IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

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

TESTIMONY OF

CLARK D. KAML

May 20, 2025

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I. INTRODUCTION

Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION FOR THE RECORD.

A1. My name is Clark D. Kaml. My business address is 500 Dr. Martin L King Jr., Blvd, Nashville, TN 37243. I am a Financial Analyst with the Consumer Advocate Division of the Tennessee Attorney General's Office ("Consumer Advocate").

Q2. PLEASE PROVIDE A SUMMARY OF YOUR BACKGROUND AND PROFESSIONAL EXPERIENCE.

A2. I received a Bachelor of Science Degree in Economics from the University of North Dakota in 1987 and a Master of Arts Degree in Economics from the University of North Dakota in 1988. I have more than 30 years of experience working in the regulated utilities industries including electric, natural gas, telephone, and water. I have worked for various agencies including the Public Service Commission of North Dakota, the Kansas Corporation Commission, the Minnesota Public Utilities Commission, the Minnesota Office of the Attorney General, and the Grant County Public Utility District. In addition, I have worked with private companies, municipalities, and served on a Rate Committee.

Q3. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION ("TPUC" OR THE "COMMISSION")?

A3. Yes. I filed testimony in the recent Tennessee-American Water Company Rate Case, TPUC Docket No. 24-00032 and the recent Limestone Water Utility Operating Company Rate Case, TPUC Docket No. 25-00044.

Q4. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A4. My testimony addresses Kingsport Power Company d/b/a AEP Appalachian Power ("Kingsport" or the "Company") filing regarding:

- The reconciliation of the TRP&MS recovery request with the books and records.
- Records regarding Kingsport's reliability performance.
- The proposed rate design.

Q5. WHAT IS THE BASIS FOR KINGSPORT'S FILING?

A5. In the Company's last rate case, the Commission approved the proposed settlement and authorized that the Targeted Reliability Plan and Major Storm ("TRP&MS") Operation and Maintenance ("O&M") expenses would be recovered through the TRP&MS Rider (as opposed to a combination of base rates and rider surcharges) upon implementation of new base rates in the proceeding.[1] Similarly, the Settlement stated that the Company would request recovery of a return on and of new TRP capital investments net of related accumulated depreciation and deferred income taxes in future TRP&MS filings.

This Petition is Kingsport's request for recovery of those costs and expenses.

Q6. WHAT ARE YOUR RECOMMENDATIONS?

A6. I recommend that the Commission:

- Repeat its requirement that the Company include all supporting workpapers, in both pdf and native formats, in future TRP&MS filings.
- Accept the revenue request of $13,006,130 as the appropriate amount for TRP&MS Rider recovery.

[1] *Order Approving Stipulation and Settlement Agreement*, *In re: Petition of Kingsport Power Company D/B/A AEP Appalachian Power Company for a General Rate* Increase, at 3, Exhibit A at 4-5, TPUC Docket No. 21-00107 (October 25, 2022).

- Approve Kingsport's proposal to recover the $4,999,371 O&M costs associated with Hurricane Helene over a two-year period. This will recover $2,499,685 in this Docket and defer $2,499,685 to next year.
- Approve Kingsport's request to recover $10,506,444, through the TRP&MS Rider.
- Adopt the customer class allocation factors used in TPUC Docket No. 21-00107 to allocate TRP&MS Rider costs.
- Adopt Kingsport's proposed rate design for the TRP&MS surcharges.
- Require the Company to provide notice of the cost of its anticipated capital projects in accordance with Commission rules.
- Require Kingsport to include, in its next TRP&MS filing, a report that identifies outages by cause including weather (with sub-categories of weather-related vegetation, equipment failure, other), non-weather-related vegetation, human activity, equipment failure, and other categories considered relevant.
- Require Kingsport to highlight in future TRP&MS filings, changes to those customer classes where no customers previously existed.

II. BACKGROUND

Q7. WHAT IS THE OVERAL STRUCTURE OF THE TRP&MS RIDER?

A7. The TRP&MS Rider was originally authorized by the Commission in TPUC Docket No. 17-00032.[2] The Rider comprises two components, the TRP and the MS, with the Targeted Reliability Plan component of having two subcomponents, a Vegetation Management Program ("VMP") and a System Improvement Program ("SIP").[3] The VMP is intended to address the Company's system-wide vegetation issues on a recurring four-year cycle.[4] The

[2] *Order Granting Petition*, *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, TPUC Docket No. 17-00032 (November 9, 2017).

[3] The term "Vegetation Management" has historically been referred to as "tree trimming" in prior cases.

[4] *Direct Testimony of William K. Castle* at 3, TPUC Docket No. 17-00032, (April 19, 2017).

SIP provides an enhanced means for circuit inspection, maintenance, replacement, and improvement to address equipment failures and outages.[5]

The Major Storm component of the TRP&MS Rider allows the Company to defer and recover the operating and maintenance costs associated with restoring utility service after a major interruption due to weather. Prior to the implementation of the MS component of the TRP&MS Rider, the Company was required to separately petition the Commission for recovery of the costs from major storms.

As shown on Table 1 below,[6] the total costs invested in the TRP&MS since its inception in October 2017 are approximately $42.6 million with approximately $29.6 million that has already been recovered from Kingsport's customers, leaving a current net unrecovered balance of $31,888,986.

TABLE 1 – Net TRP&MS Cost and Recovery

Docket	Net TRP Costs	Net MS Costs	Revenue Recovery	Net Total Cost
18-00125	$2,224,484	$106,193	$0	$2,330,677
19-00106	3,388,540	1,705,301	-740,736	4,353,105
20-00127	4,742,228	440,540	-3,377,813	1,804,955
21-00142	4,014,410	-455,968	-6,035,757	-2,477,315
23-00019	6,023,676	1,532,453	-9,893,310	-2,337,181
24-00010	4,739,934	2,391,640	-4,891,400	2,240,175
25-00022	6,755,713	5,038,735	-4,702,934	7,091,712
Total	**31,888,986**	**10,758,895**	**-29,641,751**	**13,006,130**

[5] *Direct Testimony of Phillip A. Wright* at 13-14, TPUC Docket No. 17-00032, (April 19, 2017).

