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February 27, 2026

**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

Re: IN RE: PETITION OF KINGSFORT POWER  
COMPANY d/b/a AEP APPALACHIAN POWER  
FOR JANUARY, 2025 – DECEMBER 2025 ANNUAL  
RECOVERY UNDER THE TARGETED RELIABILITY  
PLAN AND MAJOR STORM RIDER (“TRP&MS”),  
ALTERNATIVE RATE MECHANISMS APPROVED IN  
DOCKET NO. 17-00032  
DOCKET NO.: 26- 00015

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.) *Via U.S. Mail and Email: Kelly.Grams@tn.gov*  
David Foster (w/enc.) *Via U.S. Mail and Email: david.foster@tn.gov*  
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William K. Castle (w/enc.) *Via Email: wkcastle@aep.com*  
Elisabeth M. Bruce, Esq., (w/enc.) *Via Email: ebruce@aep.com*

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION**

**NASHVILLE, TENNESSEE**

IN RE: PETITION OF KINGSPORT POWER )  
COMPANY d/b/a AEP APPALACHIAN POWER )  
FOR JANUARY, 2025 - DECEMBER, 2025 ANNUAL )  
RECOVERY UNDER THE TARGETED RELIABILITY )  
PLAN AND MAJOR STORM RIDER (“TRP&MS”), ) DOCKET NO.: 26- 00015  
ALTERNATIVE RATE MECHANISMS APPROVED )  
IN DOCKET NO. 17-00032 )

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**PETITION OF KINGSPORT POWER COMPANY d/b/a AEP APPALACHIAN POWER  
FOR JANUARY 2025 – DECEMBER 2025 ANNUAL RECOVERY UNDER THE  
TARGETED RELIABILITY PLAN AND MAJOR STORM RIDER (“TRP&MS”),  
ALTERNATIVE RATE MECHANISMS APPROVED IN DOCKET NO. 17-00032**

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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 a \$12,000,000 portion of the \$15,453,443 in 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, 24-00010, and 25-00022.

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., Senior Counsel  
American Electric Power Service Corporation  
Three James Center  
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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 49,000 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 spans approximately 297 square miles and its distribution system is more than 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 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, Docket No. 24-00010, and Docket No. 25-00022, 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 and 25-00022. 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.<sup>1</sup>

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, 2025 – December 31, 2025 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 \$12,000,000 of \$15,453,443 of deferred actual TRP&MS under-recovered costs as of December 31, 2025, recorded on KgPCo's books in Account 1823426, TRP&MS Under Recovery. The net under-recovery of \$15,453,443 is comprised of \$41,420,408 for TRP costs and \$11,592,535 for major storm expenses offset by

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<sup>1</sup> Stipulation and Settlement Agreement, pp. 4, 5; Order, page 9.

cumulative TRP&MS Rider revenues of \$37,559,500 recorded through December 2025. If this Petition is approved as filed, a residential customer will see an increase of approximately \$0.97 in the service charge component on their monthly bill. Notably, the Company proposes in this filing to base the TRP&MS rates on an annual revenue requirement that is less than its current under-recovery position. Specifically, the Company is proposing rates in this case that are designed to recover \$12,000,000 in annual TRP&MS revenues as compared to the actual under-recovery of \$15,453,443. The Company's proposal is intended to mitigate the impact that the higher under-recovery balance would have on customers' rates if recovered over one year, and to reduce the magnitude of the changes in the TRP&MS rates from year to year going forward.

10. The net under-recovery in this matter is higher than previous years in part due to damage caused by Hurricane Helene in September 2024. In Docket No. 25-00022, KgPCo proposed to recover the system restoration costs associated with Hurricane Helene over a two-year period to mitigate the impact to customers, which the Commission approved. Accordingly, a portion of said costs is included in this filing.

11. 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 (1/1/2025-12/31/2025).

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.
- 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.

