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KPOW.86949

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

Re: Petition for Expedited Review to Allow End Use Customers
On Kingsport Power Company to Continue their Participation in
the PJM Interconnection's Demand Response Program;
TRA Docket No.: 11-00039

Dear Chairman Freeman:

Enclosed are the original and five copies of the Joint Petition to Intervene and Joint Request for Entry of Consent Order, for filing in Docket No. 11-00039. 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 fee. If you have any questions, please feel free to contact the writer.

Very sincerely yours,

HUNTER, SMITH & DAVIS, LLP

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PLEASE RESPOND TO:
KINGSFORT OFFICE

WCB/slb

Enclosures

Ms. Mary Freeman, Chairman

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March 23, 2011

c: Richard Collier (via email w/enc.)
 David Foster (via email w/enc.)
 Andrew Dorn (via email w/enc.)
 Mike Quinan (via email w/enc.)
 William A. Bosta (via email w/ enc.)
 Hector Garcia (via email w/enc.)
 James Martin (via email w/enc.)
 David Roush (via email w/enc.)
 Christ Potter (via email w/enc.)

**BEFORE THE
TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

In Re:

**PETITION FOR EXPEDITED REVIEW TO
ALLOW END USE CUSTOMERS ON
KINGSPORT POWER CO. TO CONTINUE TRA DOCKET No. 11-00039
THEIR PARTICIPATION IN THE PJM
INTERCONNECTION'S DEMAND
RESPONSE PROGRAM**

**JOINT PETITION TO INTERVENE AND JOINT REQUEST FOR ENTRY OF
CONSENT ORDER**

Come Kingsport Power Company, d/b/a AEP Appalachian Power ("KgPCo"), and Eastman Chemical Company ("ECC"), by their respective Counsel, and, pursuant to T.C.A. § 65-2-107 and Rules and Regulations of the Tennessee Regulatory Authority Section 1220-1-2-.08, move to intervene in this Docket No. 11-00039, and further request that the proposed Consent Order, which includes your Petitioners herein and original Petitioner, Demand Response Partners, Inc., ("DRP"), attached hereto as EXHIBIT A, be entered by the Tennessee Regulatory Authority ("TRA") as expeditiously as possible and before March 31, 2011. KgPCo, ECC, and (where applicable) DRP would respectfully show to the TRA the following:

1. KgPCo is a public utility corporation organized and existing under the laws of the Commonwealth of Virginia whose principal place of business is located at 420

Riverport Road, Kingsport, Sullivan County, Tennessee.

2. KgPCo is the electric distribution company ("EDC") to approximately 47,000 customers in its service territory, which consists of portions of Sullivan and Hawkins Counties, Tennessee, including the City of Kingsport, Tennessee. KgPCo represents that it distributed 4 million MWh or less in its service territory in the previous fiscal year. KgPCo is subject to the jurisdiction of the TRA as to its retail rates and services.

3. ECC owns and operates facilities located in Kingsport, Tennessee, and is a customer of KgPCo. ECC has participated in PJM Demand Response programs, specifically in the Emergency Load Response Program as an Interruptible Load for Reliability, since May, 2009. ECC's current curtailment service provider is Tenaska Power Services Co.

4. DRP, the original Petitioner in this Docket, is a curtailment service provider ("CSP") authorized to conduct the demand response program in the PJM Interconnection and seeks in this Docket an Order that allows it and its current customers in KgPCo's service territory as of the date of its Petition, to continue to participate in the PJM programs known as Demand Response. Reference is hereby made to the Petition filed by DRP in this Docket.

5. All correspondence and communications with respect to this Petition should be sent to the following:

A. As to KgPCo:

William C. Bovender, Esq.
HUNTER, SMITH & DAVIS, LLP
P. O. Box 3740
Kingsport, TN 37664
Email: bovender@hdsdlaw.com

Mr. William A. Bosta
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B. As to DRP:

Andrew W. Dorn
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C. As to ECC:

Michael J. Quinan, Esq.
CHRISTIAN & BARTON, LLP
909 East Main St., Suite 1200
Richmond, VA 23219
Email: mquinan@cblaw.com

6. Under current FERC rules and the Open Access Transmission Tariff ("OATT") of PJM Interconnection, LLC ("PJM"), PJM offers certain Demand Response programs. Such programs offer advantages to certain customers willing to subscribe to

the programs and comply with program rules established by PJM. One of the requirements for participation in PJM's Demand Response programs is that , in the case of end-use customers which are served by EDCs which deliver less than 4 million MWh per fiscal year, the Relevant Electrical Retail Regulatory Authority ("RERRA"), which in the case of DRP and ECC is the TRA, must permit such customer's demand response to be submitted into a PJM Demand Response program by a CSP.