[6] File <KgPCo Exhibit No. 1 (AWA)> TPUC Docket No. 18-00125 (Nov. 30, 2018); File <KgPCo Exhibit No. 1 (AWA)> TPUC Docket No. 19-00106 (Nov. 22, 2019); File <KgPCo Exhibit No. 1 (AWA)> TPUC Docket No. 20-00127 (Nov. 24, 2020); File <KgPCo Exhibit No. 1 (AWA)> TPUC Docket No. 21-00142 (Dec. 1, 2021); File <KgPCo Exhibit No. 1 (AWA)> TPUC Docket No. 23-00019, (Mar. 10, 2023); File <KgPCo Exhibit No. 1 (JDS) Over_Under Recovery> TPUC Docket No. 24-00010 (Mar. 5, 2024) but updated March 19, 2024; and File <WP - 2025 KgPCo Exhibit No. 1 (JAS)> TPUC Docket No. 25-00022 (Mar. 28, 2025).

Q8. HOW DO THE NET TRP&MS COSTS IN THIS PETITION COMPARE TO THOSE OF PREVIOUS YEARS?

A8. The Net TRP&MS in this filing is higher than that in previous years. Prior to 2025, the highest TRP&MS cost was $7,131,574 for 2023 (reflected in the 2024 filing in TPUC Docket No. 24-00010).[7] The numbers in the current petition are a 65% increase.

Q9. IS THERE AN EXPLAINATION FOR THE HIGHER RECOVERY REQUEST?

A9. Kingsport stated that it incurred $4,999,371 of O&M related costs, through December 31, 2024, from Hurricane Helene with total estimated distribution costs of $7,601,908.[8] These can account for the increase over 2023, however not for the increase over earlier years.

III. EFFECTIVENESS OF THE TRP&MS RIDER

Q10. HAS THE TARGETED RELIABILITY PLAN COMPONENT OF THE TRP&MS RIDER BEEN EFFECTIVE IN DECREASING THE SERVICE OUTAGES IN THE KINGSPORT SERVICE AREA?

A10. At this time, the evidence does not suggest that the Targeted Reliability Plan component of the TRP&MS Rider has been effective in decreasing the service outages for Kingsport's customers from what the Company has previously experienced.

Q11. HOW HAS THE EFFECTIVENESS OF THE TRP BEEN ASSESSED?

A11. Two primary measurements, the System Average Interruption Duration Index ("SAIDI") and the System Average Interruption Frequency Index ("SAIFI") have been compared over

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[7] *Order Granting Petition as Amended*, *In re: Petition of Kingsport Power Company D/B/A AEP Appalachian Power for January 2023 through December 2023 Annual Recover Under the Targeted Reliability Plan and Major Storm Rider ("TRP&MS"), Alterative Rate Mechanisms Approved in Docket 17-00032*, TPUC Docket No. 24-00010 (October 28, 2024).

[8] *Direct Testimony of Jason Baker* at 17, Figure 2.

time and against other electric utility company values to assess Kingsport's performance. The SAIDI measures how long (in minutes per year) that the average service interruption lasts, and the SAIFI measures how often (per year) customer service is interrupted by these same outages are utilized.

Q12. WHAT ELECTRIC UTILITIES ARE USED FOR COMPARISON?

A12. The other utilities are a group including 14 electric utility distribution companies identified in TPUC Docket No. 17-00032, as being similarly situated to Kingsport.[9] These were referred to as the Kingsport Power Tennessee Peer Group ("Peer Group"). The SAIDI index values for Kingsport and this Peer Group are presented below in Table 2 for calendar years 2017 through 2023.[10]

Table 2 - Kingsport Power Tennessee Peer Group
SAIDI Without Major Events Days (MED) Index (Minutes)

Distribution Utility	2017	2018	2019	2020	2021	2022	2023
Bristol	42	52	57	70	55	111	
Cleveland	49	43	51	68	64	43	51
Clinton	115	77	104	103	101	131	83
Duck River	108	91	133	114	132	147	175
Fort Loudoun	430	266	342	400	271	404	
Greeneville	62	105	92	81	77	62	76
Johnson City	29	24	22	28	20	33	40
Kingsport Power	231	303	262	269	262	291	192
Knoxville	156	126	56	128	16	103	124
LaFollette	228	07	90	38	314	384	
Powell Valley	46	23	205		229	06	317
Pulaski	155	137	123	148	101	42	128
Rockwood	101	30	190	187	173	220	83
Sequachee Valley	121	180	232	172	272	255	227
Tri-County	213	47	237	227	276	57	295
Average	**46**	**141**	**166**	**167**	**162**	**186**	**149**
KPC Ratio	**159%**	**215%**	**157%**	**161%**	**140%**	**157%**	**128%**

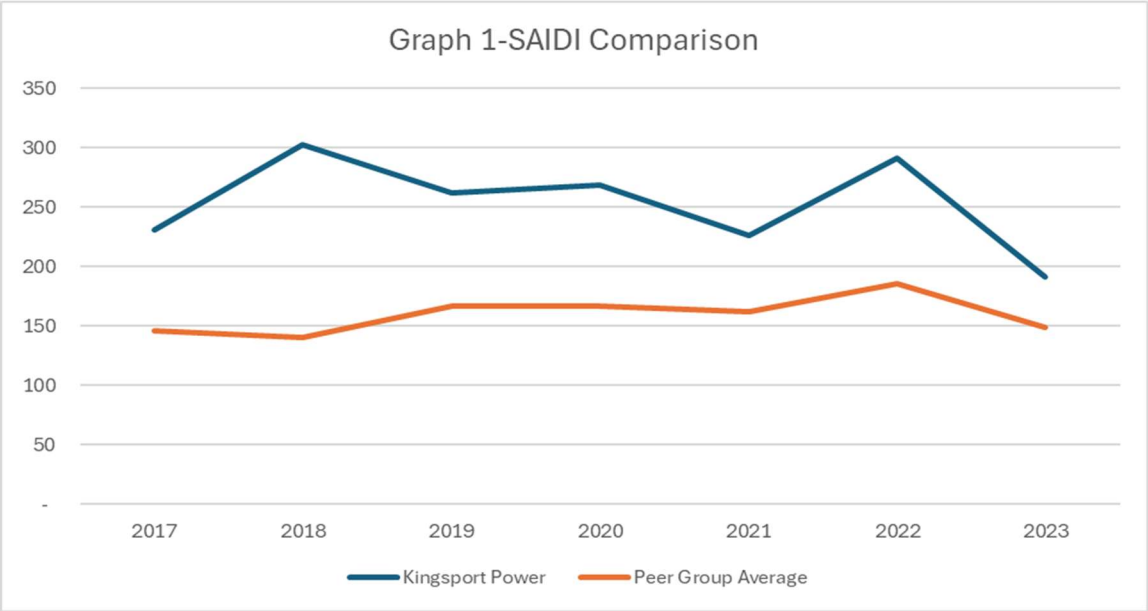
As shown on Table 2, Kingsport's 2022 SAIDI index was 192 minutes. This means that

[9] *Direct Testimony of William H. Novak* at 8-10, TPUC Docket No. 17-00032 (July 10, 2017).

