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S. Morris Hadden  
William C. Bovender  
William C. Argabrite  
Jimmie Carpenter Miller  
Mark S. Dessauer  
Gregory K. Haden  
Michael L. Forrester  
Stephen M. Darden  
Edward J. Webb, Jr.  
James N.L. Humphreys  
Suzanne Sweet Cook  
Michael S. Lattier  
Scott T. Powers  
Leslie Tentler Ridings  
Laura A. Steel  
Christopher D. Owens  
Chad W. Whitfield

Teresa Mahan Lesnak  
Matthew H. Wimberley  
Lilian R. Abboud  
Senitria A. Goodman  
R. Lee McVey II  
Meredith Bates Humbert  
Nathan M. Bays

**Counsel**

Thomas R. Wilson  
Michael A. Eastridge

**Kingsport Office**  
1212 North Eastman Road  
P.O. Box 3740  
Kingsport, TN 37664-0740  
Phone (423) 378-8800  
Fax (423) 378-8801

**Johnson City Office**  
100 Med Tech Parkway  
Suite 110  
Johnson City, TN 37604  
Phone (423) 283-6300  
Fax (423) 283-6301

**PLEASE RESPOND TO:**  
KINGSPORT OFFICE

**WRITER'S DIRECT DIAL NUMBER:**  
(423) 378-8858  
bovender@hsdllaw.com

AMEP/z.84398

Mr. Tre Hargett, Chairman  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

August 21, 2008  
**VIA EMAIL & US Mail**

filed electronically in docket office on 08/21/08

Docket no. 08-00153

Re: AEP Appalachian Power / HMG Medical  
Plaza, G.P. – *Petition for Approval of  
Special Contract*

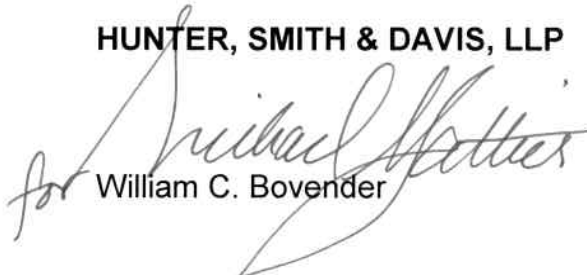
Dear Mr. Hargett:

Enclosed are the original and five copies of the Petition for Approval of Special Contract, which has been electronically filed today. Please return one "stamped" copy to our office in the enclosed self-addressed, stamped envelope.

Also enclosed is a check in the amount of \$25.00 to cover the filing fees. If you have any questions, please feel free to contact our office.

Very sincerely yours,

**HUNTER, SMITH & DAVIS, LLP**

  
for William C. Bovender

WCB/slb

Enc: As Stated

**Before the  
Tennessee Regulatory Authority  
Nashville, Tennessee**

**In Re: Petition of Kingsport  
Power Company d/b/a  
AEP Appalachian Power  
For Approval of a Special  
Contract with HMG Medical  
Plaza, G.P.**

**TRA Docket No.:** \_\_\_\_\_

**PETITION FOR APPROVAL OF SPECIAL CONTRACT**

Pursuant to TRA Rule 1220-4-1-.07, Petitioner, Kingsport Power Company d/b/a AEP Appalachian Power (herein, "Kingsport") requests approval by the Tennessee Regulatory Authority (herein, "TRA") of a Special Contract entered into between Kingsport and HMG Medical Plaza, G.P., 105 West Stone Drive, Kingsport, TN 37660, subject to TRA approval, as more specifically described as follows:

1. Kingsport is a public utility with its principal office in Kingsport, Tennessee, and is engaged in the business of furnishing electric power services to retail customers in its service delivery area which includes parts of Sullivan, Washington and Hawkins County, Tennessee, the City of Kingsport, Tennessee, and the Town of Mt. Carmel, Tennessee. Kingsport purchases all of its electric power requirements from Appalachian Power Company, whose rates and charges are subject to the jurisdiction of the Federal Energy Regulatory Commission.

