

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

In Re: filed electronically in docket office
on 07/25/12

**PETITION OF KINGSPORT POWER COMPANY
FOR APPROVAL OF DEMAND RESPONSE
PROGRAMS AND ASSOCIATED DEMAND
RESPONSE TARIFFS**

DOCKET No. 12-00012

In Re:

**PETITION OF EASTMAN CHEMICAL
COMPANY AND AIR PRODUCTS AND
CHEMICALS, INC., FOR EXPEDITED REVIEW
TO ALLOW CERTAIN END USE CUSTOMERS
OF KINGSPORT POWER COMPANY TO
PARTICIPATE IN PJM INTERCONNECTION
DEMAND RESPONSE PROGRAMS**

DOCKET No. 12-00026

**EASTMAN CHEMICAL COMPANY'S RESPONSES TO
INTERROGATORIES AND REQUESTS FOR PRODUCTION
PROPOUNDED BY KINGSPORT POWER COMPANY**

Comes Eastman Chemical Company ("Eastman") and for its responses to the interrogatories and requests for production propounded by Kingsport Power Company ("KgPCo") in the above-referenced dockets states as follows:

GENERAL OBJECTIONS

- (1) Eastman objects to the overly broad and non-defined scope of KgPCo's interrogatories and requests for production. Specifically and without limitation, Eastman objects to the extent any interrogatories and requests for production could be read to apply to facilities located, or demand response services provided, outside of

the KgPCo service territory. Moreover, Eastman reserves the right to object by way of Motion in Limine and/or at the hearing on these combined dockets to the interrogatories and requests for production, and/or use of these responses, as necessary.

- (2) Eastman objects to KgPCo's interrogatories and requests for production to the extent they would require the production of documents and materials that are confidential and competitively sensitive in violation of the terms of the Confidentiality provisions of Eastman's contract with its CSP, Tenaska Power Services Co. ("Tenaska"). The terms of the Protective Order previously entered are not adequate to protect against disclosure of competitively sensitive materials to Tenaska's competitors. The documents will be produced and filed under seal as soon as adequate safeguards are provided, and Tenaska's permission is obtained as required by the contract.

Subject to these objections and reservations, Eastman responds as follows:

INTERROGATORIES

1. When did Eastman Chemical Company first begin utilizing demand-response services from curtailment service providers ("CSP") in the KgPCo service territory?

ANSWER: June 1, 2009, pursuant to a contract dated February 25, 2009.

2. Provide in detail the identities (names and addresses) of all CSP's utilized by Eastman Chemical Company from the date disclosed in Interrogatory No. 1 to the present, and supply the dates said CSP provided such services to Eastman Chemical Company.

ANSWER: Tenaska Power Services Co., 1702 East Lamar Blvd., Suite 100, Arlington, TX, 76006. From June 1, 2009 until the present.

3. Describe in detail every service provided by the CSP(s) listed in response to Interrogatory No. 2.

ANSWER: Tenaska served as Eastman's CSP in in the PJM Interruptible Load for Reliability ("ILR") program from June 1, 2009 through May 31, 2012, and has been serving as Eastman's CSP in the PJM Full Emergency Demand Response program since June 1, 2012.

4. Is Eastman Chemical Company responsible for paying any out-of-pocket penalties for its failure to comply with the contractual obligations of any Demand Response program(s) within the KgPCo.'s service territory?

ANSWER: Yes. See Eastman's contract with Tenaska, including in particular § VI.

5. Relative to Eastman Chemical Company's CSP contract(s) for committed load reduction, provide the following information:

a. The average payment per megawatt (per month or per year) paid to you during the 2010-2011 and 2011-2012 PJM delivery years.

b. The average payment anticipated for the 2012-2013, 2013-2014 and 2014-2015 PJM delivery years.

ANSWER:

Question 5(a): (Note: This response is net of the CSP payment.)

Average monthly payment per MW in 2010-2011 PJM delivery year: \$4,241.06

Average monthly payment per MW in 2011-2012 PJM delivery year: \$2,677.53

Question 5(b): (Note: This response is net of the CSP payment.)

Anticipated average monthly payment per MW in 2012-2013 PJM delivery year: \$400.53

Anticipated average monthly payment per MW in 2013-2014 PJM delivery year: \$662.60

Anticipated average monthly payment per MW in 2014-2015 PJM delivery year: \$3,074.16

6. For the period June 1, 2009 to the present, describe in detail the number of curtailments Eastman Chemical Company was called upon to perform in accordance with its contract with its CSP, including, but not limited to, the date and time of curtailment.

