 were taken from Figure 7 of the Direct
7 Testimony of Company witness Wright. The projected amounts shown on
8 Exhibit 6 that were approved in Docket No. 24-00010 were taken from Figure 5
9 of the Direct Testimony of Company witness Baker.

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 (MLD) 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 (MLD) provides a brief description of each of the projects
7 included in KgPCo Exhibit Nos. 4 (MLD) and 5 (MLD) along with the project
8 category and type. The projects listed in Exhibit No. 8 (MLD) are the total
9 population of TRP&MS projects being tracked by the Company as of December
10 31, 2024, 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 2024 through December 2024 period, there was one new
14 major storm that affected KgPCo's customers as described by Company witness
15 Baker. The major storm during this Review Period, Hurricane Helene, began on
16 September 24, 2024, and resulted in \$4,999,371 of major storm distribution O&M
17 expenses incurred.

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

20 A. KgPCo used the annual pre-tax carrying charge rate of 7.642% to calculate the
21 return on net capital investments that the Company used in the previous TRP&MS
22 docket beginning with costs incurred for August 2022. This 7.642% carrying

1 charge rate is the same as the 7.642% annual rate approved by the Commission in

2 KgPCo's base rate case in Docket No. 21-00107.

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

4 A. Yes, it does.

**DIRECT 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. 25-00__**

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

2 A. My name is John A. Stevens. My business address is Three James Center, Suite 1100,
3 1051 East Cary Street, Richmond, Virginia 23219. I am employed by Appalachian
4 Power Company ("APCo" or "Company") as a Regulatory Consultant Staff - VA/TN.

5 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND**
6 **BUSINESS EXPERIENCE.**

7 A. I earned a Bachelor of Science degree in Civil Engineering from the Virginia Military
8 Institute in 1986, and a Master of Science degree in Business Administration from Boston
9 University in 1991. I served in the U.S. Marine Corps from 1986-1991. I have worked
10 on utility regulatory issues since late 1991, primarily with the Virginia State Corporation
11 Commission ("Virginia Commission"), where I held positions in the Division of Public
12 Utility Regulation. I retired from the Virginia Commission as a Deputy Director in 2022.
13 In October 2022, I accepted my current position with APCo. I have experience with
14 general rate increase applications, cost of service studies, rate design, rate adjustment
15 clauses, special contract rates, integrated resource plans, renewable energy portfolio
16 standard plans, generation and service territory certificates of public convenience and
17 necessity, and demand-side management programs.

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

3 A. Yes. I presented testimony before the Tennessee Public Utility Commission (“TPUC” or
4 “Commission”) on behalf of Kingsport Power Company (“KgPCo”) in Docket Nos. 23-
5 00019 and 24-00010. Additionally, I have presented testimony in numerous proceedings
6 before the Virginia Commission.

7 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

8 A. The purpose of my testimony is to provide an overview of the elements of KgPCo’s filing
9 to implement new rates under its Targeted Reliability Plan and Major Storm (“TRP &
10 MS”) Rider. In addition to my testimony, this filing includes the direct testimonies of
11 Company witnesses Jason E. Baker and Malinda L. Dielman.

12 Company witness Baker provides an update on the Company’s Targeted
13 Reliability Plan (“TRP”), including the status of both its Vegetation Management
14 Program (“VMP”) and System Improvement Program (“SIP”) components.
15 Additionally, he describes the major storm event that KgPCo experienced during the
16 2024 Review Period, Hurricane Helene, and itemizes the system restoration costs the
17 Company incurred because of that storm. Lastly, he sponsors the data contained in
18 KgPCo’s Reliability Profile, which includes the reliability information and metrics
19 directed by the TPUC in its Order Granting Petition in Docket No. 17-00032 (2017
20 Order).¹

¹ See *In re: Petition of Kingsport Power Company d/b/a AEP Appalachian Power for Approval of Its Targeted Reliability Plan, and Its TRP & MS Rider, An Alternative Rate Mechanism and Motion for Protective Order*, Docket No. 17-00032, Order Granting Petition (November 9, 2017).