12. KgPCo will cause a NOTICE TO PUBLIC relative to this proceeding to be sent customers, in the same manner they receive billing statements, either electronically or by first-class mail, that includes a summary of the proposed changes and an estimated annual increase for an average residential customer if the requested change is granted.

### **RELIEF REQUESTED**

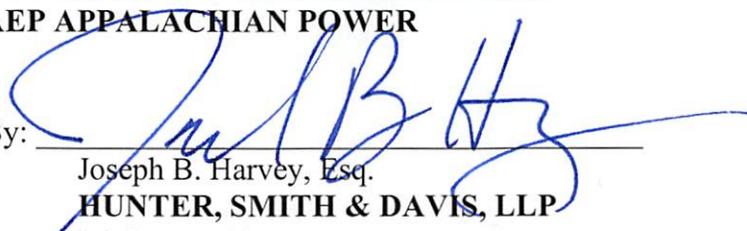
13. This Petition is filed pursuant to the Rules and Regulations of TPUC, Sections 1220-04-01-.02, 1220-04-01-.03, and 1220-04-01-.05 and TENN. CODE ANN. § 65-5-103.

KgPCo respectfully requests TPUC grant KgPCo recovery for incremental Targeted Reliability Plan costs and Major Storm expenses as of December 31, 2025 in the amount of \$12,000,000 of a \$15,453,443 under-recovery, consisting of \$41,420,408 of cumulative TRP costs and \$11,592,535 for Major Storm O&M expenses offset by cumulative TRP&MS Rider revenues of \$37,559,500.

WHEREFORE, KgPCo respectfully prays that TPUC issue an Order (1) permitting the recovery sought in this proceeding of the \$12,000,000 revenue requirement, same being a portion of the actual amount of unrecovered costs through December 31, 2025, 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 27th day of February, 2026.

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

By: 

Joseph B. Harvey, Esq.

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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, 2025 – December, 2025 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 27th day of February, 2026, as follows:

Kelly Grams, General Counsel  
Tennessee Public Utility Commission  
502 Deaderick Street, 4<sup>th</sup> Floor  
Nashville, TN 37243  
Email: kelly.grams@tn.gov

David Foster, Chief-Utilities Division  
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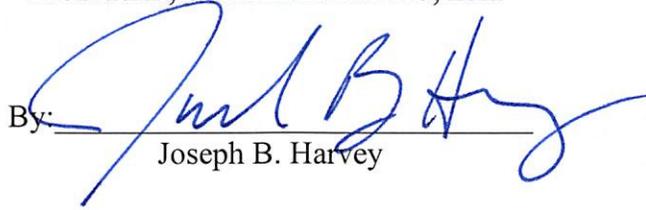
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**HUNTER, SMITH & DAVIS, LLP**

By: \_\_\_\_\_

Joseph B. Harvey



**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. 26-\_\_\_\_\_**

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. I have nearly 20 years of electric utility experience,  
12 primarily focused on project management, generation, and distribution operations.  
13 From 1998 to 2007, I served in various positions in the Columbus, Ohio area, such as a  
14 Geology Intern, Boring Inspector/Drilling Coordinator and Project Manager. In 2007, I  
15 joined AEP in Columbus, Ohio, where I served as a Site Construction Manager for six  
16 years. From 2013 to 2018, I held generation and distribution project management  
17 positions of increasing responsibility in locations that included Columbus, Ohio, and Ft.  
18 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, 2025, through December 31, 2025 ("2025 Reliability Profile Period").  
17 Outage counts are included as an addendum to the Reliability Profile, pursuant to  
18 TPUC's Order in Docket No. 25-00022. I also provide an update on the Company's  
19 TRP, including the status of both its Vegetation Management Program ("VMP") and  
20 System Improvement Program ("SIP") components. In addition, I describe the one major  
21 storm that KgPCo experienced during the 2025 Reliability Profile Period, which was

1 determined consistent with the definition of major storms<sup>1</sup> used since the establishment of  
2 the Targeted Reliability Plan and Major Storm 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 (1/1/2025-12/31/2025).