[10] This data comes from the Energy Information Administration website at https://www.eia.gov/electricity/data/eia861/. The empty cell indicate that the company did not provide a value.

the average service interruption (excluding major weather events) for the Company lasted for 192 minutes, the fourth highest of the groups. For these years, Kingsport's SAIDI ratio to the Peer Group average was 128% which means that the Company's SAIDI score lags behind the Peer Group average.

The SAIDI comparison between the Company and the Peer Group average is demonstrated visually in Graph 1 below:



As shown in Figure 1, the SAIDI gap between the Company and the Peer Group average persists. As noted last year, the deviation widened during 2022, with the values for Kingsport being worse than when the TRP&MS Rider began in 2017.

Q13. WHAT ARE KINGSPORT'S SAIFI VALUES?

A13. Kingsport's SAIFI values and those of the Peer Group are presented in Table 3 below:

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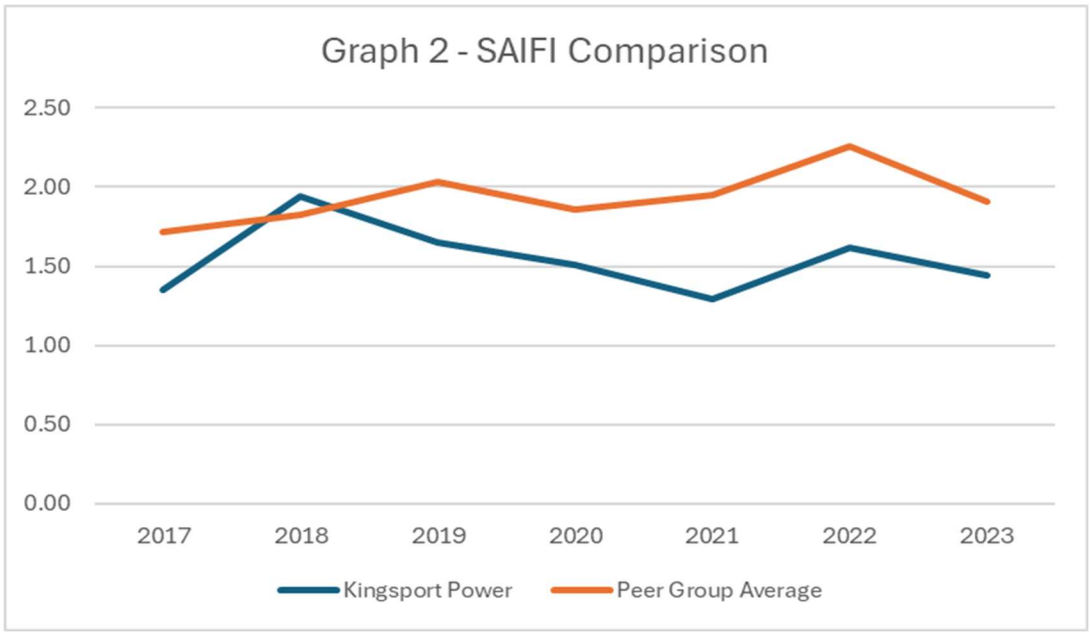
Table 3 - Kingsport Power Tennessee Peer Group SAIFI Without Major Events Days (MED) Index (Occurrences)							
Distribution Utility	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Bristol	1.16	1.38	0.94	1.01	1.20	1.67	
Cleveland	0.87	0.75	1.06	0.98	1.10	0.81	0.87
Clinton	1.27	1.51	1.47	1.28	1.32	2.63	1.20
Duck River	1.36	1.29	1.73	1.49	1.59	2.04	1.76
Fort Loudoun	3.18	2.48	2.65	2.82	2.56	3.25	
Greeneville	1.28	1.70	1.53	1.00	1.32	1.00	1.25
Johnson City	0.32	0.26	0.33	0.33	0.25	0.34	0.67
Kingsport Power	1.35	1.94	1.65	1.51	1.29	1.62	1.44
Knoxville	1.44	1.49	1.65	1.65		1.31	1.50
LaFollette	3.72	3.08	4.19	4.90	4.00	5.00	
Powell Valley	3.12	2.01	3.10		2.72	2.75	5.18
Pulaski	1.70	1.96	1.61	1.83	1.73	1.88	1.67
Rockwood	1.49	1.25	1.70	1.80	2.07	2.39	1.00
Sequachee Valley	0.81	2.51	3.57	2.50	3.34	3.19	2.98
Tri-County	2.72	3.81	3.34	2.87	2.78	4.03	3.39
Average	**1.72**	**1.83**	**2.03**	**1.86**	**1.95**	**2.26**	**1.91**
KPC Ratio	**0.79**	**106%**	**81%**	**81%**	**66%**	**72%**	**75%**

As shown on Table 3, the Company's 2023 SAIFI was 1.44. This means that customers of Kingsport experienced on average 1.44 service interruptions during 2023 (exclusive of major weather events) which is below the average for the Peer Group. Further, the Kingsport SAIFI ratio to the Peer Group for 2022 was 75%, which means that Kingsport's SAIFI score is better than the Peer Group average. The SAIFI relationship between Kingsport and the Peer Group average is demonstrated in Graph 2 below.

[*Intentionally Blank, Table on Next Page*]



The graph demonstrates that the gap between Kingsport and the Peer Group average has remained. As noted by the Consumer Advocate last year, both the SAIDI and SAIFI values are worse than when the TRP&MS rider began in 2017.