1 Company witness Dielman sponsors the Company's request to recover
2 \$13,006,130 of deferred actual TRP&MS under-recovered costs recorded on KgPCo's
3 books in Account 1823426, TRP&MS Under Recovery, as of December 31, 2024. This
4 excludes the Prompt Payment Discount, per the TPUC approved Stipulation and
5 Settlement Agreement in Docket No. 18-00125.² In support of this request she first
6 quantifies the unrecovered TRP & MS costs incurred prior to January 1, 2024, that were
7 the subject of previous TRP & MS dockets. She then identifies and supports the revenues
8 recorded and costs incurred during the review period related to the TRP & MS Rider.
9 She also provides a comparison of actual life-to-date TRP costs to the currently approved
10 annual projections of such costs and attests to the accuracy of the revenues, costs and
11 expenses included in this petition.

12 I explain the Company's proposal to recover the system restoration costs
13 associated with Hurricane Helene over a two-year period. This proposal is intended to
14 mitigate the impact that the higher-than-normal level of O&M costs will have on
15 customers' rates if recovered over one year. Specifically, the Company incurred
16 \$4,999,371 of O&M costs related to Hurricane Helene through December 31, 2024. The
17 Company is requesting approval to recover half of these costs, or \$2,499,685, in this
18 filing, and the other half in its next TRP&MS filing. This proposal reduces the level of
19 deferred actual TRP&MS costs that will be recovered through the rates proposed in this
20 case from \$13,006,130 to \$10,506,444.

² See 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")*, *Alternative Rate Mechanisms Approved in Docket No. 17-00032*, Docket No. 18-00125, Order Approving the Stipulation and Settlement Agreement, p. 8 (August 5, 2019).

1 Additionally, I explain the methodology used to allocate the revenue requirement
2 to the customer classes, as approved in the Company's prior TRP & MS filings (Docket
3 Nos. 18-00125, 19-00196, 20-00127, 21-00142, 23-00019, and 24-00010), support the
4 development of the associated rates for the various customer classes, and sponsor the
5 TRP & MS Rider tariff sheets.

6 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

7 A. Yes. I am sponsoring the following exhibits:

- 8 • KgPCo Exhibit No. 1 (JAS) – TRP & MS Rider Revenue Allocation and Rate
9 Calculations;
- 10 • KgPCo Exhibit No. 2 (JAS) – TRP & MS Rider tariff sheets (clean and redline);
11 and
- 12 • KgPCo Exhibit No. 3 (JAS) – Typical Bill Comparison.

13 **Q. DID KGPCO COMPLY WITH THE COMMISSION'S DIRECTIVE TO SUBMIT**
14 **WORKPAPERS IN FUTURE RIDER FILINGS WHICH BOTH FULLY**
15 **SUPPORT ITS FILED EXHIBITS AND PROVIDE THE SPECIFICS AND**
16 **DETAILS UNDERPINNING ITS MONTHLY CALCULATIONS?**

17 A. Yes. The Company is providing all supporting workpapers contemporaneously with this
18 filing.

19 **Q. PLEASE BRIEFLY DESCRIBE THE CHANGES TO THE TRP & MS ARM**
20 **ADOPTED IN THE COMPANY'S MOST RECENT GENERAL RATE**
21 **INCREASE PROCEEDING.**

22 A. In its October 25, 2022, Order Approving Stipulation and Settlement Agreement in
23 Docket No. 21-00107 (2022 Order),³ the Commission adopted and approved an

³ See *In re: Petition of Kingsport Power Company d/b/a AEP Appalachian Power for a General Rate Increase*, Docket No. 21-00107, Order Approving Stipulation and Settlement Agreement (October 25, 2022).

1 agreement between the parties that, among other things, established that all TRP & MS
2 operation and maintenance expenses and TRP capital costs⁴ shall be recovered through
3 the TRP & MS Rider (as opposed to a combination of base rates and rider surcharges)
4 upon implementation of new base rates in the proceeding.