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. 17-00032<sup>1</sup> for the 2025 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 more than 1,600 miles (primary and secondary) long and consists of 1,331 overhead  
14 miles and 292 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

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<sup>1</sup> 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).*

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

7 **Q. PLEASE BRIEFLY DESCRIBE THE STATUS OF THE VMP COMPONENT OF**  
8 **THE TRP.**

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

13 During 2025, the Company completed vegetation management activities on 360  
14 miles of ROW, resulting in an overall second cycle completion total of 599 miles. The  
15 Company has completed vegetation management on approximately 45% of its second  
16 vegetation management cycle. The Company has also performed vegetation management  
17 work on all 67 (100%) of the targeted distribution circuits since the program's inception.

18 **Q. PLEASE DISCUSS THE STATUS OF THE SIP COMPONENT OF THE**  
19 **APPROVED TRP.**

20 A. The SIP component of the TRP was designed to improve reliability by focusing on circuit  
21 inspections and maintenance, circuit improvements, and station improvements in phases  
22 over a 10-year period. The SIP was also designed to help harden the distribution system  
23 from storms and other events.

1           During 2025, the Company completed the inspection of 2,534 wood poles and  
2           282 overhead circuit miles. As a result of these inspections, the Company replaced 210  
3           poles, 62 cross arms, 21 reclosers, 190 cutouts, 36 switches, and 38 URD (“underground  
4           residential distribution”) enclosures. Additionally, the Company replaced 2,444 feet of  
5           underground conductor and 4,178 feet of overhead conductor.

6   **Q.   PLEASE EXPLAIN HOW THE COMPANY MEASURES THE RESULTS OF**  
7   **THE VMP AND SIP DESCRIBED ABOVE TO ASSESS ITS RELIABILITY,**  
8   **PERFORMANCE, AND ITS IMPACT ON CUSTOMERS.**

9   A.   The indices that the Company uses to measure service reliability are the System Average  
10   Interruption Duration Index (“SAIDI”) and the System Average Interruption Frequency  
11   Index (“SAIFI”). These indices are in general use across the electric utility industry in  
12   the United States. The Institute of Electrical and Electronics Engineers (“IEEE”)   
13   Standard 1366-2012 describes the indices as follows:

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

21           These indices provide insight into how well the Company is minimizing service  
22   interruptions. For each index, lower values indicate better reliability. The Company  
23   calculates its SAIFI and SAIDI indices over a 12-month period, excluding major events,  
24   to provide a more realistic view of how the system operates during normal operating  
25   conditions. Major events represent conditions usually caused by weather that exceed  
26   reasonable design and/or operational limits of the electric power distribution system. In

1 instances where the major event is caused by weather, the Company refers to these events  
2 as “major storms.” Later in my testimony, I provide more details related to the major  
3 storm that occurred during 2025.