Q14. KINGSPORT'S PETITION INCLUDES SAIDI AND SAIFI INFORMATION FOR 2024. WHY DO YOUR TABLES STOP WITH 2023 DATA?

A14. The table contains the most recent information available on the Energy Information Administration website at https://www.eia.gov/electricity/data/eia861/. At the time the information was obtained from the Energy Information Administration website, 2023 was the most recent year with data. As a result, it is the most recent year for which a comparison to the Peer Group can be made.

Q15. IS KINGSPORT'S INCLUSION OF 2024 SAIDI AND SAIFI INFORMATION RELEVANT?

A15. In this instance, that information is interesting. In both cases, the values have shown improvement. However, as discussed below, the usefulness of the data is limited because

each is a single data point associated with volatile index in an observation period with an abnormal event.

Q16. IN HIS DIRECT TESTIMONY KINGSPORT WITNESS MR. JASON BAKER STATED THAT THE COMPANY'S SAIDI AND SAIFI HAVE SHOWN SIGNIFICANT IMPROVEMENT SINCE 2018. DO YOU AGREE WITH MR. BAKER'S ASSESSMENT?

A16. Mr. Baker's testimony includes 2024 values of 164.7 for SAIDI and 1.186 for SAIFI.[11] The values for 2024 are notable improvements, and similar or lower values in the future would be positive and welcome. However, any conclusions regarding the effectiveness of the program based on the Company's 2024 SAIDI and SAIFI values would be premature and speculative.

Q17. WHY WOULD CONCLUSIONS REGARDING THE EFFECTIVENESS BASED ON THE COMPANY'S 2024 SAIDI AND SAIFE VALUES BE PREMATURE AND SPECULATIVE?

A17. There are several factors, starting with the fact that the 2024 values represent a single observation for each index. Other considerations are:

- The single observation may be an anomaly:
  - The year-to-year values are volatile. For example, the 2022 SAIDI value of 291 is 96% of the highest value of 303 that was reported in 2017.
  - As noted above, the Company incurred an estimated $7,601,908 in distribution costs associated with Hurricane Helene in 2024. That recovery occurred during the reporting period and can be expected to affect outage frequencies and durations.

[11] *Direct Testimony of Jason Baker* at 7, Figure 1.

- The SAIFI values for 2022 and 2023 were both higher than 2021 values, with the margins over 2021 for 2022 and 2023 greater than the negative margin for 2024.
- The 2024 values have not been checked against a Peer Group performance.
- The number of observations, years of data, are not sufficient for a reliable statistical analysis.
- Given the variability of the annual values, a trend analysis can be suspect.

Until more data is gathered. it is difficult to draw reliable conclusions regarding the effectiveness of the TRP program, and observations regarding the graphs would be subjective.

Q18. HOW DOES MR. BAKER'S OBSERVATION THAT 2022 WAS AN ANOMALY ALLEVIATE CONCERNS REGARDING DATA VARIABILITY?

A18. With the number of observations, absent supporting documentation, his qualitative comment emphasizes there is a need for caution when drawing conclusions regarding the 2024 data points and the effectiveness of the TRP program.

Q19. DOES THE NEED FOR ADDITIONAL DATA INDICATE THAT MORE TIME IS REQUIRED BEFORE RELIABLE CONCLUSIONS CAN BE MADE REGARDING THE EFFECTIVENESS OF THESE PROGRAMS?

A19. Not necessarily. Time series analysis is only one method for reviewing the programs and performance. The SAIFI and SAIDI values only report the observations, not the underlying factors contributing to the outage or the solutions to those outages. Numerous factors such as weather, vegetation management, human actions, wildlife, construction, and utility maintenance practices, contribute to power interruptions. Likewise, numerous factors contribute to the utility's ability to respond to outages. Comparison to the Peer

Group is an effort to account for some of these factors in general without specifically identifying the individual inputs.

To assess the success and cost effectiveness of the TRP&MS Riders, it is necessary to review the underlying factors that contribute to the outages and how the company responded to such events. Of particular interest would be a report that identifies outages by cause including weather (with sub-categories of weather-related vegetation, equipment failure, other), non-weather-related vegetation, human activity, equipment failure, etc. This would assist the Commission in assessing the effectiveness of the TRP&MS.

Q20. HAS KINGSPORT PRODUCED REPORTS SIMILAR TO THIS IN THE PAST?

A20. Yes, it has. Principal Outage Causes were provided as part of the Company's April 19, 2017 Petition in TPUC Docket 17-00032. Company witness Philip A. Wright provided the following 2 charts identifying the percentage of service interruptions by source for 5 years:[12]

Figure 3
Principal Outage Causes in Kingsport's Service Territory
As a Percentage of SAIDI (Excluding Major Events)

Cause	2012	2013	2014	2015	2016	Average
Veg Inside/Outside	36%	31%	42%	40%	40%	38%
Equipment	24%	20%	21%	25%	18%	21%
Scheduled	10%	16%	16%	13%	13%	14%
Vehicle Accident	10%	9%	7%	11%	7%	9%
Station - Distribution	6%	8%	4%	3%	5%	5%
Lightning	8%	5%	1%	3%	7%	5%
Animal	2%	2%	3%	2%	2%	2%
All Other Causes	6%	9%	6%	3%	8%	6%

[12] *Direct Testimony of Philip A. Wright* at 7, Figures 3-4, TPUC Docket No. 17-00032 (April 19, 2017).

Figure 4
Principal Outage Causes in Kingsport's Service Territory
As a Percentage of SAIFI (Excluding Major Events)

Cause	2012	2013	2014	2015	2016	Average
Veg Inside/Outside	29%	23%	35%	33%	28%	29%
Equipment	26%	21%	25%	29%	20%	24%
Scheduled	12%	16%	14%	17%	11%	14%
Vehicle Accident	11%	11%	8%	10%	9%	10%
Station - Distribution	9%	7%	4%	5%	5%	6%
Lightning	5%	6%	1%	1%	6%	4%
Animal	3%	3%	5%	3%	3%	3%
All Other Cause	6%	13%	7%	2%	17%	10%

Q21. IS THIS THE TYPE OF INFORMATION THAT YOU ARE SUGGESTING THAT KINGSPORT PROVIDE IN FUTURE FILINGS?

