

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**October 17, 2008**

**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.**

**DOCKET NO.  
08-00153**

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**ORDER GRANTING APPROVAL OF SPECIAL CONTRACT**

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This matter came before Director Eddie Roberson, Director Sara Kyle and Director Mary W. Freeman of the Tennessee Regulatory Authority (“TRA” or the “Authority”), the voting panel assigned to this Docket, at a regularly scheduled Authority Conference held on October 6, 2008, for consideration of the *Petition for Approval of Special Contract* (“*Petition*”) filed on August 21, 2008 by Kingsport Power Company d/b/a AEP Appalachian Power (“Kingsport” or “Company”) for approval of a special contract.

**BACKGROUND**

Kingsport, a public utility with its principal office in Kingsport, Tennessee, 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 under rates and charges that are subject to the jurisdiction of the Federal Energy Regulatory Commission.

HMG Medical Plaza, G.P. (“HMG”), a Tennessee General Partnership, is constructing a new 250,000 square foot medical office building in Kingsport, Sullivan County, Tennessee. Kingsport seeks the Authority’s approval of a special contract which will set out the terms of for supplying all the electric energy to HMG’s medical office complex.

The contract consists of a Basic Service Agreement and Addendum. The Basic Service Agreement specifies that HMG will take service under the standard terms and conditions of the Large General Service Secondary tariff. The Addendum provides for Alternate Feed Service (“AFS”). The AFS will be served from a separate distribution feeder and backup the Basic Service circuit in case of an outage. HMG requested the AFS to help prevent interruptions in electrical service due to the nature of medical services to be provided in the offices.

#### **FINDINGS AND CONCLUSIONS**

TRA Rule 1220-4-1-.07, states:

Special contracts between public utilities and certain customers prescribing and providing rates, services and practices not covered by or permitted in the general tariffs, scheduled, or rules filed by such utilities are subject to supervision, regulation, and control by the Authority. A copy of such special agreements shall be filed, subject to review and approval.

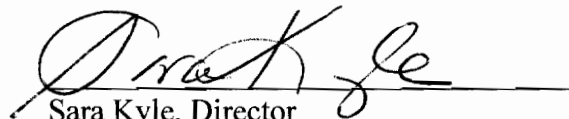
At a regularly scheduled Authority Conference held on October 6, 2008, the voting Panel assigned to this docket voted unanimously to approve the *Petition* after finding that (1) the Basic Service Agreement provides for service at standard tariff rates, terms and conditions; (2) the AFS Addendum provides for a service, which while not contained in Kingsport’s tariff, is a desirable service to safeguard against power outages to HGM’s medical offices; and (3) the contract terms for provisioning the AFS service are similar to those contained in Kingsport’s tariff, and therefore, are reasonable.

**IT IS THEREFORE ORDERED THAT:**

The Special Contract by and between Kingsport Power Company d/b/a AEP Appalachian Power and HMG Medical Plaza, G.P. is approved.



Eddie Roberson, Director



Sara Kyle, Director



Mary W. Freeman, Director