4 **Q. HOW DO RELIABILITY PROGRAMS SUCH AS THE VMP AND THE SIP**  
5 **AFFECT THE COMPANY’S RELIABILITY METRICS?**

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

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

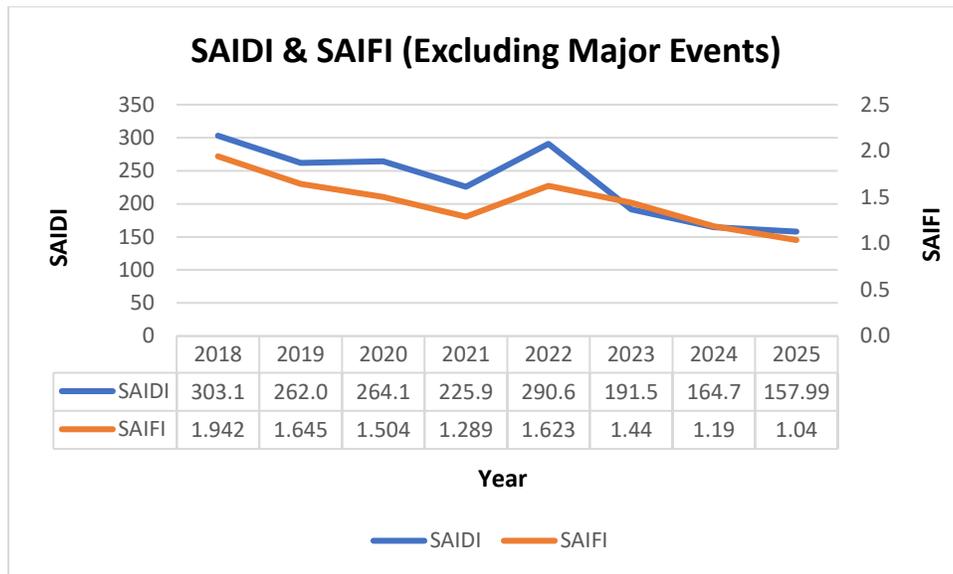
15 A. Even though minor weather events do not meet the exclusionary criteria to be classified  
16 as major events, they can still be quite severe and destructive in nature. They can also  
17 cause numerous outages, especially outages resulting from equipment failures, which can  
18 ultimately cause reliability indices to increase.

19 **Q. PLEASE PROVIDE THE COMPANY’S SAIDI AND SAIFI INDICES SINCE THE**  
20 **PROGRAM’S INCEPTION.**

21 A. The company’s annual SAIDI and SAIFI indices for the years 2018 through 2025,  
22 excluding major events, are shown in Figure 1 below. Please note that the data below is  
23 provided for each calendar year (January 1<sup>st</sup> through December 31<sup>st</sup>) and may differ from

1 indices reported during previous review years prior to 2022, that reported the indices  
 2 from October 1<sup>st</sup> through September 30th.

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



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

6 A. The Company's SAIDI and SAIFI have shown significant improvement since 2018,  
 7 which was the first year the TRP was fully operational. The Company's reliability  
 8 indices were elevated in 2022 because the Company's service territory experienced a  
 9 significant increase in both major and minor storms compared to most previous years.  
 10 However, the Company has seen significant improvement in its reliability performance  
 11 since the start of the TRP.

1 **Q. DOES THE COMPANY HAVE ANY ADDITIONAL COMMENTS REGARDING**  
2 **ITS TRP?**

3 A. Yes. In 2025, the Company exceeded its \$6.8 million TRP O&M budget by  
4 approximately six hundred thousand dollars. However, the Company intends to reduce  
5 its TRP O&M spending over the next two years to achieve a 3-year average TRP O&M  
6 spend of \$6.8 million annually.

7 **Q. PLEASE DESCRIBE THE MAJOR STORM ACTIVITY EXPERIENCED**  
8 **DURING THE 2025 RELIABILITY PROFILE PERIOD.**

9 A. The Company categorizes major events in accordance with the statistical methodology  
10 detailed in IEEE Std. 1366-2012. The Company experienced one major weather event  
11 during 2025. The following is a description of the major weather event that occurred  
12 during 2025:

- 13 • December 18, 2025 - A wind and rain event that lasted for 53 hours and caused  
14 damage to cutouts, overhead conductors, poles, reclosers, and transformers,  
15 which resulted in power outages for 4,703 of the Company's customers.