7. The TRA has not authorized, to date, the provisions of such programs in KgPCo's service territory.

8. KgPCo currently does not offer a demand response program, but intends in the near future to seek approval of one or more demand response tariff schedules that would offer advantages to certain customers willing to receive service under the terms of the tariff schedules as established by KgPCo and approved by TRA.

9. Like DRP, ECC seeks to participate in the PJM Demand Response program for the year commencing June 1, 2011 and ending May 31, 2012. Also like DRP, KgPCo states that unless the TRA enters an Order that permits such participation by DRP, its current customers as of the date of the filing of its Petition, and ECC (and other qualified end-use customers in its service territory before March 31, 2011), said qualified Petitioners and end-use customers will not be permitted to participate in said PJM program.

10. The parties have agreed that, in order to avoid disputes, they are willing to enter into the Consent Order attached hereto as EXHIBIT A.

11. Said Consent Order, if approved and issued by the TRA, would allow DRP

and its current customers (as of the date of the filing of its Petition) and ECC to participate in PJM's Demand Response program for said one year period (June 1, 2011 – May 31, 2012) and would, further, allow other end-use customers located in KgPCo's service territory to participate in said program during said one year period if they request to join in and be subject to the Consent Order on or before March 31, 2011.

12. KgPCo, DRP and ECC have agreed that this Petition and the Consent Order shall not be construed as a waiver of any rights of the parties with respect to PJM Demand Response programs in effect after the expiration of the June 1, 2011 - May 31, 2012 program participation period, and that the parties preserve all their rights and arguments in connection with the permissibility of offering or participating in any such programs in the future.

NOW, THEREFORE, KgPCo and ECC request the TRA:

1. Permit this intervention in this Docket.

KgPCo, ECC and DRP request the TRA:

2. Approve and enter the Consent Order (EXHIBIT A), giving it immediate force and effect; and
3. Declare that any other end-use customers in KgPCo's service territory be authorized, pursuant to said Consent Order, to file with the TRA a request to join in and be subject to said Consent Order, if said end-use customers of KgPCo file for same on or before March 31, 2011; and

4. Declare that no end-use customer within KgPCo's service territory that is not a party to the Consent Order is authorized to subscribe to, or offer subscription to, the PJM Programs for the June 1, 2011 – May 31, 2012 program participation period, except for those having filed with the TRA prior to March 31, 2011, a request to join the Consent Order.

5. Declare that this Petition and the Consent Order shall not be construed as a waiver of any rights of the parties to the extent that TRA permission to participate is not required or with respect to PJM Demand Response programs in effect after the expiration of the June 1, 2011 - May 31, 2012 program participation period, and that the parties preserve all their rights and arguments in connection with the permissibility of offering or participating in any such programs.

Attached hereto is said proposed Consent Order, EXHBIT 1.

Respectfully submitted,

**Kingsport Power Company, d/b/a
AEP Appalachian Power**

By Counsel:

A handwritten signature in black ink, appearing to read 'William C. Bovender', is written over a horizontal line.

William C. Bovender, Esq.
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Counsel for Kingsport Power Company

Eastman Chemical Company

By Counsel:

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Counsel for Kingsport Power Company

permission
of
07/23/11

Demand Response Partners, Inc.

Andrew W. Dorn by

Andrew W. Dorn
Demand Response Partners, Inc.
360 Delaware Avenue, Suite 406
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Email:
adorn@demandresponsepartners.com

*William Bonds
per permission
of 07/29/11*

**BEFORE THE
TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

In Re:

**PETITION FOR EXPEDITED REVIEW TO
ALLOW END USE CUSTOMERS ON
KINGSPORT POWER CO. TO CONTINUE TRA DOCKET No. 11-00039
THEIR PARTICIPATION IN THE PJM
INTERCONNECTION'S DEMAND
RESPONSE PROGRAM**

(PROPOSED) CONSENT ORDER

This matter came on before the Tennessee Regulatory Authority ("TRA") upon the filing of a PETITION FOR EXPEDITED REVIEW OF CONTINUED PARTICIPATION IN PJM PROGRAM by Demand Response Partners, Inc., ("DRP"), a JOINT PETITION TO INTERVENE filed on behalf of Kingsport Power Company d/b/a AEP Appalachian Power ("KgPCo") and Eastman Chemical Company ("ECC"), and a JOINT REQUEST FOR ENTRY OF A CONSENT ORDER filed on behalf of DRP, KgPCo and ECC.

FINDINGS AND CONCLUSIONS:

1. KgPCo is a public utility corporation organized and existing under the laws of the Commonwealth of Virginia whose principal place of business is located at 420 Riverport Road, Kingsport, Sullivan County, Tennessee.