5 Pursuant to the 2017 and 2022 Orders, the Company is filing to recover its
6 previously unrecovered TRP & MS operation and maintenance expenses (less half of the
7 O&M costs related to Hurricane Helene) and TRP capital costs, including those incurred
8 during the 12-month period from January 2024 through December 2024, as reflected in
9 the Company's TRP & MS balance as of December 31, 2024.

10 **Q. PLEASE DISCUSS THE COMPANY'S PROPOSAL TO RECOVER THE COSTS**
11 **ASSOCIATED WITH HURRICANE HELENE OVER A TWO-YEAR PERIOD.**

12 A. As discussed in more detail by Company witness Baker, KgPCo was impacted by the
13 major storm event Hurricane Helene during the 2024 Review Period. Heavy rain and
14 winds upward of 45 miles per hour caused by the remnants of Hurricane Helene occurred
15 throughout parts of KgPCo's service territory and caused considerable damage to
16 KgPCo's distribution system. As a result, KgPCo incurred a higher-than-normal level of
17 system restoration costs during the 2024 Review Period. As previously stated, the
18 Company incurred \$4,999,371 of O&M costs related to Hurricane Helene through
19 December 31, 2024.

20 To mitigate the impact of this higher-than-normal level of system restoration costs
21 on customers' rates, the Company is requesting approval to recover these costs over a
22 two-year period. Specifically, the Company is requesting approval to recover half of

⁴ The TRP capital costs include a return on and of new TRP capital investments net of related accumulated depreciation and deferred income taxes incurred after June 30, 2022.

1 these costs, or \$2,499,685, in this filing, and the other half in its next TRP&MS filing.

2 This proposal reduces the level of deferred actual TRP&MS costs that will be recovered
3 through the rates proposed in this case from \$13,006,130 to \$10,506,444. The specific
4 impact that this proposal has on the proposed rates is discussed in more detail below.

5 **Q. HOW DID YOU ALLOCATE THE CALCULATED REVENUE REQUIREMENT**
6 **OF \$10,506,444 TO THE CUSTOMER CLASSES?**

7 A. I allocated the revenue requirement to KgPCo's customer classes consistent with the
8 methodology approved in its last base rate case, Docket No. 21-00107, and prescribed by
9 the TPUC in Docket No. 17-00032. The resultant revenue allocation by rate schedule is
10 shown on KgPCo Exhibit No. 1 (JAS).

11 **Q. HOW DID YOU DETERMINE THE IMPACT TO INDIVIDUAL RATE**
12 **SCHEDULES?**

13 A. Using the prescribed base rate case billing determinants, I updated the demand, energy,
14 and customer charge components of each rate schedule, as appropriate. The resultant
15 TRP & MS Rider tariff sheets, in both red-line and clean formats, are included as KgPCo
16 Exhibit No. 2 (JAS).

17 **Q. WHAT IS THE IMPACT ON A RESIDENTIAL CUSTOMER'S BILL?**

18 A. Residential customers will see an increase of \$2.99 in the service charge component on
19 their monthly bill. KgPCo Exhibit No. 3 (JAS) provides the typical monthly bill
20 increases for all customer classes by comparing the rates effective March 1, 2025, to the
21 rates being proposed in this proceeding.

1 **Q. WHAT WOULD THE IMPACT ON A RESIDENTIAL CUSTOMER'S BILL BE**
2 **IF THE HURRICANE HELENE COSTS ARE RECOVERED OVER A ONE-**
3 **YEAR PERIOD?**

4 A. If the system restoration costs related to Hurricane Helene are recovered over a one-year
5 period, Residential customers would see an increase of \$4.61 in the service charge
6 component on their monthly bill.

7 **Q. WHEN WILL THE PROPOSED TRP & MS RATES BE IMPLEMENTED?**

8 A. KgPCo is seeking an effective date of September 1, 2025, on a service rendered basis.

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

10 A. Yes. It does.