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**PLEASE RESPOND TO:**  
KINGSPORT OFFICE

January 4, 2011

*VIA EMAIL & FEDEX DELIVERY*

Ms. Mary Freeman, Chairman  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

filed electronically in docket office on 01/04/11

Docket No. 11-00001

Re: AEP Appalachian Power / City of Kingsport –  
*Petition for Approval of Special Contract*

Dear Chairman Freeman:

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**

William C. Bovender

WCB/slb

Enclosures

**Before the  
Tennessee Regulatory Authority**

**In Re: PETITION FOR APPROVAL OF A  
NET METERING AND  
INTERCONNECTION AGREEMENT  
BETWEEN KINGSPORT POWER  
COMPANY d/b/a AEP APPALACHIAN  
POWER AND THE  
CITY OF KINGSPORT, TN**

**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, "KgPCo") requests approval by the Tennessee Regulatory Authority ("TRA") of a SPECIAL CONTRACT it has entered into with the City of Kingsport, Tennessee ("City of Kingsport") subject to TRA approval, as described more fully herein below:

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. The City of Kingsport is a Tennessee governmental entity lying fully within the service area of KgPCo and is a retail customer of Kingsport that purchases its power requirement from KgPCo.

3. The City of Kingsport has initiated a Net Metering Facility ("Facility") located at the Dobyns-Bennett High School Vocational Building on East Center Street in

Kingsport, Tennessee consisting of a Renewable Fuel Generator, 5 kW Photovoltaic solar panel array. This Facility is designed and constructed to operate in parallel with KgPCo's electric transmission/distribution system without adversely affecting the operation of the equipment or service of KgPCo and its customers and without presenting safety hazards to KgPCo or the City of Kingsport primarily to offset all or part of the City of Kingsport's own electricity requirements.

4. The SPECIAL CONTRACT, a NET METERING and INTERCONNECTION AGREEMENT, which KgPCo and the City of Kingsport have entered into, subject to TRA approval, is attached hereto as EXHIBIT 1 to this Petition.

5. All monthly charges billed to the City of Kingsport shall be in accordance with the tariff schedule under which the City of Kingsport takes electric service from KgPCo.

6. KgPCo deems it necessary to obtain the approval of the TRA for this SPECIAL CONTRACT, NET METERING and INTERCONNECTION AGREEMENT (EXHIBIT 1), under TRA Rule 1220-4-1-.07.

7. Moreover, pursuant to Section 6 of said SPECIAL CONTRACT, KgPCo is obligated to obtain authorization and approval of same by the TRA. The execution of said SPECIAL CONTRACT by the City of Kingsport evidences its support for this Petition.

8. The use of SPECIAL CONTRACTS between KgPCo and certain of its customers has previously been authorized by the TRA. As recognized by Hearing Officer Jean A. Stone in Docket No. 06-00010, the use of SPECIAL CONTRACTS is a

preferred method for dealing with the particular needs of selected Kingsport retail customers.

9. The SPECIAL CONTRACT evidenced in EXHIBIT 1 is substantially similar in form and content to the contract approved in Docket No. 08-00173 (Petition of Kingsport Power Company d/b/a AEP Appalachian Power for Approval of a Special Contract with Tennessee Army National Guard).

PREMISES CONSIDERED, Petitioner, Kingsport Power Company d/b/a AEP Appalachian Power, prays:

1. That notice be issued pursuant to the Rules and Regulations of the TRA;
2. That the proposed SPECIAL CONTRACT, a NET METERING and INTERCONNECTION AGREEMENT (EXHIBIT 1), 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: 

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James R. Bacha, Esq.  
American Electric Power Service Corporation  
1 Riverside Plaza  
Columbus, OH 43215  
(614) 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 J. Michael Billingsley, City Attorney, by mailing a copy of same by United States mail, postage prepaid, to 225 West Center Street, Kingsport, TN 37660, below on this the 4th day of January, 2011.

**HUNTER, SMITH & DAVIS, LLP**

By: \_\_\_\_\_

  
William C. Bovender

## NET METERING and INTERCONNECTION AGREEMENT

This Net Metering and Interconnection Agreement ("Agreement") is made and entered into this <sup>June</sup> ~~22~~ day of ~~May~~, 2010, by Kingsport Power Company ("Company") and the City of Kingsport ("Customer"), each hereinafter sometimes referred to individually as "Party" or collectively as the "Parties". In consideration of mutual covenants set forth herein, the Parties agree as follows:

### Section 1. The Net Metering Facility

The Customer has recently completed installation of a Net Metering Facility ("Facility") consisting of a Renewable Fuel Generator ("RF Generator"), 5kW Photovoltaic Solar Panel Array at the Dobyns-Bennett High School Vocational Building on East Center Street in Kingsport, Tennessee. The Customer maintains this Facility is designed and constructed to operate in parallel with the Company's electric transmission/distribution system ("System") without adversely affecting the operation of the equipment or service of the Company and its customers, and without presenting safety hazards to the Company or the Customer personnel, and is intended primarily to offset all or part of the Customer's own electricity requirements.