2. KgPCo is the electric distribution company (“EDC”) to approximately 47,000 customers in its service territory, which consists of portions of Sullivan and Hawkins Counties, Tennessee, including the City of Kingsport, Tennessee. KgPCo represents that it distributed 4 million MWh or less in its service territory in the previous fiscal year. KgPCo is subject to the jurisdiction of the TRA as to its retail rates and services.

3. ECC owns and operates facilities located in Kingsport, Tennessee, and is a customer of KgPCo. ECC has participated in PJM Demand Response programs, specifically in the Emergency Load Response Program as an Interruptible Load for Reliability, since May, 2009. ECC’s current curtailment service provider is Tenaska Power Services Co.

4. DRP, the original Petitioner in this Docket, is a curtailment service provider (“CSP”) authorized to conduct the demand response program in the PJM Interconnection and seeks in this Docket an Order that allows it and its current customers as of the filing of its Petition to continue to participate in the PJM programs known as Demand Response. Reference is hereby made to the Petition filed by DRP in this Docket.

5. All correspondence and communications with respect to this Consent Order should be sent to the following:

A. As to KgPCo:

William C. Bovender, Esq.
HUNTER, SMITH & DAVIS, LLP
P. O. Box 3740
Kingsport, TN 37664
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Mr. William A. Bosta
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B. As to DRP:

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C. As to ECC:

Michael J. Quinan, Esq.
CHRISTIAN & BARTON, LLP
909 East Main St., Suite 1200
Richmond, VA 23219
Email: mquinan@cblaw.com

6. Under current FERC rules and the Open Access Transmission Tariff ("OATT") of PJM Interconnection, LLC ("PJM"), PJM offers certain Demand Response programs. Such programs offer advantages to certain customers willing to subscribe to

the programs and comply with program rules established by PJM. One of the requirements for participation in PJM's Demand Response programs is that, in the case of end-use customers which are served by EDCs which deliver less than 4 million MWh per fiscal year, the Relevant Electrical Retail Regulatory Authority ("RERRA"), which in the case of DRP and ECC is the TRA, must permit such customer's demand response to be submitted into a PJM Demand Response program by a CSP.

7. The TRA has not previously authorized the provisions of such programs in KgPCo's service territory.

8. KgPCo currently does not offer a demand response program, but intends in the near future to seek approval of one or more demand response tariff schedules that would offer advantages to certain customers willing to receive service under the terms of the tariff schedules as established by KgPCo and approved by TRA.

9. The parties to the JOINT PETITION TO INTERVENE and DRP are willing to enter into this CONSENT ORDER to permit participation by DRP, its current customers as of the filing of its Petition, ECC and other qualified end-use customers of KgPCo (who join in the Consent Order on or before March 31, 2011) during said one year period (June 1, 2011 – May 31, 2012) in the PJM program. KgPCo also anticipates it will be filing with the TRA for approval, during said year, its own demand response tariff schedule.

10. KgPCo, DRP, and ECC have agreed that the Petition and this Consent Order shall not be construed as a waiver of any rights of the parties with respect to PJM Demand Response programs in effect after the expiration of the June 1, 2011 – May 31,

2012 program participation period, and that the parties reserve all their rights and arguments in connection with the permissibility of offering or participating in any such programs in the future.

IT IS THEREFORE ORDERED THAT:

1. Kingsport Power Company d/b/a AEP Appalachian Power ("KgPCo") and Eastman Chemical Company ("ECC") are permitted to intervene in this TRA Docket No. 11-00039.

2. Demand Response Partners, Inc. ("DRP"), and the customers of DRP as of the date of the filing of DRP's Petition, and ECC are hereby granted permission to participate in PJM's Demand Response Programs for the period June 1, 2011 – May 31, 2012, as requested in the Petition filed by DRP in this Docket on March 14, 2011, and in the Joint Petition filed by ECC and KgPCo on March 23, 2011.

3. Any and all other qualified end-use customers located within the service territory of KgPCo are hereby permitted to make filings in this Docket to become parties to this Consent Order up to and including March 31, 2011, so as to be considered for participation in said PJM Demand Response Programs for the period June 1, 2011 – May 31, 2012, assuming said end-use customers of KgPCo are otherwise qualified to so participate under applicable Federal laws and regulations and in accordance with and with any necessary approval of KgPCo and PJM.

4. End-use customers within KgPCo's service territory not parties to this Consent Order are not authorized to subscribe to, or offer subscription to, the PJM Programs for the June 1, 2011 – May 31, 2012 program participation period, except for those having filed with the TRA on or before March 31, 2011, a request to join in and be subject to the Consent Order.

5. The Petition and this Consent Order shall not be construed as a waiver of any rights of the parties to the extent that TRA permission to participate is not required or with respect to PJM Demand Response programs in effect after the expiration of the June 1, 2011 – May 31, 2012 program participation period, and the parties have preserved all their rights and arguments in connection with the permissibility of offering or participating in any such programs.

Director

Director

Director