A21. Yes. Of particular interest are the outages, and percentage of outages, caused by vegetation. One part of the Targeted Reliability Plan was to implement a cycle-based Vegetation Management Program, being more proactive with vegetation management, to reduce the frequency or length of outages.

Provision of this information would enable a more informed analysis of the success of the program.

In TPUC Docket No. 17-00032, the Company combined vegetation inside the right-of-way and outside of the right-of-way in one value.[13] Separating these two sources would provide a more detailed analysis and may shed some light on situations outside the Company's control.

[13] *Direct Testimony of Philip A. Wright* at 7:7 – 8:1, TPUC Docket No. 17-00032 (April 19, 2017).

Q22. DO YOU RECOMMEND THAT THE COMPANY PROVIDE THE INFORMATION, BY YEAR, IN THE SAME CATAGORIES AS THOSE IN THE PRECEDING FIGURES?

A22. Utilizing the same categories simplifies an analysis. However, if the Company has developed other categories that it considers more descriptive or useful, it is reasonable for those to be used.

Q23. ARE THERE ANY CONCLUSIONS THAT THE COMMISSION SHOULD MAKE FROM THE SAIDI AND SAIFI INFORMATION PRESENTED IN FIGURES 1 AND 2?

A23. There has been approximately $31.9 million in cumulative investment in the Targeted Reliability Plan component of the TRP&MS Rider (shown in Table 1). The SAIFI and SAIDI values, combined with comparison to the Peer Group average, do not provide confidence that the investments have had an impact on reducing the number or duration of customer outages. As noted last year, Kingsport and the Peer Group may not self-report SAIDI and SAIFI data in a consistent and comparable manner.[14] It could also be that the Peer Group is not representative of the same operating conditions in the Company's area or that there may be anomalies. An explanation may take a more detailed analysis.

The information in the record does not enable reasoned estimates of what the SAIDI and SAIFI might have been if the Commission had not approved the TRP&MS Rider. Absent greater explanation, there is reason to argue that the programs are not producing satisfactory results reflective of the cost incurred.

[14] *Direct Testimony of William H. Novak* at 11:12 - 12:3, TPUC Docket No. 24-00010 (May 23, 2024).

Q24. HAS THE MAJOR STORM COMPONENT OF THE RIDER BEEN EFFECTIVE IN ADDRESSING THE TIMELY RECOVERY OF COSTS FOR SERVICE RESTORATION?

A24. Yes, the Major Storm component has been effective in addressing timely recovery. In the past, when significant major storms occurred, Kingsport was required to petition the Commission to defer and separately recover the associated costs. The MS component of the TRP&MS Rider allows the Company to identify and accumulate operating and maintenance expenses associated with service restoration after a major storm and then include these costs for timely recovery within the Rider. The question remains, are Kingsport customers getting what they're paying for?

IV. CURRENT REVIEW PERIOD COST RECOVERY

Q25. CAN YOU EXPLAIN THE COST RECOVERY RELIEF THAT THE COMPANY IS SEEKING IN THIS TRP&MS FILING?

A25. Kingsport is asking the Commission to allow recovery of $13,006,130 through surcharges to its customers. This is the reconciliation amount of TRP&MS Rider costs for the twelve months ended December 2024.

Q26. HOW DOES THIS REQUEST COMPARE TO PREVIOUS TRP&MS RIDER COSTS?

A26. As discussed above, the current values are higher than the amount requested in any previous year.

Q27. HOW IS THE RECOVERY REQUEST OF $13,006,130 CALCULATED?

A27. The basic components of the requested recovery are shown below in Table 4:[15]

Table 4 - TRP&MS 2024 Recovery Request			
Item	**TRP**	**MS**	**Total**
Beginning Balance	$ 25,133,272	$ 5,720,159	$ 30,853,432
Return on Capital Investment	$ 1,253,741	$ -	$ 1,253,741
O&M Expense	$ 5,042,204.59	$ 5,038,735	$ 10,080,940
TPUC Adjustments	$ -	$ -	$ -
Depreciation Expense	$ 459,768	$ -	$ 459,768
Ending Balance			**$ 42,647,881**
Less Rider Surcharges			$ 29,641,751
Kingsport Requested Recovery			**$ 13,006,130**

Q28. HAVE YOU REVIEWED THE CALCULATIONS SUPPORTING THE PROPOSED RATE ADJUSTMENT IN KINGSPORT'S TRP&MS RECONCILIATION FILING?

A28. Yes. I reviewed the Company's filing.

Q29. WHAT WERE THE RESULTS OF YOUR REVIEW?

A29. Kingsport's filing appears to have appropriately reconciled the actual expenses and net investment to the amounts recorded on the Company's ledger. The reconciliation generally reflected the methodologies established in TPUC Docket No. 17-00032.

Q30. WERE THERE ANY PORTIONS OF THE COMPANY'S TRP&MS RECOVERY REQUEST THAT YOU DISAGREE WITH OR HAVE CONCERNS WITH?

A30. Not at this time. The Company filed exhibits and provided the specifics and details supporting its monthly calculations.

[15] *Direct Testimony of Malinda L. Dielman* at File <KgPCo Exhibit No. 1 (MLD).xlsx>.

Q31. IN PREVIOUS YEARS THERE WERE CONCERNS REGARDING THE COMPANY'S DEFERRED TAX ADJUSTMENTS AND CAPITAL INVESTENT PROJECTS. ARE THERE SIMILAR CONCERNS WITH THIS PETITION?

A31. There are not. In the 2024 petition, Kingsport included a capital project of $11,566,206 for the Lovedale Station Work.[16] The Consumer Advocate raised concerns over the inclusion of the Lovedale project within the TRP&MS Rider.[17] It was a single project that raised concerns over the type and amount of the project and its inclusion in the TRP&MS Rider. The current Petition does not have any similar project. The total capital additions for 2024 were $3,108,169.[18]

Although the current Petition does not raise any concerns regarding the capital investments, consistent with the recommendations in TPUC Docket No. 24-00010,[19] the Consumer Advocate recommends that the Commission require Kingsport to provide notice of the cost of anticipated capital projects in accordance with Commission rules.[20]

V. TRP&MS COST ALLOCATION AND RATE DESIGN

Q32. HOW IS THE COMPANY PROPOSING TO RECOVER THE $13,006,130?