16 Company witness Dielman supports the costs associated with the major storm.

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

18 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. 26- \_\_\_\_**

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 an Accounting Manager for American Electric  
4 Power Service Corporation (“AEPSC”), a wholly owned subsidiary of American  
5 Electric Power Company, Inc. (“AEP”). AEP is the parent company of Kingsport  
6 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 AN ACCOUNTING**  
16 **MANAGER?**

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

1 testimony. In addition, I monitor regulatory proceedings and legislation  
2 impacting AEP east operating company subsidiaries for accounting implications  
3 and assist in determining the appropriate 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, 24-  
8 00010 and 25-00022. I have also submitted testimony before the Indiana Utility  
9 Regulatory Commission and the Virginia State Corporation Commission on  
10 behalf of AEP subsidiaries Indian Michigan Power Company and Appalachian  
11 Power Company, 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 2025 through December  
17 2025 (“Review Period”) as well as the cumulative under-recovery balance as  
18 of December 31, 2025;
- 19 • Identify the revenues recorded from the TRP&MS Rider during the Review  
20 Period;
- 21 • Provide an attestation that the Rider revenues, costs, and expenses included in  
22 this Petition are complete and accurate and reflect actual amounts on the  
23 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 projections of

1 such costs provided in Docket No. 17-00032 as recommended by the  
2 Consumer Advocate and approved by the Commission in Docket No. 20-  
3 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; and
- 7 • Provide supporting workpapers for the monthly calculations of under-recovery  
8 or over-recovery of TRP&MS Rider costs that are recorded in the Company's  
9 general ledger as directed by the Commission in its Order in Docket No. 23-  
10 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 \$15,453,443 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, 2025. The net under-recovery of  
7 \$15,453,443 is comprised of \$41,420,408 for TRP costs and \$11,592,535 for  
8 major storm expenses offset by cumulative TRP&MS Rider revenues of  
9 \$37,559,500 recorded through December 2025.

10 **Q. ARE YOU SPONSORING AN EXHIBIT THAT SUMMARIZES THE**  
11 **COST COMPONENTS AND RECOVERY OF THE TRP&MS COSTS**  
12 **THROUGH DECEMBER 31, 2025?**

13 A. Yes. KgPCo Exhibit No. 1 (MLD) summarizes the monthly TRP&MS costs  
14 incurred for the period January 2025 through December 2025, 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, 2024, shown in this  
17 exhibit are the same as the respective ending amounts provided in KgPCo Exhibit  
18 No. 1 (MLD) in Docket No. 25-00022.

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  
13 in 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, 2025?**

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 2025.

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 TRP&MS  
6 incurred 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  
10 management control processes to administer projects and accumulate associated  
11 costs. KgPCo Exhibit No. 4 (MLD) also provides a supporting list of third-party  
12 invoices paid during the Review Period including vendor names related to such  
13 TRP&MS O&M expenses.

14 KgPCo Exhibit No. 5 (MLD) provides over 2,700 lines of general ledger  
15 transaction details of all TRP&MS O&M expenses totaling \$8,265,830 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. 17-00032 compared

11 with the actual life-to-date TRP costs on an annual basis in the format

12 recommended by the Consumer Advocate. This exhibit also provides an annual

13 comparison of actual TRP O&M expenses to the updated projections of such costs

14 as provided by the Company in Docket No. 24-00010.

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

16 A. KgPCo Exhibit No. 6 (MLD) compares the actual TRP capital expenditures

17 incurred for the four successive 12-month review periods ended September 30,

18 2018, through 2021, the 15-month period ending December 31, 2022, and the

19 three 12-month review periods ended December 31, 2023 through December 31,

20 2025, to the respective projected TRP capital expenditures for the first eight years

21 of the planned 10-year Targeted Reliability Plan.

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

23 expenses incurred for the four 12-month review periods ended September 30,

1 2018, through 2021, the 15-month review period ended December 31, 2022, and  
2 the three 12-month review periods ended December 31, 2023 through December  
3 31, 2025, to the respective projected TRP O&M expenses for the first eight years  
4 of the planned 10-year TRP. The projected amounts shown on Exhibit 6 that  
5 were approved in Docket No. 17-00032 were taken from Figure 7 of the Direct  
6 Testimony of Company witness Wright. The projected amounts shown on  
7 Exhibit 6 that were approved in Docket No. 24-00010 were taken from Figure 5  
8 of the Direct Testimony of Company witness Baker.

