

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

September 28, 2011

IN RE:

**TARIFF FILING OF KINGSFORT POWER
COMPANY D/B/A AEP APPALACHIAN POWER
TO ESTABLISH A NET METERING SERVICE
RIDER FOR RESIDENTIAL CUSTOMERS,
SMALL AND MEDIUM GENERAL SERVICE
CUSTOMERS AND PUBLIC SCHOOLS**

**DOCKET NO.
11-00111**

ORDER APPROVING NET METERING TARIFF

This matter came before Chairman Eddie Roberson, Director Sara Kyle, and Director Mary Freeman of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned in this docket, at the regularly scheduled Authority Conference held on August 1, 2011, for consideration of the proposed net metering service rider for residential customers, small and medium general service customers, and public schools, as requested by the Authority during the March 28, 2011 Authority Conference.¹ Kingsport Power Company d/b/a AEP Appalachian Power (“AEP” or the “Company”) filed a proposed Net Metering Service Tariff (“Net Metering Tariff”) for the Kingsport service area with the Authority on July 21, 2011.

The Net Metering Tariff gives AEP residential and small commercial customers, including public schools for the Kingsport service area, the opportunity to construct alternative electricity production systems (solar, wind, etc.) on their property at their expense and to use that

¹ During the March 28, 2011 Authority Conference, the Authority considered three requests for special contracts for net metering with individual customers of AEP. Because of the similarity of the contracts and the potential time and expense involved with special contracts, the panel in TRA Docket No. 11-00003 requested that AEP work with TRA staff to develop a net metering tariff. See *In re: Petition for Approval of a Net Metering and Interconnection Agreement Between Kingsport Power Company d/b/a AEP Appalachian Power and Mr. Eugene M. Field*, Docket No. 11-00003, *Amended Order Granting Approval of Special Contract*, p. 3 (May 2, 2011).

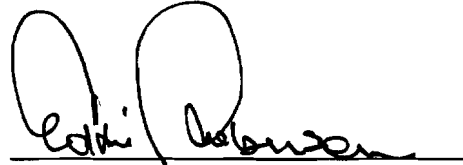
electricity for their personal use. The Net Metering Tariff is available to customers with eligible Renewable Fuel Generators ("RF Generators") on a first-come, first-serve basis. If the electricity from the alternative system does not meet the customers' individual needs, AEP will supply the balance at normal rates. If the electricity produced exceeds a customer's needs, the excess will be used by AEP to supply its remaining customer body, but AEP will not monetarily compensate the customer for that electricity. All monthly charges will be billed under the appropriate rate schedule. The meter installed on the customer's premises will measure the flow of electricity in "both directions," and the monthly charges will be calculated based on the positive net energy consumed. If there is a negative net energy, the credit will be carried forward and credited against a positive energy usage in a subsequent billing period. Any excess credits upon termination by the customer are not transferrable, and the customer will not be compensated by the Company.

The Net Metering Tariff limits total net metering load for all net metering customers to 1% of the Company's forecasted peak demand. Also, the Net Metering Tariff requires customers to meet certain conditions of service relating to notification and interconnection. Interconnection is subject to a \$50 charge for each inspection, and customers are responsible for all equipment and installation costs. AEP is not obligated to accept generated electricity from a customer into its system and may require customers to interrupt or reduce delivery of energy when deemed necessary by AEP. Additionally, if at any time the Company reasonably determines that a RF Generator may endanger the Company's personnel or other persons or property, or continued operation of the RF Generator may endanger the integrity or safety of AEP's system, the Company can disconnect and lock out the RF Generator from the Company's system.

The panel considered AEP's Net Metering Tariff during the August 1, 2011 Authority Conference and, based on the foregoing and a review of the entire record in this matter, voted unanimously to approve the tariff.

IT IS THEREFORE ORDERED THAT:

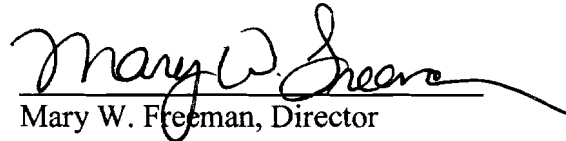
The Net Metering Tariff filed by Kingsport Power Company d/b/a AEP Appalachian Power ("AEP") and received by the Authority on July 21, 2011 is approved, as filed, with an effective date of August 2, 2011.



Eddie Roberson, Chairman



Sara Kyle, Director



Mary W. Freeman, Director