2. HMG Medical Plaza, G.P., is a Tennessee General Partnership constructing a new 250,000 square foot medical office building on real property

owned by the Wellmont Health System at Stone Plaza on West Stone Drive in Kingsport, Sullivan County, Tennessee.

3. Kingsport and HMG Medical Plaza, G.P., have agreed, subject to TRA approval, that Kingsport will supply all of the electrical energy needs of HMG Medical Plaza, G.P., at said new medical office building. In connection therewith, Kingsport and HMG Medical Plaza, G.P., have entered into a Contract and Addendum to Contract, effective the 1<sup>st</sup> day of July, 2008, a copy of which is submitted herewith as Exhibit "A" hereto.

4. As recited in Exhibit "A" hereto, HMG Medical Plaza, G.P., would be eligible to receive electric services under more than one of Kingsport's rate schedules. The options which HMG Medical Plaza, G.P. has, have been explained to said customer by Kingsport, and HMG Medical Plaza, G.P., has elected to receive services under the provisions of Kingsport's Tariff, LARGE GENERAL SERVICE SECONDARY, Code 240. (See, Exhibit "A").

5. The electric energy to be delivered under Exhibit "A" to HMG Medical Plaza, G.P., shall be alternating current at approximately 277/480 volts, 4-wire, 3-phase, and shall be delivered at secondary spades of pad mount transformers, which shall constitute the point of delivery under Exhibit "A". The contract capacity of the HMG Medical Plaza, G.P., under the tariff named herein shall be fixed at 3000kVA.

6. In addition to the primary feed discussed hereinabove, HMG Medical Plaza, G.P. has requested, and Kingsport has agreed to provide, subject to TRA approval, an alternate and separate Alternate Feed Service ("AFS"), as outlined

in detail in Exhibit "A" on the Addendum to Contract, same being described more fully as ADDENDUM TO CONTRACT FOR ELECTRIC SERVICE – ALTERNATE FEED SERVICE, ("Addendum") which Kingsport and HMG Medical Plaza, G.P., entered into effective as of July 1, 2008. The AFS would be utilized to back up the Basic Service being provided to HMG Medical Plaza, G.P., by Kingsport (under Exhibit "A" hereto), in the event of an outage to the Basic Service circuit. In addition, the AFS will be used by HMG Medical Plaza, G.P., on a temporary basis until Basic Service becomes available.

7. The AFS Capacity Reservation shall be 3000kVA. The AFS Billing Demand shall be taken each month on the single-highest fifteen-minute integrated peak as registered during the month by a demand meter or indicator. However, the monthly AFS Billing Demand so established shall in no event be less than the greater of (a) the AFS Capacity Reservation of HMG Medical Plaza, G.P., under the ADDENDUM, or (b) the highest previously-established monthly billing demand on the AFS during the preceding eleven (11) months; or (c) the Basic Service capacity reservation of HMG Medical Plaza, G.P., or, (d) the highest previously established monthly billing demand on the Basic Service during the preceding eleven (11) months. (Exhibit "A", Addendum). Moreover, the monthly AFS Capacity Reservation Demand Charge will be \$3.62/KVA. Kingsport will own and maintain responsibility for the transfer switch.

8. Kingsport deems it necessary to obtain the approval of the TRA for the Contract consisting of the Basic Service Agreement and the Addendum (Exhibit "A") under TRA Rule 1220-4-1-.07.

9. In support of this Petition, Kingsport submits the Affidavit of Todd Miller, Project Manager for HMG Medical Plaza, G.P., which sets forth the support HMG Medical Plaza, G.P., has for the Petition.

