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KPOW.83302

Tre Hargett, Chairman
ATTN: Sharla Dillion, Dockets & Records Manager
460 James Robertson Parkway
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December 22, 2008
VIA FEDERAL EXPRESS

Re: Notice of Kingsport Power Company d/b/a AEP
Appalachian Power
TRA Docket No.: **08-00213**

Dear Chairman Hargett:

Pursuant to the actions of the Tennessee Regulatory Authority on December 15, 2008, as reflected in the ORDER GRANTING CHANGES TO PURCHASED POWER ADJUSTMENT RIDER received December 22, 2008, Kingsport Power Company, d/b/a AEP Appalachian Power submits for filing the original and thirteen copies of its newly revised Purchased Power Adjustment Rider, T.R.A. Tariff Number 1.

Please note there are two differences between this new tariff and the exhibits/attachments entered into the record during the hearing of December 15, 2008:

1. "T.P.S.C." has been replaced by "T.R.A."; and
2. The demand and energy allocation factors for "Electric Heating General (EHG)" have been slightly altered to allow the demand and energy allocation factors to add up to 100%. More specifically, the filing made by Kingsport in advance of the hearing for Electric Heating General (EHG) was as follows:

	Demand Allocation
	<u>Factor</u>
	%
EHG	1.84

	Energy Allocation
	<u>Factor</u>
	%
	1.54

The new tariff for EHG reads as follows:

Demand Allocation
Factor
1.83

Energy Allocation
Factor
1.55

As can be seen, the correction is inconsequential, essentially correcting a mathematical error. We respectfully request the Tariff Sheet be filed and accepted. Should there be questions, please contact us.

Very sincerely yours,

HUNTER, SMITH & DAVIS, LLP

A large, stylized handwritten signature in black ink, appearing to read "Bill Bovender".

William C. Bovender

Enclosures

cc: Richard Collier, Esq. (via email)
James R. Bacha, Esq. (via email)
William A. Bosta (via email)
Barry L. Thomas (via email)
Edward L. Petrini, Esq. (via email)

PURCHASED POWER ADJUSTMENT RIDER

Kingsport Power is authorized under the terms of this rider to apply a surcharge to all customer bills rendered by the Company to allow for changes in the non-fuel cost of purchased power from the Company's wholesale power supplier under the Federal Energy Regulatory Commission implemented rate schedules, including, but not limited to, all demand charges and energy charges which are paid by the Company to its wholesale power supplier in connection with the electric service provided to the Company.

1. Calculation of Change in Non-Fuel Purchased Power Expense

The change in the Company's non-fuel purchased power expense shall be calculated according to the following formula:

$$(D_p - D_c) + (E_p - E_c)$$

where "D" is the Company's demand-related purchased power expense and "E" is the Company's non-fuel energy-related purchased power expense as calculated for a 12-month test period based on the wholesale supplier's proposed ("p") and current ("c") rates.

2. Allocation of Change in Non-Fuel Purchased Power Expense to Tariffs

The change in the Company's demand and non-fuel energy-related purchased power expense as determined under Section 1 of this rider shall be allocated to individual tariffs by application of the following allocation factors:

<u>Tariff</u>	<u>Demand Allocation Factor %</u>	<u>Energy Allocation Factor %</u>
Residential Service (RS)	44.76	34.79
Small General Service (SGS)	1.00	0.99
Medium General Service (MGS)	5.11	4.20
Electric Heating General (EHG)	1.83	1.55
Church Service (CS)	0.61	0.47
Public Schools (PS)	1.62	1.52
Large General Service (LGS)	11.63	12.47
Industrial Power (IP)	33.33	43.81
Outdoor Lighting (OL)	0.11	0.20
Total	100.00	100.00

The above allocation factors are based on the demand and non-fuel energy-related purchased power expense allocators filed by the Company with the Tennessee Regulatory Authority in Docket Number 08-00213.

3. Determination of Surcharges by Tariff

The change in demand and non-fuel energy-related purchased power expense as allocated to each tariff under the terms of Section 2 of this rider shall be recovered by means of a demand, energy or lamp surcharge calculated according to the following formulas:

Tariffs RS, SGS, MGS, EHG, CS, and PS: (Energy only)

$$\frac{\Delta D + \Delta E}{\text{KWH}}$$

PURCHASED POWER ADJUSTMENT RIDER

Tariffs LGS and IP: (Demand and Energy)

Demand:

$$\frac{1/2 \Delta D}{KW}$$

Energy:

$$\frac{1/2 \Delta D + \Delta E}{KWH}$$

Tariff OL (Lamp Only)

$$\frac{\Delta D + \Delta E}{\text{Lamp months}}$$

where " ΔD " is the change in the Company's demand-related purchased power expense allocated to each tariff, " ΔE " is the change in the Company's non-fuel energy-related purchased power expense allocated to each tariff, "KWH" is the previous calendar year kilowatthour sales by tariff for all tariffs, "KW" is the previous calendar year kilowatt sales by tariff for all tariffs and lamp months is the lamp-months for the previous calendar year.

4. Effective Date of Surcharge

The tariff surcharges as calculated in Section 3 of this rider shall be effective upon the same date as any change in the Company's wholesale supplier's tariffs is implemented by the Federal Energy Regulatory Commission.

5. Notification of Change in Surcharge by the Company

The Company will provide no less than a 30-day notice of the proposed effective date in any change in the purchased power surcharge to its customers. The Company will also provide the calculations and other information supporting the proposed purchased power surcharges to the Staff of the Tennessee Regulatory Authority 30 days prior to the effective date of such surcharge.

6. Refund Procedure

Should the change in the Company's non-fuel related purchased power expense recovered through the application of this rider exceed the level of change in non-fuel related purchased power expense ultimately approved by the Federal Energy Regulatory Commission, then the Company shall promptly notify the Tennessee Regulatory Authority of such a final Federal Energy Regulatory Commission order, recalculate the appropriate purchased power surcharges, and refund any excess non-fuel related purchased power expense recovered through this rider following the receipt of a refund from its wholesale supplier.

KINGSPORT POWER COMPANY
d/b/a AMERICAN ELECTRIC POWER
Kingsport, Tennessee

3rd Revised Sheet Number 2-10
T.R.A. Tariff Number 1
Cancels 2nd Revised Sheet Number 2-10

PURCHASED POWER ADJUSTMENT RIDER

7. Surcharge

Pursuant to the provisions of this Rider, a Purchased Power Adjustment Rider surcharge will be applied to each kilowatt-hour, kilowatt or lamp as billed under the Company's filed tariffs.

The Purchased Power Adjustment Rider surcharge applicable to each tariff is set below:

<u>Tariff</u>	<u>Energy Rate</u> <u>(\$)/KWH</u>	<u>Demand Rate</u> <u>(\$)/KW</u>	<u>Lamp Rate</u> <u>(\$)/Lamp</u>
RS	.01276	--	--
SGS	.01020	--	--
MGS	.01212	--	--
EHG	.01185	--	--
CS	.01272	--	--
PS	.01070	--	--
LGS	.00512	2.53	--
IP	.00411	2.41	--
OL	--	--	.38818

Issued: December 19, 2008
By: Dana Waldo, President

Effective: January 1, 2009
Pursuant to an Order in
Docket Number 08-00213