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PLEASE RESPOND TO:
KINGSPORT OFFICE

April 16, 2010
VIA EMAIL & FEDEX

filed electronically in docket office on 04/16/10

Re: Generic Docket to Consider Modifying Notice
Requirements for Rate Cases
TRA Docket No.: 10-00040

Dear Chairman Kyle:

Please find enclosed the Comments of Kingsport Power Company to be filed in the captioned docket. We will forward the original and four copies via overnight mail for Monday delivery.

Should there be any questions, please contact the writer.

Very sincerely yours,

HUNTER, SMITH & DAVIS, LLP

William C. Bovender

WCB/slb

Enclosures

cc: James R. Bacha, Esq. (via email w/enc.)
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BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

April 19, 2010

GENERIC DOCKET TO CONSIDER)	
MODIFYING NOTICE REQUIREMENTS)	DOCKET NO.: 10-00040
FOR RATE CASES)	

COMMENTS OF KINGSPORT POWER COMPANY
d/b/a AEP APPALACHIAN POWER

Kingsport Power Company ("KgPCo" or "Company"), a subsidiary of American Electric Power Company, Inc. ("AEP"), files these comments before the Tennessee Regulatory Authority ("TRA") in response to the request of the TRA soliciting comments concerning whether notice requirements to the public discussed in TRA Rule 1220-4-1-.05 should be modified.

A. PRELIMINARY DISCUSSION

Current TRA Rule 1220-4-1-.05, PETITION FOR REVISION OF RATES, reads as follows:

"(1) All public utilities apply for revision of rates shall provide the following public notice in regard to proposed rate changes:

(a) A utility shall make a summary of the proposed changes and the reasons for them available at each of the utility's business offices.

(b) A utility shall cause a summary of the proposed changes and the reasons for them to be published in a newspaper of general circulation located in the utility's service area.

(2) The summary must include a summarization of every proposed rate change written in clear, simple, and understandable language and the predicted impact of proposed changes on the average residential and business customers served by the utility. The newspaper notice and the notice at the utility's business office shall state that a complete copy of the proposed tariff changes and the reasons for them are on file with the Tennessee Regulatory Authority and are open to public inspection. The public notice should also state the date and place when the application will be heard by the Authority, if known.

(3) The petitioner, by a duly authorized officer, or by its attorney, shall file a statement in writing on or before the date of hearing that the above notice has been published and posted, together with the date and location of said posting and publication, as required by this rule.”

In essence, the public notice required in a rate revision case consists of two parts: (a) posting a summary of the proposed changes and reasons for same at the utility’s business office; and (b) publishing a summary of the proposed revisions and reasons for them in “... a newspaper of general circulation located in the utility’s service area.” Id.

KgPCo has consistently complied with these notice requirements on matters affecting or potentially affecting the rates charged its customers, even though KgPCo has not had a general rate revision case since 1992.¹

KgPCo has not received complaints from the public regarding its compliance with the existing Rule relative to lack of notice. The office of KgPCo, located on Riverport Road, in the City of Kingsport, in Sullivan County, Tennessee, is located in approximately the center of KgPCo’s service area. There is a newspaper of general circulation, the Kingsport Times-News, which blankets KgPCo’s entire service area. Said newspaper is utilized by KgPCo for publication of notices to the public, including rate revision cases, and the Times-News comprehensively covers any rate cases in its news section.

Generally speaking, KgPCo sees no need to modify the Rule, based on its experience.

B. RESPONSES OF KgPCo TO ISSUES FRAMED FOR CONSIDERATION IN THIS DOCKET

¹ For example, in the recently considered Docket No. 10-00037, Petition of Kingsport Power Company d/b/a AEPAppalachian Power for Permission to Recoup Increased Inspection Fees, the public notice provisions of TRA Rule 1220-4-1-.05 were utilized.

“1. Whether TRA Rule 1220-4-1-.05 should be amended to provide for alternate methods that a public utility can use to provide notice to customers of a proposed rate increase and the hearing addressing that proposed increase.”

Response: KgPCo believes the current methods of notice required by TRA Rule 1220-4-1-.05 are more than adequate for any rate revision cases it might be involved in. However, should the TRA determine additional methods of notice are necessary, KgPCo would favor the implementation of a link on the TRA website which could be accessed directly by the public and would contain notices of proposed rate revisions and notices of hearings. Lastly, although KgPCo does not consider same necessary, the TRA could consider requiring utilities to post notices of rate revisions and hearings on the utilities’ websites.

“2. Whether a public utility should employ a method of direct customer contact, e.g. bill inserts, direct mail notification, etc., as a means of providing notice to customers of a proposed rate increase.”

Response: KgPCo opposes the use of bill inserts and direct mail as such methods are costly and do not achieve the goal of assuring the customers of the utility and the public receive notice of such proceedings any better than do the methods currently prescribed in TRA Rule 1220-4-1-.05. Under the current rules which govern rate revision cases, a utility has no mechanism for recovering such additional costs. Moreover, the use of the TRA website and/or the utility’s own website would reduce such unnecessary costs substantially and achieve better notice results, when combined with the publication and posting requirements of the current rule, if the TRA determines additional methods of notice are desirable.

“3. Whether there should be different notification requirements for different public utilities based on the type of service provided and the type of locale(s) served.”

Response: It is the position of KgPCo that should the TRA determine Rule 1220-4-1-.05 should be modified, such modifications should only be applied to utilities serving 500 or fewer customers and/or to utilities located in areas where there are no newspapers of general circulation. There is no comparison between the service area and number of customers served by KgPCo and the service area and number of customers served by a small, rural utility where many, if not most, customers do not primarily reside. While fundamental due process might favor consideration of alternative methods of notice served by those small, rural utilities, the same considerations do not apply in the urban area served by KgPCo.

“4. Whether notification by a public utility through newspaper(s) should continue to be the principal means of notice to customers and, if so, whether the days of publication of such notice should be increased beyond one day.”

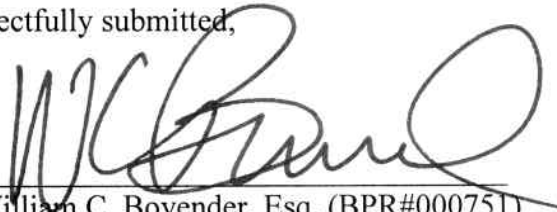
Response: KgPCo supports mandating newspaper publication as the principal means of notice to its customers concerning rate revision cases. While KgPCo has not received feedback suggesting publication in one day’s newspaper is insufficient, KgPCo would not oppose the imposition of a two day requirement.

“5. Where a public utility’s service territory is in a locale that is separate and apart from a significant-sized urban area, whether the public utility should publish notice of a propose rate increase in a newspaper having general circulation in the locale.”

Response: KgPCo supports the proposition that where a utility’s service territory is in a locale that is separate and apart from a significant-sized urban area, the utility should be required to publish a notice of rate revisions in a newspaper having general circulation in the locale. This is the current notice system set forth in TRA Rule 1220-4-1-.05, and should remain the primary notice procedure.

Respectfully submitted,

By:


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