### Section 2. Governing Provisions

The terms of this agreement shall be interpreted under and subject to Tennessee Law. The Parties shall be subject to the Tennessee Regulatory Authority's Regulations for Electric Companies, the terms and conditions set forth in this Agreement, and the Company's applicable tariffs.

### Section 3. Interruption or Reduction of Deliveries

The Company shall not be obligated to accept energy from the Customers and may require Customer to interrupt or reduce delivery of energy, when necessary, in order to construct, install, repair, replace, remove, investigate, or inspect any of the Company's equipment or part of its System; or if it reasonably determines that curtailment, interruption, or reduction is necessary because of emergencies, forced outages, force majeure, or compliance with prudent electrical practices. Whenever possible, the Company shall give the Customer reasonable notice of the possibility that interruption or reduction of deliveries may be required. Notwithstanding any other provision of this Agreement, if at any time the Company reasonably determines that either the Facility may endanger the Company's personnel or other persons or property, or the continued operation of the Facility may endanger the integrity or safety of the Company's System, the Company shall have the right to disconnect and lock out the Facility from the Company's System. The Facility shall remain disconnected until such time as the Company is reasonably satisfied that the conditions referenced in this Section have been corrected.

### Section 4. Interconnection

Customer shall deliver the as-available energy to the Company at the Company's meter.

Company shall furnish and install a combination kilowatt demand and kilowatt-hour meter that can measure the flow of electricity in both directions. Customer shall provide and install a meter socket for the Company's meter and any related interconnection equipment per the Company's technical requirements, including safety and performance standards. Customer shall be responsible for all costs associated with installation of the standard kilowatt-hour meter and testing in conformity.

The RF Generator equipment and installations shall comply with the manufacturer's specifications, all applicable safety and performance standards of the National Electrical Code, the Institute of Electrical and Electronic Engineers Standard 1547 (Standard for Interconnecting Distributed Resources with Electric Power Systems), safety and performance standards established by local and national electrical codes including, the Institute of Electrical and Electronics Engineers, the National Electrical Safety Code, and Underwriters Laboratories. Customer's RF Generator equipment and installations shall also comply with the Company's Interconnection Guidelines. The Company shall provide a copy of its Interconnection Guidelines to the customer upon request.

The grounding scheme of the Customer's Facility shall comply with IEEE 1547, Standard for Interconnecting Distributed Resources with Electric Power Systems, July 2003, and shall be consistent with the grounding scheme used by the Company. If requested by the Customer, the Company shall assist the customer in selecting a grounding scheme that coordinates with the Company's System.

The Customer shall submit a completed Interconnection Form to the Company at least sixty (60) days prior to the date the Customer intends to interconnect the Facility to the Company's facilities. The Company shall provide a copy of the

## **NET METERING and INTERCONNECTION AGREEMENT**

Interconnection Form to the Customer upon request. Following notification by the Customer, the Company shall review the plans of the Facility and provide the results of its review to the Customer within 60 calendar days. Any items that would prevent parallel operation, due to violation of applicable safety standards and/or power generation limits, shall be explained along with a description of the modifications necessary to remedy the violations. Following a notification of disconnection of the Facility, the Customer must complete the notification process prior to any subsequent reconnection.

The Company shall have the right to inspect and test the Facility equipment and installation prior to interconnection. The nature and extent of these tests shall be determined solely by the Company. The Customer shall not commence parallel operation of the Facility until the Facility has been approved by the Company. Such approval shall not be unreasonably withheld or delayed. The Company reserves the right to conduct additional tests and inspections and to install additional equipment or meters at any time following interconnection of the Facility. Notwithstanding the foregoing, the Company's approval to operate the Customer's Facility in parallel with the Company's System should not be construed as an endorsement, confirmation, warranty, guarantee, or representation concerning the safety, operating characteristics, durability, or reliability of the Customer's Facility.

The Customer shall not be permitted to interconnect its Facility to the Company's System, if the interconnection would reasonably lead to damage of the Company's System or would reasonably lead to voltage regulation or power quality problems at other customer revenue meters, due to the incremental effect of the generator on the performance of the Company's System, unless the Customer reimburses the Company for its cost to modify any facilities needed to accommodate the interconnection.

If connection of the Customer's Facility would reasonably create an overload of the Company's transformer, or any transformer winding, beyond manufacturer or nameplate ratings, the Customer shall reimburse the Company the cost to modify any facilities needed to accommodate the interconnection.

To prevent a Customer from back-feeding a de-energized line, the Customer shall install a manual disconnect switch with lockout capability that is accessible to Company personnel at all hours.

### **Section 5. Modifications**

The Customer shall notify the Company at least fourteen (14) days prior to making any material changes to the Facility, including, but not necessarily limited to, any modification to the equipment or protective equipment settings or disconnection of the Facility from the Company's System, excluding temporary disconnects for routine maintenance. Modifications or changes made to the Facility shall be evaluated by the Company prior to being made. The Customer shall provide detailed information describing the modifications or changes to the Company in writing prior to making the modifications to the Facility. The Company shall review the proposed changes to the Facility and provide the results of its evaluation to the Customer within sixty (60) calendar days of receipt of the Customer's proposal. Any items that would prevent parallel operation due to violation of applicable safety standards and/or power generation limits shall be explained along with a description of the modifications necessary to remedy the violations.