A32. Kingsport stated that it incurred $4,999,371 of O&M costs related to Hurricane Helene through 2024. Due to the unique cause of and the and amount of costs associated with this event, Kingsport is proposing to recover those O&M costs over a two-year period, half with this Petition and half next year. Thus, it proposes to recover $10,506,444 through

16 *Direct Testimony of William H. Novak* at 17, Table 6, TPUC Docket No. 24-00010 (May 23, 2024).
17 *Direct Testimony of William H. Novak* at 17-18, TPUC Docket No. 24-00010 (May 23, 2024).
18 *Direct Testimony of Malinda L. Dielman* at File < KgPCo Exhibit No. 1 (MLD).xlsx>.
19 *Direct Testimony of William H. Novak* at 18 :19-21, TPUC Docket No. 24-00010 (May 23, 2024).
20 TPUC Rule 1220-04-01-.01.

surcharges to its customers this year and recover $2,499,685 of 2024 O&M costs next year.[21]

Q33. DO YOU HAVE ANY COMMENTS REGARDING KINGSPORT'S PROPOSAL TO RECOVER THE O&M COSTS OVER A TWO-YEAR PERIOD?

A33. Kingsport witness John Stevens explained that the Company's proposal will result in a monthly residential service charge of $2.99.[22] He elaborated that if the costs associated with Hurricane Helene are recovered in a single year, residential customers would see an increase of $4.61 in the service charge. [23] Given the cause and nature of these expenses, Kingsport's proposal is reasonable, and it reflects some of the goals of ratemaking principles, specifically, those of providing stable and predictable rates and mitigating rate shock.

Q34. HOW SHOULD THE 2024 TRP&MS RIDER RECOVERY COSTS BE ALLOCATED TO THE DIFFERENT CUSTOMER CLASSES?

A34. The Commission order approving the TRP&MS Rider indicates that the net Rider costs are to be allocated to the customer rate classes in the same manner that was used in the Company's last rate case.[24] Table 5 below applies these rate percentages to the Net Adjusted Recovery of $10,506,444 to compute the TRP&MS cost allocation to each customer rate class.[25]

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21 *Direct Testimony of John A. Stevens* at 3:16-20 (March 28, 2025).

22 *Direct Testimony of John A. Stevens* at 6:18-19 (March 28, 2025).

23 *Direct Testimony of John A. Stevens* at 7:4-6 (March 28, 2025).

24 *Order Approving Stipulation and Settlement Agreement*, *In re: Petition of Kingsport Power Company D/B/A AEP Appalachian Power Company for a General Rate* Increase, at 4-5, TPUC Docket No. 21-00107 (October 25, 2022).

25 *Direct Testimony of John A. Stevens,* File <WP – 2025 KgPCo Exhibit No. 1 (JAS).xlsx> (March 28, 2025).

Table 5 – Adjusted TRP&MS Rider Surcharge Allocation		
Tariff	**21-00107 Percentage Allocation**	**Net TRP&MS Allocation**
Residential Service	33.21%	$3,489,190
Small General Service	5.52%	$579,956
Medium Service-Sec.	15.12%	$1,588,574
General Service-TOD	0.02%	$2,101
Large Service-Secondary	20.19%	$2,121,251
Large Service-Primary	3.96%	$416,055
Industrial Power-Primary	1.92%	$201,724
Industrial Power-Trans.	10.20%	$1,071,657
Church Service	1.39%	$146,040
Public School Service	1.03%	$108,216
Electric Heating Service	3.48%	$365,624
Outdoor Lighting Service	3.14%	$329,902
Street Lighting Service	0.82%	$86,153
Total	**100.00%**	**$10,506,444**

Q35. HOW SHOULD THE TRP&MS RIDER SURCHARGE RATE BE CALCULATED FOR EACH CUSTOMER CLASS?

A35. The specific TRP&MS surcharges are based upon the historic billing determinants from the last rate case. They are applied as either energy surcharges, demand surcharges, or bill surcharges depending on the customer class.

Q36. HAVE YOU PREPARED A TRP&MS RATE SURCHARGE THAT CONFORMS TO THE RATE CASE AND TARIFF LANGUAGE?

A36. Yes. As summarized in Table 6 below, the net TRP&MS allocation by rate schedule is divided by the billing determinant from the Company's last rate case to produce the new TRP&MS rate surcharge for each customer class. With one exception, results in Table 6 are consistent with the proposed rates and tariff sheets contained within the Company's

Petition, in the Direct Testimony of John A. Stevens, Exhibit <WP - 2025 KgPCo Exhibit No. 2 (JAS).xlsx>.

TABLE 6 – Proposed TRP&MS Rate Surcharge			
Tariff	Net TRP&MS Allocation	Billing Determinants	TRP&MS Rate Surcharge
Residential Service	$3,489,190	510,383	$ 6.84
Small General Service	579,956	47,523	$ 12.20
Medium Service-Sec.	1,588,574	366,712	$ 4.33
General Service-TOD	2,101	332,419	$ 0.0063212
Large Service-Secondary	2,121,251	471,876	$ 4.50
Large Service-Primary	416,055	104,679	$ 3.97
Industrial Power-Primary	201,724	91,299	$ 2.21
Industrial Power-Trans.	1,071,657	834,537	$ 1.28
Church Service	146,040	8,549,481	$ 0.0170817
Public School Service	108,216	26,732,113	$ 0.0040482
Electric Heating Service	365,624	122,463	$ 2.99
Outdoor Lighting Service	329,902	66,868	$ 4.93
Street Lighting Service	86,153	127,025	$ 0.68
Total	**$10,506,444**		

In addition to the classes above, the Company has a Medium General Service ("MGS") Primary at $4.24. In TPUC Docket 21-00107, the MGS Primary rate did not have any customers, as such it did not have any of the TRP&MS allocated to the class in the rate case. The Company's proposed rate increase of 77%[26] for this class is consistent with the increase to the MGS Secondary class and maintains the 98% of the MGS Secondary rate from TPUC Docket No. 21-00107. This is a reasonable result.

Q37. DO YOU HAVE ANY OTHER RECOMMENDATIONS REGARDING THE RATE DESIGN?