ANSWER:

2009-10 DY – Provided curtailment compliance test per PJM requirements to verify ability of a resource to meet its obligation on September 28, 2009 from 15:00 to 16:00 EDT

2010-11 DY – Provided curtailment compliance test per PJM requirements to verify ability of a resource to meet its obligation on June 2, 2010 from 14:00 to 15:00 EDT

2011-12 DY – Provided curtailment compliance test per PJM requirements to verify ability of a resource to meet its obligation on September 9, 2011 from 14:00 to 15:00 EDT

2012-13 DY – PJM curtailment called of Demand Response resources in the AEP and DOM PJM Control Zones on July 17, 2012 at 13:08 EDT to drop below FSL (Firm Service Level) within two hours. Curtailment lasted from 15:08 to 19:05 EDT.

7. When did Eastman Chemical Company first become aware that it was required to receive approval from the Tennessee Regulatory Authority to participate in any demand response program because it receives services from an electric distribution company which delivers 4 million MWh or less per fiscal year?

ANSWER: Eastman objects to Interrogatory No. 7 because it requests a legal conclusion. Subject to and without waiving this objection, Eastman is not aware that such approval from the Tennessee Regulatory Authority is required in order to participate in PJM demand response programs.

REQUESTS FOR PRODUCTION

1. Produce copies of all current contracts between Eastman Chemical Company and

any curtailment service provider (“CSP”) covering any Eastman Chemical Company facility located within the service territory of KgPCo.

RESPONSE: Subject to the General Objections stated above, responsive documents will be produced. (Bates Numbered Eastman0001 through Eastman0027). These documents are Competitively-Sensitive Confidential.)

2. Produce records of all demand response service curtailments experienced by Eastman Chemical Company at any facility/site within the KgPCo service territory for the period 2006-to the present.

RESPONSE: Subject to the General Objections stated above, responsive documents will be produced. (Bates Numbered Eastman0028 through Eastman0051). These documents are Competitively-Sensitive Confidential.)

3. Produce all financial records which disclose the financial cost/benefit received by Eastman Chemical Company as a result of participation in any PJM Demand-Response program, either directly, or through a CSP, for the period 2006-to the present (in the KgPCo service territory).

RESPONSE: No Cost/Benefit Study has been conducted. However, subject to the General Objections stated above, responsive documents will be produced. (Bates Numbered Eastman0052 through Eastman0120). These documents are Competitively-Sensitive Confidential.)

4. Produce copies of all contracts between Eastman Chemical Company and any CSP covering any Eastman Chemical Company facility located within the service territory of KgPCo that were in effect during the six (6) years prior to the current contract(s) requested in Request No. 1.

RESPONSE: See response to Interrogatory No. 1 and documents produced in response to Request No. 1.

5. Produce copies of all correspondence between Eastman Chemical Company and any CSP it has done business with during the period 2006-present, concerning, in any manner, the FERC rules and the Open Access Transmission Tariff of PJM Interconnection, LLC, requirement that an end-user customer which receives service from an electric distribution company which delivers 4 million MWh or less per fiscal year, must receive approval from the “Relevant Electrical Regulatory Authority” in order to participate in any demand response program.

RESPONSE: See objection and response to Interrogatory No. 7. Subject to that objection and the General Objections stated above, responsive documents will be produced. (Bates Numbered Eastman0121 through Eastman0145). These documents are Competitively-Sensitive Confidential.)

Respectfully submitted,

David L. Moore

I hereby certify that the answers provided are true and accurate to the best of my knowledge and belief.

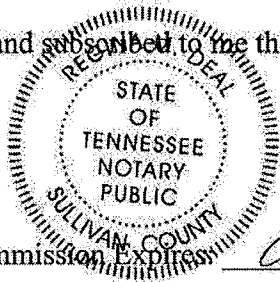
Eastman Chemical Company

By: David L. Moore
Name

Its: Procurement Manager

STATE OF Tennessee
COUNTY OF Sullivan
CITY OF Kingsport

Sworn and subscribed to me this 25 day of July, 2012.



Regina M. Deal
Notary Public

My Commission Expires Aug 18, 2015.

As to objections:

Eastman Chemical Company
By Counsel:

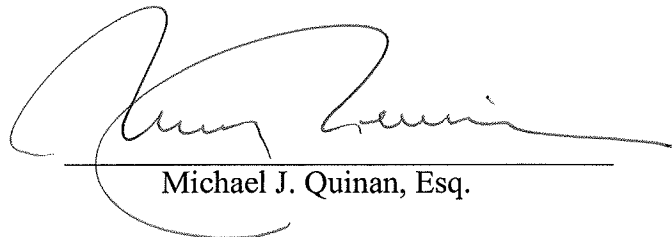
A handwritten signature in dark ink, appearing to read "Michael J. Quinan", written over a horizontal line.

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CERTIFICATE OF SERVICE

I hereby certify that, on July 25, 2012, the foregoing pleading was served by hand to Mr. Bosta, by overnight delivery service to all others (for delivery on 7/26/12), and by e-mail to all parties of record at their addresses shown below.

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