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**PLEASE RESPOND TO:**  
KINGSPORT OFFICE

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August 31, 2015

WRITER'S E-MAIL ADDRESS:  
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KPOW.86949

Ms. Sharla Dillon, Docket Room Manager  
Tennessee Regulatory Authority  
502 Deaderick Street, 4th Floor  
Nashville, TN 37243

**Re: PETITION OF KINGSPORT POWER COMPANY FOR APPROVAL OF  
DEMAND RESPONSE PROGRAMS AND ASSOCIATED DEMAND RESPONSE  
TARIFFS; TRA Docket No. 12-00012**

**and**

**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; TRA Docket No.: 12-00026**

Dear Ms. Dillon:

Enclosed please find the Annual Demand Response Report of Kingsport Power Company d/b/a AEP Appalachian Power for filing in the captioned dockets.

Sincerely yours,

**HUNTER, SMITH & DAVIS, LLP**

*Bill Bovender*

William C. Bovender

Ms. Sharla Dillon, Docket Room Manager

Page 2

August 31, 2015

Enclosure

c: David Foster (via email)  
Tiffany Underwood (via email)  
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BEFORE THE  
TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE

August 31, 2015

IN RE:	)	
	)	
PETITION FOR APPROVAL OF DEMAND RESPONSE	)	
PROGRAM AND ASSOCIATED DEMAND RESPONSE	)	DOCKET NO.
TARIFFS ON BEHALF OF KINGSPORT POWER COMPANY	)	12-00012
D/B/A AEP APPALACHIAN POWER	)	
	)	
IN RE:	)	
	)	
JOINT PETITION OF EASTMAN CHEMICAL COMPANY	)	
AND AIR PRODUCTS AND CHEMICALS, INC. FOR	)	DOCKET NO.
EXPEDITED REVIEW TO ALLOW CERTAIN END USE	)	12-00026
CUSTOMERS OF KINGSPORT POWER COMPANY TO	)	
PARTICIPATE IN PJM INTERCONNECTION DEMAND	)	
RESPONSE PROGRAMS	)	

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ANNUAL DEMAND RESPONSE REPORT OF KINGSPORT POWER COMPANY  
D/B/A AEP APPALACHIAN POWER

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Comes Kingsport Power Company d/b/a AEP Appalachian Power (“KgPCo”), and submits its Annual Demand Response Report to the Utilities Division Staff of the Tennessee Regulatory Authority (“TRA”). All correspondence and communications with respect to this report should be sent to the following on behalf of KgPCo:

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

By Counsel:

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**Kingsport Power Company d/b/a AEP Appalachian Power**  
**Annual Demand Response Report to the Utilities Division Staff of the Tennessee**  
**Regulatory Authority**

Pursuant to the TRA's March 4, 2013 Order in Docket Nos. 12-00012 and 12-00026, KgPCo provides the following information for the PJM Delivery Year ending May 31, 2015 ("2014/15 PJM Delivery Year"):

- (1) A list of participating KgPCo customers and the demand response programs they are enrolled in.

Response: One of KgPCo's industrial customers, utilizing the services of a Curtailment Service Provider ("CSP"), was enrolled in PJM demand response programs for the 2014/15 PJM Delivery Year. These enrollments pre-dated the Settlement Agreement and Tariff RTODR in these dockets and are listed in the table below as not part of Tariff RTODR.

<b>PJM Delivery Year</b>	<b>Customer</b>	<b>DR Program</b>	<b>Part of Tariff RTODR?</b>
2014/15	Air Products and Chemical, Inc.	Emergency DR Full	No
2014/15	Air Products and Chemical, Inc.	Economic	No

Also, several KgPCo customers were enrolled in PJM demand response programs, through a CSP participating in Tariff RTODR, for the 2014/15 PJM Delivery Year and are listed in the table below as being a part of Tariff RTODR.

<b>PJM Delivery Year</b>	<b>Customer</b>	<b>DR Program</b>	<b>Part of Tariff RTODR?</b>
2014/15	Domtar Ridgefield Converting Plant Kingsport	Emergency DR Full	Yes
2014/15	Aggregates USA - Tri-Cities Airport Quarry	Emergency DR Full	Yes
2014/15	Aggregates USA - Tri-Cities Airport Quarry	Emergency DR Full	Yes
2014/15	KPCS - Robinson Middle School	Emergency DR Full	Yes
2014/15	City of Kingsport Water Treatment Plant	Emergency DR Full	Yes
2014/15	KPCS - Dobyys-Bennett High School	Emergency DR Full	Yes
2014/15	City of Kingsport Hillcrest Pump Station	Emergency DR Full	Yes
2014/15	City of Kingsport Raw Water Intake	Emergency DR Full	Yes
2014/15	City of Kingsport Colonial View Pump Station	Emergency DR Full	Yes

- (2) The Number of curtailments called.

Response: PJM did not initiate any Emergency or Pre-emergency Load Management Events for the whole RTO, AEP zone or AEP subzone during the compliance season. However, all customers were subject to a PJM required curtailment test.

(3) A detailed calculation of the costs incurred and non-compliance payments received.

Response: KgPCo incurred approximately \$259,552 in costs during the 2014/15 PJM Delivery Year related to Tariff RTODR. There were no non-compliance payments for this period. For the applicable demand response product registered by the CSP, the price is determined to be the average rate in \$/MW-day for all cleared MW, weighted by the megawatts cleared at each clearing price. Cleared MW shall include all cleared sell offers in the applicable Locational Deliverability Area from each RPM auction (Base Residual Auction, First Incremental Auction, Second Incremental Auction and Third Incremental Auction) for the relevant PJM Delivery Year.

(4) A cost/benefit analysis of the Demand Response programs.

Response: A formal cost/benefit analysis of the Demand Response programs has not been performed. For the 2014/15 PJM Delivery Year, AEP included 5 MW from Tariff RTODR in its Fixed Resource Requirement (“FRR”) plan with PJM. KgPCo benefits from Tariff RTODR by providing an alternative capacity resource to satisfy PJM reserve margin requirements.