

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

March 30, 2011

IN RE:)	
)	
PETITION FOR EXPEDITED REVIEW TO ALLOW)	
END USE CUSTOMER OF KINGSFORT POWER)	DOCKET NO.
CO. TO CONTINUE THEIR PARTICIPATION IN)	11-00039
THE PJM INTERCONNECTION'S DEMAND)	
RESPONSE PROGRAM)	

CONSENT ORDER

This matter came before Chairman Mary W. Freeman, Director Eddie Roberson and Director Sara Kyle of the Tennessee Regulatory Authority ("TRA" or "Authority"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on March 28, 2011 to consider the *Joint Petition to Intervene and Joint Request for Entry of Consent Order* ("Joint Petition") which was filed on March 23, 2011 by Kingsport Power Company d/b/a AEP Appalachian Power ("KgPCo"), Eastman Chemical Company ("ECC") and Demand Response Partners, Inc. ("DRP").

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 for Expedited Review of Continued Participation in PJM Program* ("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
Email: bovender@hsdlaw.com

Mr. William A. Bosta
Director, Regulatory Services VA/TN
American Electric Power Company
Three James Center
Suite 1100 1051 E. Cary Street
Richmond, VA 23219-4029
Email: wabosta@aep.com

James R. Bacha, Esq.
Hector Garcia, Esq.
American Electric Power Service Corp.
1 Riverside Plaza
Columbus, OH 43215
Email: jrbacha@aep.com
hgarcia1@aep.com

B. As to DRP:

Andrew W. Dorn
Demand Response Partners, Inc.
360 Delaware Avenue, Suite 406
Buffalo, NY 14202
Email: adorn@demandresponsepartners.com

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* 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 *Joint 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:

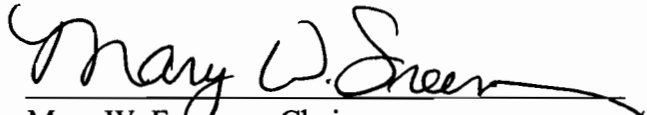
1. Kingsport Power Company d/b/a AEP Appalachian Power (“KgPCo”) and Eastman Chemical Company (“ECC”) are permitted to intervene in this TRA Docket No. 11-00039.

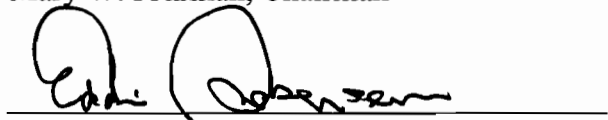
2. Demand Response Partners, Inc. (“DRP”), and the customers of DRP as of the date of the filing of DRP’s *Petition*, and ECC are hereby granted permission to participate in PJM’s Demand Response Programs for the period June 1, 2011 – May 31, 2012, as requested in the *Petition* filed by DRP in this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

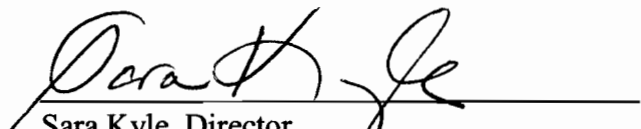
3. Any and all other qualified end-use customers located within the service territory of KgPCo are hereby permitted to make filings in this Docket to become parties to this Consent Order up to and including March 31, 2011, so as to be considered for participation in said PJM Demand Response Programs 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.


Mary W. Freeman, Chairman


Eddie Roberson, Director


Sara Kyle, Director