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

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

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

18 A. Yes, KgPCo Exhibit No. 7 (MLD) provides support for the Repair Allowance  
19 percentage calculations using the following ratio: Repairs Deduction divided by  
20 Additions. The source of the Repairs Deduction is a report from KgPCo's tax  
21 subledger system which outlines Schedule M line item 532C Repairs Deduction.  
22 The source of the Additions is a report that outlines additions in General Ledger  
23 accounts 1010001 and 1060001, excluding tangible plant, land, land rights, and

1 Asset Retirement Obligations. The Repair Allowance percentages will be based  
2 on forecasted data until such time that the Company's final tax return is filed for  
3 each respective year.

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

5 A. KgPCo Exhibit No. 8 (MLD) provides a brief description of each of the projects  
6 included in KgPCo Exhibit Nos. 4 (MLD) and 5 (MLD) along with the project  
7 category and type. The projects listed in Exhibit No. 8 (MLD) are the total  
8 population of TRP&MS projects being tracked by the Company as of December  
9 31, 2025, but some of these projects may not have incurred any costs to date.

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

12 A. Yes. During the January 2025 through December 2025 period, there was one new  
13 major storm that affected KgPCo's customers as described by Company witness  
14 Baker. The major storm during this Review Period was a wind storm that  
15 occurred on December 19, 2025, resulting in \$167,263 of major storm distribution  
16 O&M expenses incurred.

17 **Q. DID THE COMPANY HAVE ANY ADJUSTMENTS TO PRIOR PERIOD**  
18 **MAJOR STORMS DURING THE REVIEW PERIOD?**

19 A. Yes. During the January 2025 through December 2025 period, the Company  
20 recorded major storm distribution O&M expense adjustments totaling \$666,377  
21 related to Hurricane Helene. This amount represents expenses which were  
22 unbilled at the end of 2024 and thus were not included in the major storm  
23 distribution O&M expense in the Company's 2025 case (Docket No. 25-00022).

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

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

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

9 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. 26-00 \_\_\_\_\_**

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”) 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 as an officer in the U.S. Marine Corps from 1986 through  
10 1991. I have worked on utility regulatory issues since late 1991, primarily with the  
11 Virginia State Corporation Commission (“Virginia Commission”) staff, where I held  
12 positions in the Division of Public Utility Regulation. I retired from the Virginia  
13 Commission staff as a Deputy Director in 2022. In October 2022, I accepted my current  
14 position with APCo. I have experience with general rate increase applications, cost of  
15 service studies, rate design, rate adjustment clauses, special contract rates, integrated  
16 resource plans, renewable energy portfolio standard plans, power purchase agreement  
17 prudence reviews, generation and service territory certificates of public convenience and  
18 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” or “the Company”) in  
5 Docket Nos. 23-00019, 24-00010 and 25-00022. Additionally, I have presented  
6 testimony in numerous proceedings 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  
10 (“TRP&MS”) Rider. In addition to my testimony, this filing includes the direct  
11 testimonies of 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 2025 Review Period, and sponsors the data contained in KgPCo’s Reliability Profile,  
17 which includes the reliability information and metrics directed by the TPUC in its Order  
18 Granting Petition in Docket No. 17-00032 (“2017 Order”)<sup>1</sup> and a report identifying the  
19 cause for each service outage during the reporting period using the subcategories

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<sup>1</sup> 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 approved by the TPUC in its Order Granting Petition As Amended in Docket No. 25-  
2 00022 (“2025 Order”).<sup>2</sup>