10. The use of special contracts between Kingsport and certain customers has previously been authorized by the TRA (See, TRA Docket No. 06-00301, In Re: Joint Petition of Kingsport Power Company d/b/a AEP Appalachian Power and Weyerhaeuser Company for Approval of a Special Contract). Moreover, as recognized by Hearing Officer, Jean A. Stone, in TRA Docket No. 06-00010, [In Re: Appropriateness of Supplementation of PURPA Standard 11 (Net Metering), Standard 12 (Fuel Sources), Standard 13 (Fossil Fuel Generation Efficiency), Standard 14 (Time Based Metering and Communication) and Standard 15 (Interconnection) for Kingsport Power Company d/b/a AEP Appalachian Power], the use of special contracts is a preferred method for dealing with the particular needs of selected Kingsport retail customers.

PREMISES CONSIDERED, Petitioner, Kingsport Power Company, d/b/a AEP Appalachian Power, with the support and concurrence of its customer, HMG Medical Plaza, G.P., (see Exhibit "B") prays:

1. That notice be issued pursuant to the Rules and Regulations of the TRA;
2. That the proposed CONTRACT (Exhibit "A") be reviewed and approved by the TRA; and
3. That Petitioner have such further specific and general relief as the TRA deems proper.

Respectfully submitted,

By: 

William C. Bovender, Esq. (BPR#000751)

**HUNTER, SMITH & DAVIS, LLP**

1212 N. Eastman Road

P. O. Box 3740

Kingsport, TN 37664

(423) 378-8858; Fax: (423) 378-8801

By: 

James R. Bacha, Esq.

American Electric Power Service  
Corporation

1 Riverside Plaza

Columbus, OH 43215

(615) 716-1615; Fax: (614) 716-2950

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

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that the foregoing Petition for Approval of Special Contract has been served upon Todd Miller and Craig Kilgore, c/o HMG Medical Plaza, G.P., by mailing a copy of same by United States mail, postage prepaid, to 2323 N. John B. Dennis, Kingsport, TN 37660, below on this the 21<sup>st</sup> day of August, 2008.

**HUNTER, SMITH & DAVIS, LLP**

By: 

William C. Bovender, Esquire

**This Contract**, entered into this 1st day of July 2008, by and between Kingsport Power Company, hereafter called the Company, and HMG Medical Plaza GP, 105 W Stone Dr, Kingsport, TN, 37660, or his or its heirs, successors or assigns, hereafter called the Customer,

**Witnesseth:**

For and in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto agree with each other as follows:

The Company agrees to furnish to the Customer, during the term of this Contract, and the Customer agrees to take from the Company, subject to Company's standard Terms and Conditions of Service as regularly filed with the Tennessee Regulatory Authority, all the electric energy of the character specified herein that shall be purchased by the Customer in the premises located at 105 W Stone Dr, Kingsport, TN, 37660.

The Company is to furnish and the Customer is to take electric energy under the terms of this Contract for an initial period of 12 month(s) from the time such service is commenced, and continuing thereafter until terminated upon 6 months' written notice given by either party of its intention to terminate the Contract. The date that service shall be deemed to have commenced under this Contract shall be the date service is energized.

The electric energy delivered hereunder shall be alternating current at approximately 277/480 volts, 4-wire, 3-phase, and it shall be delivered at secondary spades of pad mount transformers, which shall constitute the point of delivery under this Contract. The said electric energy shall be delivered at reasonably close maintenance to constant potential and frequency, and it shall be measured by a meter or meters owned and installed by the Company and located on secondary side of pad mount transformers.

The Customer acknowledges that the Customer may be eligible to receive service under more than one of the Company's schedules and that such options have been explained to the Customer. The Customer and Company agree that the Customer has chosen to receive service under the provisions of the Company's Tariff LARGE GENERAL SERVICE SECONDARY, code 240. The Customer agrees to pay the Company monthly for electric energy delivered hereunder at the rates and under the provisions of the Company's Tariff LARGE GENERAL SERVICE SECONDARY, code 240, as regularly filed with the Tennessee Regulatory Authority, as long as that schedule is in effect. In the event that the tariff chosen by the Customer is replaced by a new or revised tariff incorporating different rates or provisions, or both, the Company and Customer understand and agree that the Company will continue to provide service, and the Customer will continue to take service, under this Contract, subject to such changed provisions, and that the Customer will pay for such service at the new rates on and after the date such rates become effective.