The Customer shall notify the Company immediately regarding either any damage to the Facility or any safety-related emergency disconnections.

### **Section 6. Maintenance and Permits**

The Customer shall obtain any governmental authorizations and permits required for the construction and operation of the Facility and interconnection facilities.

The Customer shall periodically maintain and test the RF Generator in accordance with the manufacturer's specifications and all applicable safety and performance standards.

### **Section 7. Access to Premises**

The Company may enter the Customer's premises to inspect the Customer's protective devices and read or test the meter. The Company may disconnect the interconnection facilities without notice if the Company reasonably believes a hazardous condition exists and such immediate action is necessary to protect persons, or the Company's facilities, or property of others from damage or interference caused by the Customer's facilities, or lack of properly operating protective devices.



## NET METERING and INTERCONNECTION AGREEMENT

### Section 8. Limitation on Consequential, Incidental and Indirect Damages

To the fullest extent permitted by law, neither customer nor company, nor their respective officers, directors, agents, employees, members, parents or affiliates, successors or assigns, or their respective officers, directors, agents, nor employees, successors or assigns, shall be liable to the other party or their respective members, parents, subsidiaries, affiliates, officers, directors, agents, employees, successors or assigns, for claims, suits, actions or causes of action for incidental, indirect, special, punitive, multiple or consequential damages connected with or resulting from performance or non-performance of this agreement, or any actions undertaken in connection with or related to this agreement, including without limitation, any such damages which are based upon causes of action for breach of contract, tort (including negligence and misrepresentation), breach of warranty, strict liability, statute, operation of law, under any indemnity provision or any other theory of recovery. The obligor's liability shall be limited to direct damages only, and such direct damages shall be the sole and exclusive measure of damages and all other judicial remedies or damages are waived. The provisions of this section shall apply regardless of fault and shall survive termination, cancellation, suspension, completion or expiration of this agreement. Notwithstanding anything in this section to the contrary, any provision or provisions of this section will not apply to the extent it is finally determined by a court of competent jurisdiction, including appellate review if pursued, to violate the laws or Constitution of the State of Tennessee.

### Section 9. Facilities Charges

The Customer is responsible for all equipment and installation costs of the Facility.

The Company shall inspect the inverter settings of the RF Generator. The customer shall pay \$50 to the Company for each inspection.

The Customer shall pay to the Company any additional charges, as determined by the Company, for equipment, labor, metering, testing or inspections requested by the Customer.

### Section 10. Monthly Charges

All monthly charges shall be in accordance with the tariff schedule under which the Customer takes service. Such charges shall be based on the Customer's net energy for the billing period, to the extent that the net energy exceeds zero. The Customer's net energy shall be calculated by subtracting the energy, if any, delivered by the Customer to the Company from the energy delivered by the Company to the Customer. To the extent that the Customer's net energy is zero or negative during the billing period, the Customer shall pay only the non-usage sensitive charges of the standard Schedule. The Customer shall receive no compensation from the Company for negative net energy during the billing period. The negative energy during the billing period shall be carried forward and credited against positive energy usage in subsequent billing periods.

The Net Metering Period shall be defined as each successive 12-month period beginning with the first meter reading date following the date of interconnection of the renewable fuel generator with the Company's facilities. Any negative net energy at the end of a Net Metering Period shall be carried forward to the next Net Metering Period only to the extent that the negative net energy does not exceed the positive net consumption for the current net metering period.

Negative net energy is not transferable, and the Customer shall receive no compensation from the Company for any negative net energy upon termination of service from the Company.

### Section 11. Term of Agreement

The term of this Agreement shall be the same as the term of the otherwise applicable standard rate schedule. This Agreement shall remain in effect until modified or terminated in accordance with its terms or applicable regulations or laws.

### Section 12. Assignment

This Agreement and all provisions hereof shall inure to and be binding upon the respective parties hereto, their personal representatives, heirs, successors, and assigns. The Customer shall not assign this Agreement or any part hereof without the prior written consent of the Company, and such unauthorized assignment may result in termination of this Agreement.

### Section 13. Notices

All written notices shall be directed as follows:



## NET METERING and INTERCONNECTION AGREEMENT

### For the Company:

Appalachian Power Company  
Customer Services  
P.O. Box 2021  
Roanoke, VA 24022-2121

### For the Customer:

Name: City of Kingsport - Kingsport City Schools  
Attention: David Carper  
Address: 1000 Poplar Street  
City: Kingsport State: TN Zip Code: 37660

Customer notices to Company shall refer to the Customer's electric service account number.

## NET METERING and INTERCONNECTION AGREEMENT

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives.

Dated this 22nd day of June, 2010.

Kingsport Power Company:

By: [Signature]

Title: Customer Services Manager

City of Kingsport:

By: [Signature]

Title: Mayor

APPROVED AS TO FORM:

[Signature]  
City Attorney

ATTEST:

[Signature]  
City Recorder

