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May 9, 2006
VIA FEDERAL EXPRESS

PLEASE RESPOND TO:
KINGSPORT OFFICE

RECEIVED

MAY 11 2006

**TN REGULATORY AUTHORITY
UTILITIES DIVISION**

Ron Jones, Chairman
ATTN: Dee Audrain
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

RE: Kingsport Power Company d/b/a AEP Appalachian Power –
Fuel Adjustment Clause/Fuel Clause Rider

Dear Chairman Jones:

Pursuant to TRA Rule 1220-4-1-.06, Kingsport Power Company d/b/a AEP Appalachian Power files herewith in triplicate a modification to its Fuel Adjustment Clause tariff which it proposes to put into effect June 1, 2006, subject to approval by the Tennessee Regulatory Authority.

On behalf of our client, and pursuant to prior instructions, we request the Directors approve this tariff modification and waive the 30 day notice requirement of Rule 1220-4-1-.06(4) and/or that the Directors vote to grant to the Chairman the authority to waive the 30 day notice requirement in the future.

Should there be any questions, please contact the writer.

Very sincerely yours,

HUNTER, SMITH & DAVIS, LLP


William C. Bovender
Attorney for Kingsport Power Company
d/b/a AEP Appalachian Power

Ron Jones, Chairman

Page 2

May 9, 2006

WCB/pl

Enclosures

cc: Ms. Darlene Standley (via U.S. Mail, w/encl.)
James R. Bacha, Esq. (via e-mail, w/encl.)
Garry Simmons (via e-mail, w/encl.)
Barry L. Thomas (via e-mail, w/encl.)
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FUEL CLAUSE RIDER

Kingsport Power is authorized under the terms of this rider to adjust customers' bills in each applicable tariff whenever the unit cost of fuel in the charges for power purchased from Appalachian Power Company under Federal Energy Regulatory Commission Rate Schedule No. 23 is above or below a base unit price of 15.8563 mills per KWH, adjusted for losses. Each month, the bill for service shall be increased or decreased respectively at a rate per KWH equal to the amount that such cost of fuel is above or below the unit base cost of 15.8563 mills per KWH, adjusted for losses, applied to the KWH measured in the period for which the bill is rendered. The adjustment shall be based on the most recent calendar month for which fuel cost data is available.

MONTHLY ADJUSTMENT

Fuel Clause Adjustment -1.3708 mills per kWh

TARIFF	ENERGY CHARGE	FUEL ADJMT.	TOTAL ENERGY CHARGE
R.S. - Residential	4.873 ¢ / kWh	-0.13708 ¢ / kWh	4.73592 ¢ / kWh
R.S. - E. - Employee	4.142 ¢ / kWh	-0.13708 ¢ / kWh	4.00492 ¢ / kWh
R.S.- L.M. - T.O.D.			
On-peak	7.541 ¢ / kWh	-0.13708 ¢ / kWh	7.40392 ¢ / kWh
Off-peak	2.755 ¢ / kWh	-0.13708 ¢ / kWh	2.61792 ¢ / kWh
R.S. - T.O.D.- Time of Day			
On-peak	7.541 ¢ / kWh	-0.13708 ¢ / kWh	7.40392 ¢ / kWh
Off-peak	2.755 ¢ / kWh	-0.13708 ¢ / kWh	2.61792 ¢ / kWh
S.G.S. - Small General Service			
1st 600 kWh	6.792 ¢ / kWh	-0.13708 ¢ / kWh	6.65492 ¢ / kWh
Over 600 kWh	5.643 ¢ / kWh	-0.13708 ¢ / kWh	5.50592 ¢ / kWh
S.G.S. - L.M. - T.O.D.			
On-peak	9.293 ¢ / kWh	-0.13708 ¢ / kWh	9.15592 ¢ / kWh
Off-peak	2.755 ¢ / kWh	-0.13708 ¢ / kWh	2.61792 ¢ / kWh
M.G.S. - Medium Gen. Service			
Secondary:			
1st 200 times kW demand	7.374 ¢ / kWh	-0.13708 ¢ / kWh	7.23692 ¢ / kWh
Over 200 times kW demand	3.689 ¢ / kWh	-0.13708 ¢ / kWh	3.55192 ¢ / kWh
Primary:			
1st 200 times kW demand	6.864 ¢ / kWh	-0.13708 ¢ / kWh	6.72692 ¢ / kWh
Over 200 times kW demand	3.280 ¢ / kWh	-0.13708 ¢ / kWh	3.14292 ¢ / kWh
Load Mgmt.			
On-peak	8.847 ¢ / kWh	-0.13708 ¢ / kWh	8.70992 ¢ / kWh
Off-peak	2.755 ¢ / kWh	-0.13708 ¢ / kWh	2.61792 ¢ / kWh

KINGSPORT POWER COMPANY
d/b/a AEP Appalachian Power
Kingsport, Tennessee

1st Revised Sheet Number 2-12
T.R.A. Tariff Number 1

TARIFF	ENERGY CHARGE	FUEL ADJMT.	TOTAL ENERGY CHARGE
M.G.S. - Medium Gen. Service (cont'd)			
Time-of-Day			
On-peak	8.847 ¢ / kWh	-0.13708 ¢ / kWh	8.70992 ¢ / kWh
Off-peak	2.755 ¢ / kWh	-0.13708 ¢ / kWh	2.61792 ¢ / kWh
L.G.S. - Large Gen. Service			
Secondary	3.869 ¢ / kWh	-0.13708 ¢ / kWh	3.73192 ¢ / kWh
Primary	3.401 ¢ / kWh	-0.13708 ¢ / kWh	3.26392 ¢ / kWh
Subtransmission	2.709 ¢ / kWh	-0.13708 ¢ / kWh	2.57192 ¢ / kWh
I.P. - Industrial Power			
Primary	2.302 ¢ / kWh	-0.13708 ¢ / kWh	2.16492 ¢ / kWh
Subtransmission	2.269 ¢ / kWh	-0.13708 ¢ / kWh	2.13192 ¢ / kWh
Transmission	2.241 ¢ / kWh	-0.13708 ¢ / kWh	2.10392 ¢ / kWh
E.H.G.- Electric Heating General	5.516 ¢ / kWh	-0.13708 ¢ / kWh	5.37892 ¢ / kWh
C.S. - Church Service	6.213 ¢ / kWh	-0.13708 ¢ / kWh	6.07592 ¢ / kWh
P.S. - Public Schools	6.068 ¢ / kWh	-0.13708 ¢ / kWh	5.93092 ¢ / kWh
