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KPOW-86949

August 30, 2018

**VIA EMAIL & FED EX:**

Ms. Sharla Dillon, Docket Room Manager  
Tennessee Public Utility Commission  
502 Deaderick Street, 4th Floor  
Nashville, TN 37243

**Re: PETITION FOR APPROVAL OF DEMAND RESPONSE PROGRAM AND  
ASSOCIATED DEMAND RESPONSE TARIFFS ON BEHALF OF  
KINGSPORT POWER COMPANY D/B/A AEP APPALACHIAN POWER  
Docket No. 12-00012**

**and**

**JOINT 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**

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

Ms. Sharla Dillon, Docket Room Manager  
August 30, 2018  
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Enclosure

cc: David Foster (via email)  
William K. Castle (via email)  
James R. Bacha, Esq. (via email)  
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BEFORE THE  
TENNESSEE PUBLIC UTILITY COMMISSION  
NASHVILLE, TENNESSEE

August 31, 2018

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 Public Utility Commission ("TPUC"). 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 Public Utility Commission**

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, 2018 ("2017/18 PJM Delivery Year"):

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

Response: Eleven KgPCo customers, utilizing the services of a Curtailment Service Provider ("CSP"), were enrolled in PJM demand response programs for the 2017/18 PJM Delivery Year and are shown in the table below.

PJM Delivery Year	Customer	DR Program	Part of Tariff RTODR?
2017/18	KPCS-Sevier Middle School	Emergency DR Full	Yes
2017/18	City of Kingsport Colonial View Station	Emergency DR Full	Yes
2017/18	City of Kingsport Raw Water Intake	Emergency DR Full	Yes
2017/18	City of Kingsport Hillcrest Pump Station	Emergency DR Full	Yes
2017/18	KPCS-Dobyns-Bennett High School	Emergency DR Full	Yes
2017/18	KPCS-Dobyns-Bennett High School	Emergency DR Full	Yes
2017/18	City of Kingsport Water Treatment Plant	Emergency DR Full	Yes
2017/18	City of Kingsport Wastewater Treatment Plant	Emergency DR Full	Yes
2017/18	KPCS-Robinson Middle School	Emergency DR Full	Yes
2017/18	Domtar Ridgefield Converting Plant Kingsport	Emergency DR Full	Yes
2017/18	Air Products – Kingsport, TN	Emergency DR Full	Yes

- (2) The Number of curtailments called.

Response: PJM did initiate one Emergency or Pre-emergency Load Management Event for the AEP I&M subzone during the Capacity Year 2017/2018. On May 29, 2018 for loss of the Twin Branch – Jackson Road 138 kV line and the Jackson Road 345/138 kV transformer 3, PJM instructed AEP to shed load from 13:22 to 13:46. Approximately 21 Mw's were shed. Additionally, all customers were subject to a PJM required curtailment test during the summer of 2017.

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

Response:

Total Costs	\$267,871
Less: Non-Compliance Payments Received	\$0
Less: Load Management Test Failure Charge Passed-Through	\$0
Net Cost	\$267,871

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 2017/18 PJM Delivery Year, AEP included 6.6 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.