

BEFORE THE
TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

August 31, 2016

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)	

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

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") attached hereto. All correspondence and communications with respect to this report should be sent to the following on behalf of KgPCo:

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

Mr. William K. Castle
Director, Regulatory Services VA/TN
Appalachian Power Company
Three James Center
1051 E. Cary Street, Suite 1100
Richmond, VA 23219-4029
Email: wkcastle@aep.com

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

By Counsel:



William C. Bovender, Esq.
HUNTER, SMITH & DAVIS, LLP
P. O. Box 3740
Kingsport, TN 37664
(423) 378-8858
(423) 378-8801 (Fax)
Counsel for Kingsport Power Company,
d/b/a AEP Appalachian Power

OF COUNSEL:

James R. Bacha, Esq.
American Electric Power Service Corp.
1 Riverside Plaza, 29th Floor
Columbus, OH 43215
(614) 716-3410
(614) 716-1613 (Fax)

Noelle J. Coates, Esq.
American Electric Power Service Corp.
1051 East Cary Street, Suite 1100
Richmond, VA 23219-4029
(804) 698-5541

**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, 2016 ("2015/16 PJM Delivery Year"):

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

Response: Ten KgPCo customers, utilizing the services of a Curtailment Service Provider ("CSP"), were enrolled in PJM demand response programs for the 2015/16 PJM Delivery Year and are shown in the table below.

PJM Delivery Year	Customer	DR Program	Part of Tariff RTODR?
2015/16	KPCS-Sevier Middle School	Emergency DR Full	Yes
2015/16	City of Kingsport Colonial View Station	Emergency DR Full	Yes
2015/16	City of Kingsport Raw Water Intake	Emergency DR Full	Yes
2015/16	City of Kingsport Hillcrest Pump Station	Emergency DR Full	Yes
2015/16	KPCS-Dobyns-Bennett High School	Emergency DR Full	Yes
2015/16	City of Kingsport Water Treatment Plant	Emergency DR Full	Yes
2015/16	KPCS-Robinson Middle School	Emergency DR Full	Yes
2015/16	Aggregates USA-Tri-Cities Airport Quarry	Emergency DR Full	Yes
2015/16	Aggregates USA-Tri-Cities Airport Quarry	Emergency DR Full	Yes
2015/16	Domtar Ridgefield Converting Plant Kingsport	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:

Total Costs	\$336,691
Less: Non-Compliance Payments Received	\$117,952
Less: Load Management Test Failure Charge Passed-Through	\$81,130
Net Cost	\$137,609

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 2015/16 PJM Delivery Year, AEP included 3.2 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.

S. Morris Hadden
William C. Bovender
William C. Argabrite
Jimmie Carpenter Miller
Mark S. Dessauer
Gregory K. Haden
Michael L. Forrester
Stephen M. Darden
Edward J. Webb, Jr.
James N. L. Humphreys
Suzanne Sweet Cook
Michael S. Lattier
Scott T. Powers

Respond to:
Kingsport Office
William C. Bovender
423-378-8858
bovender@hdsdlaw.com

HUNTER·SMITH·DAVIS
SINCE 1916 LLP

Kingsport Office
1212 North Eastman Road
P.O. Box 3740
Kingsport, TN 37664
Phone (423) 378-8800
Fax (423) 378-8801

Johnson City Office
100 Med Tech Parkway
Suite 110
Johnson City, TN 37604
Phone (423) 283-6300
Fax (423) 283-6301

Leslie Tentler Ridings
Christopher D. Owens
Chad W. Whitfield
Jason A. Creech
Meredith Bates Humbert
Joseph B. Harvey
Rachel Ralston Mancl
Caroline Ross Williams
Marcy E. Walker
Karen L. Kane
Teresa Mahan Lesnak *
Michael A. Eastridge *
Jeannette Smith Tysinger*

**Of Counsel*

www.hsdllaw.com

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August 31 2016

VIA EMAIL & FEDEX:

Ms. Sharla Dillon, Dockets & Records Manager
Tennessee Regulatory Authority
502 Deaderick Street, 4th Floor
Nashville, TN 37243

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

and

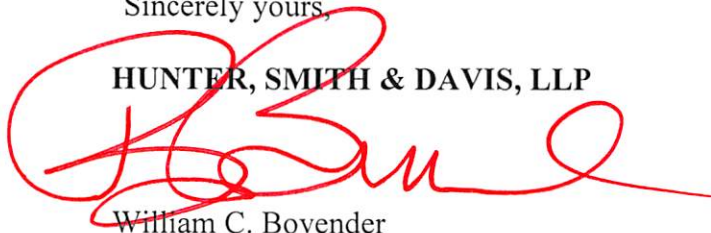
**PETITION OF EASTMAN CHEMICAL COMPANY AND AIR PRODUCTS
AND CHEMICALS, INC., FOR EXPEDITED REVIEW TO ALLOW CERTAIN
END USE CUSTOMERS OF KINGSFORT POWER COMPANY TO
PARTICIPATE IN PJM INTERCONNECTION DEMAND RESPONSE
PROGRAMS; TRA Docket No.: 12-00026**

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



William C. Bovender

Sharla Dillon, Docket Manager

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Enclosure

cc: David Foster (via email)
Tiffany Underwood (via email)
William K. Castle (via email)
James R. Bacha, Esq. (via email)
Brian K. West (via email)
David M. Roush (via email)
Jennifer Sebastian (via email)
Hector Garcia, Esq. (via email)
Edward L. Petrini, Esq. (via email)
Noelle Coates, Esq. (via email)
Gregory J. Poulos (via email)