[26] *Direct Testimony of John A. Stevens*, File < WP - 2025 KgPCo Exhibit No. 2 (JAS).xlsx>, TPUC Docket No. 25-00022 (March 28, 2025). This percentage is calculated using the existing rate of $2.39 divided by the proposed rate of $4.24.

A37. Yes. With each filing, there is a possibility that the actual billing determinants will deviate from allocation values in TPUC Docket No. 21-00107. Especially important is the possible addition of customers where there were originally no customers. If customers are added in those classes, absent appropriate recognition and recovery allocation, the potential for over-recovery exists. Due to the nature of the revenue recovery recording and true up, the method should be self-correcting. However, for the purpose of clarity, it would be beneficial if the Company specifically highlighted changes to those customer classes where none previously existed.

VI. CONCLUSION AND RECOMMENDATIONS

Q38. WILL YOU SUMMARIZE YOUR RECOMMENDATIONS ON THE 2024 TRP&MS RIDER RECOVERY?

A38. Yes. I recommend the Commission:

- Repeat its requirement that the Company include all supporting workpapers, in both pdf and native formats, in future TRP&MS filings.
- Accept the revenue request of $13,006,130 as the appropriate amount for TRP&MS Rider recovery.
- Approve Kingsport's proposal to recover the $4,999,371 O&M costs associated with Hurricane Helene over a two-year period. This will recover $2,499,685 in this Docket and defer $2,499,685 to next year.
- Approve Kingsport's request to recover $10,506,444, through the TRP&MS Rider.
- Adopt the customer class allocation factors used in TPUC Docket No. 21-00107 to allocate TRP&MS Rider costs.
- Adopt Kingsport's proposed rate design for the TRP&MS surcharges.
- Require the Company to provide notice of the cost of its anticipated capital projects in accordance with Commission rules.
- Require Kingsport to include, in its next TRP&MS filing, a report that identifies outages by cause including weather (with sub-categories of weather-related vegetation, equipment failure, other), non-weather-related

vegetation, human activity, equipment failure, and other categories considered relevant.

- Require Kingsport to highlight in future TRP&MS filings, changes to those customer classes where no customers previously existed.

Q39. DOES THIS COMPLETE YOUR TESTIMONY?

A39. Yes, it does. However, I reserve the right to incorporate any new information that may subsequently become available.

IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT 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"), ALTERNATIVE RATE MECHANISMS APPROVED IN DOCKET NO. 17-00032	)	**DOCKET NO. 25-00022**

AFFIDAVIT

I, Clark D. Kaml, on behalf of the Consumer Advocate Division of the Attorney General's Office hereby certify that the attached Supplemental Testimony represents my opinion in the above-referenced case and the opinion of the Consumer Advocate Division.

CLARK D. KAML

Sworn to and subscribed before me

This 15th day of May, 2025.

NOTARY PUBLIC

TERRA ALLEN
STATE OF TENNESSEE
NOTARY PUBLIC
HICKMAN COUNTY
My Commission Expires JAN. 31, 2027

My Commission Expires: 1/31/2027.

Table 1 - TRP&MS Cost and Recovery				
Docket	**Total Annual TRP Cost**	**MS Cost**	**Revenue Recovery**	**Net Total Cost**
18-00125	$ 2,224,484	$ 106,193	$ -	$ 2,330,677
19-00106	$ 3,388,540	$ 1,705,301	$ (740,736)	$ 4,353,105
20-00127	$ 4,742,228	$ 440,540	$ (3,377,813)	$ 1,804,955
21-00142	$ 4,014,410	$ (455,968)	$ (6,035,757)	$ (2,477,315)
23-00019	$ 6,023,676	$ 1,532,453	$ (9,893,310)	$ (2,337,181)
24-00010	$ 4,739,934	$ 2,391,640	$ (4,891,400)	$ 2,240,175
25-00022	$ 6,755,713	$ 5,038,735	$ (4,702,735)	$ 7,091,714
Total	**$ 31,888,985**	**$ 10,758,894**	**$ (29,641,751)**	**$ 13,006,130**

Table 2 - Kingsport Power Tennessee Peer Group SAIDI Without Major Events Days (MED) Index (Minutes)							
Distribution Utility	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Bristol	42	52	57	70	55	111	
Cleveland	49	43	51	68	64	43	51
Clinton	115	77	104	103	101	131	83
Duck River	108	91	133	114	132	147	175
Fort Loudoun	430	266	342	400	271	404	
Greeneville	62	105	92	81	77	62	76
Johnson City	29	24	22	28	20	33	40
Kingsport Power	231	303	262	269	226	291	192
Knoxville	156	126	156	128	116	103	124
LaFollette	228	207	290	338	314	384	
Powell Valley	146	123	205		229	206	317
Pulaski	155	137	123	148	101	142	128
Rockwood	101	130	190	187	173	220	83
Sequachee Valley	121	180	232	172	272	255	227
Tri-County	213	247	237	227	276	257	295
Average	146	141	166	167	162	186	149
KPC Ratio	159%	215%	157%	161%	140%	157%	128%