The Customer's contract capacity under the tariff named herein is hereby fixed at 3,000kVA. If a time-of-day demand is available under the tariff and is selected by the Customer, the reservation of capacity aforementioned shall be the peak period reservation of capacity and shall determine the tariff's minimum monthly billing demand.

There are no unwritten understandings or agreements relating to the service hereinabove provided. This Contract cancels and supersedes all previous agreements, relating to the purchase by Customer and sale by Company of electric energy at Customer's premises as referred to above, on the date that service under this Contract commences. This Contract shall be in full force and effect when signed by the authorized representatives of the parties hereto.

"ADDENDUM TO CONTRACT FOR ELECTRIC SERVICE ALTERNATE FEED SERVICE" addendum is a part of this Contract for Electric Service Dated July 1, 2008 between Kingsport Power Company and HMG Medical Plaza GP.

Kingsport Power Company

By: David M. Nance

David Nance

Title: Manager

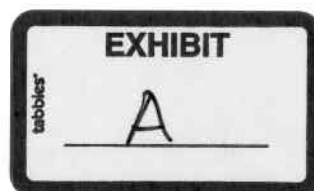
Date: July 22, 2008

HMG Medical Plaza GP

By: [Signature]

Title: [Signature]

Date: July 17 2008





**ADDENDUM TO CONTRACT FOR ELECTRIC SERVICE - ALTERNATE FEED SERVICE**

Made a Part of Contract for Electric Service Dated **July 1, 2008.**

Between **KINGSPORT POWER COMPANY** and **HMG MEDICAL PLAZA GP**

**HMG Medical Plaza GP (Customer)** contracts for, and the **Kingsport Power Company (Company)** agrees to provide, Alternate Feed Service (AFS) to be served from a separate available distribution feeder. This AFS shall be used to back up the Customer's Basic Service, in the event of an outage to the Basic Service circuit. The AFS shall be used on a temporary basis until the Basic Service becomes available.

**AFS Delivery Point:**

The electric energy delivered hereunder shall be alternating current at approximately 277/480 volts and it shall be delivered at the secondary spades of the 2 pad mount transformers, which shall constitute the AFS delivery point under this Addendum.

The Company will have sole discretion in designating the AFS circuit and the Basic Service circuit.

**AFS Capacity Reservation:**

The AFS Capacity Reservation is **3,000 KVA.**

**AFS Billing Demand:**

The AFS Billing Demand shall be taken each month as the single-highest 15-minute integrated peak as registered during the month by a demand meter or indicator, but the monthly AFS Billing Demand so established shall in no event be less than the greater of (a) the Customer's AFS Capacity Reservation under this Addendum, or (b) the Customer's highest previously established monthly billing demand on the AFS during the past 11 months, or (c) the Customer's Basic Service capacity reservation, or (d) the Customer's highest previously established monthly billing demand on the Basic Service during the past 11 months.

**AFS Capacity Reservation Demand Charge:**

The Monthly AFS Capacity Reservation Demand Charge is **\$3.62 / KVA.**

**Transfer Switch Provision:**

The Company accepts ownership and maintenance responsibility of the transfer switch. The Customer agrees to pay for the transfer switch and such payment shall be grossed-up for federal and state taxes. The Customer will retain the responsibility for any and all future replacement costs including the above referenced adjustment for taxes. In the event of transfer switch replacement, it is agreed that the Customer authorizes the Company to replace the transfer switch and the Company retains ownership and maintenance responsibility. The Customer also agrees to reimburse the Company actual costs involved in maintaining the Company-owned transfer switch. In addition, the Customer will pay a monthly rate of **\$11.61** for the Company to annually test the transfer switch control module.