3 Company witness Dielman sponsors the Company’s calculation of its deferred  
4 actual TRP&MS under-recovered costs of \$15,453,443 recorded on KgPCo’s books in  
5 Account 1823426, TRP&MS Under Recovery, as of December 31, 2025. This includes  
6 the deferred O&M costs related to Hurricane Helene, per the TPUC’s 2025 Order, and  
7 excludes the Prompt Payment Discount, per the TPUC approved Stipulation and  
8 Settlement Agreement in Docket No. 18-00125.<sup>3</sup> In support of this calculation, she first  
9 quantifies the unrecovered TRP&MS costs incurred prior to January 1, 2025, that were  
10 the subject of previous TRP&MS dockets. She then identifies and supports the revenues  
11 recorded and costs incurred during the review period related to the TRP&MS Rider. She  
12 also provides a comparison of actual life-to-date TRP costs to the currently approved  
13 annual projections of such costs and attests to the accuracy of the revenues, costs and  
14 expenses included in this petition.

15 I explain the Company’s proposal in this filing to base the TRP&MS rates on an  
16 annual revenue requirement that is less than its current under-recovery position. This  
17 proposal is intended to mitigate the impact that the higher under-recovery balance will  
18 have on customers’ rates if recovered over one year and reduce the magnitude of the  
19 changes in the TRP&MS rates from year to year going forward. Specifically, the

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<sup>2</sup> See *In re: Petition of Kingsport Power Company d/b/a AEP Appalachian Power for January 2024 Through December 2024 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. 25-00022, Order Granting Petition As Amended (September 22, 2025).*

<sup>3</sup> 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 Company is proposing rates in this case that are designed to recover \$12,000,000 in  
2 annual TRP&MS revenues.

3 Additionally, I explain the methodology used to allocate the revenue requirement  
4 to the customer classes, as approved in the Company's prior TRP&MS filings (Docket  
5 Nos. 18-00125, 19-00196, 20-00127, 21-00142, 23-00019, 24-00010 and 25-00022),  
6 support the development of the associated rates for the various customer classes, and  
7 sponsor the TRP&MS Rider tariff sheets.

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

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

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

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

19 A. Yes. The Company is providing all supporting workpapers contemporaneously with this  
20 filing, in both pdf and native formats.

1 **Q. PLEASE BRIEFLY DESCRIBE THE CHANGES TO THE TRP&MS**  
2 **ALTERNATIVE RATE MECHANISMS (ARM) ADOPTED IN THE**  
3 **COMPANY’S LAST GENERAL RATE INCREASE PROCEEDING.**

4 A. In its October 25, 2022, Order Approving Stipulation and Settlement Agreement in  
5 Docket No. 21-00107 (“2022 Order”),<sup>4</sup> the Commission adopted and approved an  
6 agreement between the parties that, among other things, established that all TRP&MS  
7 operation and maintenance expenses and TRP capital costs<sup>5</sup> shall be recovered through  
8 the TRP&MS Rider (as opposed to a combination of base rates and rider surcharges)  
9 upon implementation of new base rates in the proceeding.

10 Pursuant to the 2017 Order and the 2022 Order, the Company is filing to recover  
11 its previously unrecovered TRP&MS operation and maintenance expenses and TRP  
12 capital costs, including those incurred during the 12-month period from January 2025  
13 through December 2025, as reflected in the Company’s TRP&MS balance as of  
14 December 31, 2025.

15 **Q. PLEASE EXPLAIN WHY THE COMPANY’S CURRENT TRP&MS UNDER-**  
16 **RECOVERY BALANCE IS HIGHER THAN ITS PREVIOUS UNDER-**  
17 **RECOVERY BALANCES.**

18 A. There are three reasons why the Company’s current TRP&MS under-recovery balance of  
19 \$15,453,443 is higher than its previous under-recovery balances. First, TRP O&M  
20 spending has increased over the last two years. In its Order Granting Petition As

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<sup>4</sup> 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).

<sup>5</sup> 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 Amended in Docket No. 24-00010 (“2024 Order”),<sup>6</sup> the Commission voted unanimously  
2 to allow the Company to proceed with a four-year vegetation management cycle as part  
3 of its overall Targeted Reliability Plan. As a result of this finding, the Commission  
4 increased the Company’s annual TRP O&M budget from approximately \$4.6 million in  
5 2024 to approximately \$6.8 million for years 2025 through 2027.