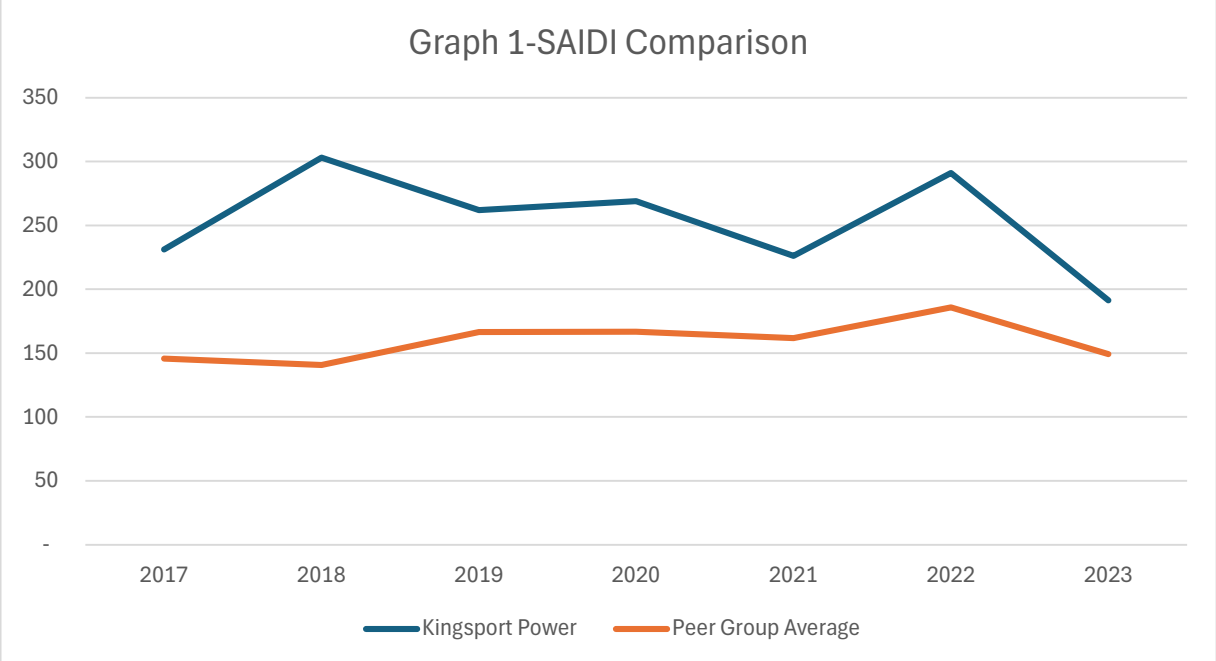

Table 3 - Kingsport Power Tennessee Peer Group SAIFI Without Major Events Days (MED) Index (Occurrences)							
Distribution	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Bristol	1.16	1.38	0.94	1.01	1.20	1.67	
Cleveland	0.87	0.75	1.06	0.98	1.10	0.81	0.87
Clinton	1.27	1.51	1.47	1.28	1.32	2.63	1.20
Duck River	1.36	1.29	1.73	1.49	1.59	2.04	1.76
Fort Loudoun	3.18	2.48	2.65	2.82	2.56	3.25	
Greeneville	1.28	1.70	1.53	1.00	1.32	1.00	1.25
Johnson City	0.32	0.26	0.33	0.33	0.25	0.34	0.67
Kingsport Power	1.35	1.94	1.65	1.51	1.29	1.62	1.44
Knoxville	1.44	1.49	1.65	1.65		1.31	1.50
LaFollette	3.72	3.08	4.19	4.90	4.00	5.00	
Powell Valley	3.12	2.01	3.10		2.72	2.75	5.18
Pulaski	1.70	1.96	1.61	1.83	1.73	1.88	1.67
Rockwood	1.49	1.25	1.70	1.80	2.07	2.39	1.00
Sequachee Valley	0.81	2.51	3.57	2.50	3.34	3.19	2.98
Tri-County	2.72	3.81	3.34	2.87	2.78	4.03	3.39
Average	**1.72**	**1.83**	**2.03**	**1.86**	**1.95**	**2.26**	**1.91**
KPC Ratio	**0.79**	**106%**	**81%**	**81%**	**66%**	**72%**	**75%**

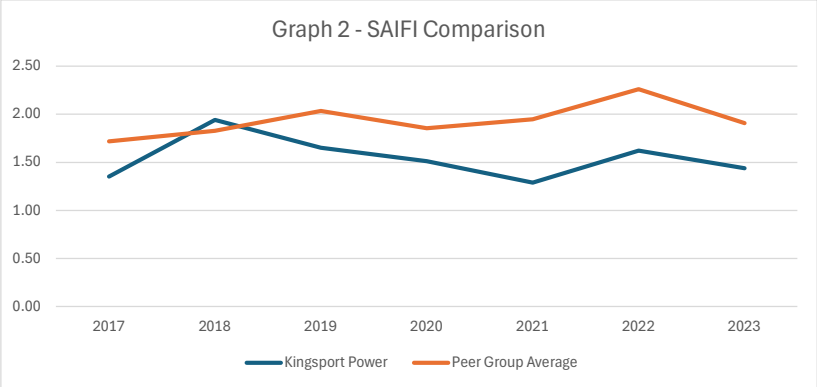

Table 4 - TRP&MS 2024 Recovery Request			
Item	**TRP**	**MS**	**Total**
Beginning Balance	$ 25,133,272	$5,720,159	$30,853,432
Return on Capital Investment	$ 1,253,741	$ -	$ 1,253,741
O&M Expense	$ 5,042,204.59	$5,038,735	$10,080,940
TPUC Adjustments	$ -	$ -	$ -
Depreciation Expense	$ 459,768	$ -	$ 459,768
Ending Balance			**$42,647,881**
Less Rider Surcharges			$29,641,751
KgPCo Requested Recovery			**$13,006,130**

Table 5 – Adjusted TRP&MS Rider Surcharge Allocation					
			Billing Determinates		
Tariff	21-00107 Percentage Allocation	Net TRP&MS Allocation	Bills	Demand	Usage
Residential Service	33.21%	$3,489,190	510,383		
Small General Service	5.52%	$579,956	47,523		
Medium Service-Sec.	15.12%	$1,588,574		366,712	
General Service-TOD	0.02%	$2,101			332,419
Large Service-Secondary	20.19%	$2,121,251		471,876	
Large Service-Primary	3.96%	$416,055		104,679	
Industrial Power-Primary	1.92%	$201,724		91,299	
Industrial Power-Trans.	10.20%	$1,071,657		834,537	
Church Service	1.39%	$146,040			8,549,481
Public School Service	1.03%	$108,216			26,732,113
Electric Heating Service	3.48%	$365,624		122,463	
Outdoor Lighting Service	3.14%	$329,902	66,868		
Street Lighting Service	0.82%	$86,153	127,025		
Total	**100.00%**	**$10,506,444**			

Commission Order Approving Stipulation and Settlement Agreement in Docket No. 21-00107, Exhibit A, Attachment C – Rate Design Settlement, Schedules 1-10. Billing determinants are in the form of bills, billing demand or energy usage.

TABLE 6 – Proposed TRP&MS Rate Surcharge			
Tariff	Net TRP&MS Allocation	Billing Determinants	TRP&MS Rate Surcharge
Residential Service	$3,489,190	510,383	$ 6.84
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Total	**$10,506,444**		