**Term:**

Unless the Parties mutually agree otherwise, this Addendum shall be in effect for an initial term of **12 months** and shall remain in effect thereafter until either Party gives the other Party at least **6 months** written notice of the intention to discontinue service under this Addendum.

**Special Provisions:**

The Company shall have the right to cancel this Addendum and to remove the circuit providing the AFS at



Disconnection of AFS under this Addendum due to reliability or safety concerns associated with Customer-owned equipment or AFS metered demand in excess of the AFS Capacity Reservation will not relieve the Customer of payments required during the remaining term of this Addendum.

In the event the Customer plans to increase AFS demand at any time, the Customer agrees to promptly notify the Company of such additional AFS Capacity Reservation requirements. The Customer agrees to pay the Company the actual costs of any and all additional dedicated / local facilities required to provide AFS pursuant to the Company's Terms and Conditions of Service as then filed with the Tennessee Regulatory Authority and to enter into a new Addendum contracting for such additional AFS Capacity Reservation requirements.

In the event the Customer's AFS metered demand exceeds the agreed upon AFS Capacity Reservation, which jeopardizes Company facilities or the electrical service to other Company customers, the Company reserves the right to disconnect the AFS immediately.

The provisions and charges under this Addendum are subject to revision should the Company file an Alternate Feed Service schedule or should the Customer's contract for Basic Service be modified in any way.

In the event the Customer's contract for Basic Service terminates for any reason, the Customer is required to fulfill all payments during the term of this Addendum.

The Company assumes no responsibility should the alternate distribution circuit, the transfer switch, or other equipment required to provide the AFS fail to operate as designed or be unavailable for any reason.

Kingsport Power Company

By: David M. Nance

David Nance

Title: Manager

Date: July 22, 2008

Account Number:

HMG Medical Plaza GP

By: [Signature]

Title: Regional Director

Date: July 17 2008

**Before the  
Tennessee Regulatory Authority  
Nashville, Tennessee**

**In Re: Petition of Kingsport  
Power Company d/b/a  
AEP Appalachian Power  
For Approval of a Special  
Contract with HMG Medical  
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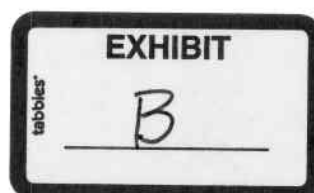
**TRA Docket No.:** \_\_\_\_\_

STATE OF TENNESSEE  
COUNTY OF SULLIVAN

**AFFIDAVIT OF TODD MILLER**


Comes, Todd Miller, and after being first duly sworn, deposes and says:

1. I am Todd Miller, Project Manager for the 265,000 square foot medical office building being constructed by HMG Medical Plaza, G.P., at Stone Plaza, West Stone Drive, Kingsport, Sullivan County, Tennessee, and the contents of this Affidavit are true and based on my personal knowledge and belief.
2. Due to the character of the medical services to be provided to patients in the new medical office building, HMG Medical Plaza, G.P., has determined, along with Kingsport Power Company d/b/a AEP Appalachian Power ("Kingsport"), that the electric energy needs of said medical office are best addressed and will be provided under the proposed Contract attached as Exhibit "A" to Kingsport's Petition for Approval of a Special Contract with HMG Medical Plaza, G.P., and hereto as Exhibit "A" as well.




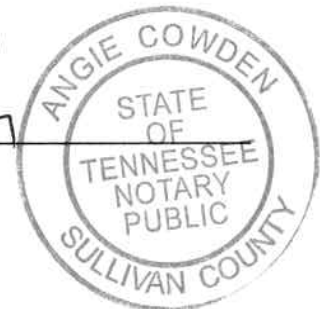
3. In addition, HMG Medical Plaza, G.P., requests that Kingsport provide its medical office building with an alternate feed service and Kingsport has agreed to do so under the terms and conditions of the ADDENDUM TO CONTRACT FOR ELECTRIC SERVICE – ALTERNATIVE FEED SERVICE, which HMG Medical Plaza, G.P., and Kingsport have entered into, as part of the Contract, Exhibit "A" to Kingsport's Petition and to this Affidavit as well.
4. HMG Medical Plaza, G.P., respectfully requests that the Tennessee Regulatory Authority approve the Petition of Kingsport so that HMG Medical Plaza, G.P., will be as assured as possible of continuing electric energy services for the medical services it will provide at its new medical office building.