6 Second, in the Company’s 2025 TRP&MS case, the Company agreed to defer the  
7 recovery of approximately \$2.5 million in O&M costs related to Hurricane Helene until  
8 its next TRP&MS filing. The Company recorded an additional \$666,377 in previously  
9 un-invoiced O&M costs related to Hurricane Helene in 2025. As such, these costs are  
10 included in the Company’s current under-recovery balance.

11 Third, and most consequential, is that the rates approved in the Company’s 2025  
12 TRP&MS case were not implemented until late 2025. Specifically, the rates approved in  
13 the Company’s 2025 TRP&MS case were designed to recover approximately  
14 \$10,506,444 over twelve months. However, these rates did not become effective until  
15 September 1, 2025. Thus, for the first eight months of 2025 the lower rates approved in  
16 the Company’s 2024 TRP&MS case were still in effect. This significantly reduced the  
17 revenues collected in 2025 compared to the design revenues. Actual revenues collected  
18 in 2025 were only \$7,917,749.

19 This timing difference in when costs are incurred and when rates designed to  
20 recover those costs go into effect is intrinsic to the TRP&MS ARM. As such, a similar  
21 disparity between the design revenues and the actual revenues recovered is likely to

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<sup>6</sup> See *In re: Petition of Kingsport Power Company d/b/a AEP Appalachian Power for January 2023 Through December 2023 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. 24-00010, Order Granting Petition As Amended (October 28, 2024).*

1 continue to occur. Sometimes this difference will result in an under-recovery of  
2 revenues, as in the present case. At other times, this difference will result in an over-  
3 recovery of revenues. The practical effect of this timing difference is that the associated  
4 TRP&MS rates will also fluctuate.

5 **Q. PLEASE DISCUSS THE ALTERNATIVE REVENUE REQUIREMENT THE**  
6 **COMPANY IS PROPOSING IN MORE DETAIL.**

7 A. As previously noted, the Company is proposing to base the TRP&MS rates in this filing  
8 on an annual revenue requirement that is less than its current under-recovery position of  
9 \$15,453,443. Specifically, the Company is proposing rates in this case that are designed  
10 to recover \$12,000,000 in annual TRP&MS revenues. This will negatively impact the  
11 Company by delaying the recovery of some of its prudently incurred costs. However, the  
12 Company is willing to accept this in return for the benefits associated with the proposal to  
13 its customers. This proposal will mitigate the impact that recovering the Company's  
14 entire under-recovery balance over twelve months will have on customers' rates in this  
15 case. It will also reduce fluctuations in the TRP&MS rates caused by the timing  
16 difference between when costs are incurred and when rates designed to recover those  
17 costs go into effect.

18 **Q. HOW DID YOU ALLOCATE THE PROPOSED REVENUE REQUIREMENT OF**  
19 **\$12,000,000 TO THE CUSTOMER CLASSES?**

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

1 **Q. DOES THE COMPANY HAVE ANY NEWLY ACTIVE OR INACTIVE**  
2 **CUSTOMER CLASSES AS COMPARED TO THOSE INCLUDED IN ITS MOST**  
3 **RECENT RATE CASE?**

4 A. No.

5 **Q. HOW DID YOU DETERMINE THE IMPACT TO INDIVIDUAL RATE**  
6 **SCHEDULES?**

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

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

12 A. Residential customers will see an increase of \$0.97 in the service charge component on  
13 their monthly bill. KgPCo Exhibit No. 3 (JAS) provides the typical monthly bill  
14 increases for all customer classes by comparing the rates effective March 1, 2026, to the  
15 rates being proposed in this proceeding.

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

17 A. KgPCo is seeking an effective date of September 1, 2026, on a service rendered basis.

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

19 A. Yes. It does.