FURTHER, AFFIANT SAYETH NOT.

  
TODD MILLER

SWORN TO AND SUBSCRIBED before me this the 21<sup>st</sup> day of August, 2008.

  
Notary Public



My Commission Expires:

2-20-11

**This Contract**, entered into this 1st day of July 2008, by and between Kingsport Power Company, hereafter called the Company, and HMG Medical Plaza GP, 105 W Stone Dr, Kingsport, TN, 37660, or his or its heirs, successors or assigns, hereafter called the Customer,

**Witnesseth:**

For and in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto agree with each other as follows:

The Company agrees to furnish to the Customer, during the term of this Contract, and the Customer agrees to take from the Company, subject to Company's standard Terms and Conditions of Service as regularly filed with the Tennessee Regulatory Authority, all the electric energy of the character specified herein that shall be purchased by the Customer in the premises located at 105 W Stone Dr, Kingsport, TN, 37660.

The Company is to furnish and the Customer is to take electric energy under the terms of this Contract for an initial period of 12 month(s) from the time such service is commenced, and continuing thereafter until terminated upon 6 months' written notice given by either party of its intention to terminate the Contract. The date that service shall be deemed to have commenced under this Contract shall be the date service is energized.

The electric energy delivered hereunder shall be alternating current at approximately 277/480 volts, 4-wire, 3-phase, and it shall be delivered at secondary spades of pad mount transformers, which shall constitute the point of delivery under this Contract. The said electric energy shall be delivered at reasonably close maintenance to constant potential and frequency, and it shall be measured by a meter or meters owned and installed by the Company and located on secondary side of pad mount transformers.

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The Customer's contract capacity under the tariff named herein is hereby fixed at 3,000kVA. If a time-of-day demand is available under the tariff and is selected by the Customer, the reservation of capacity aforementioned shall be the peak period reservation of capacity and shall determine the tariff's minimum monthly billing demand.

There are no unwritten understandings or agreements relating to the service hereinabove provided. This Contract cancels and supersedes all previous agreements, relating to the purchase by Customer and sale by Company of electric energy at Customer's premises as referred to above, on the date that service under this Contract commences. This Contract shall be in full force and effect when signed by the authorized representatives of the parties hereto.

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David Nance

Title: Manager

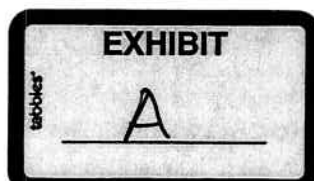
Date: July 22, 2008

HMG Medical Plaza GP

By: [Signature]

Title:

Date: July 17 2008



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**AFS Delivery Point:**

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The Company will have sole discretion in designating the AFS circuit and the Basic Service circuit.

**AFS Capacity Reservation:**

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**AFS Billing Demand:**

The AFS Billing Demand shall be taken each month as the single-highest 15-minute integrated peak as registered during the month by a demand meter or indicator, but the monthly AFS Billing Demand so established shall in no event be less than the greater of (a) the Customer's AFS Capacity Reservation under this Addendum, or (b) the Customer's highest previously established monthly billing demand on the AFS during the past 11 months, or (c) the Customer's Basic Service capacity reservation, or (d) the Customer's highest previously established monthly billing demand on the Basic Service during the past 11 months.

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**Term:**

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Kingsport Power Company

By: David M. Nance

David Nance

Title: Manager

Date: July 22, 2008

Account Number:

HMG Medical Plaza GP

By: [Signature]  
President

Title:

Date: July 17 2008