

<sup>1</sup> Eastman Chemical Company, Air Products and Chemicals, Inc., EnerNOC, Inc., and Demand Response Partners, Inc. filed petitions to intervene in the current docket. These companies also filed a joint petition in Docket No. 12-00026 to allow certain end use customers of Kingsport Power to participate in PJM Demand Response Programs, and Kingsport Power intervened in that docket. The Hearing Officer granted the parties' request to consolidate the dockets since the dockets were closely related and any ruling in one would affect the other.

sole provider of PJM's Demand Response programs, but several parties were granted intervention because they wanted to or had previously participated directly in PJM's Demand Response programs. The parties in Docket Nos. 12-00012 and 12-00026 filed a consent order in which all the parties agreed to permit Kingsport to put its Demand Response Program into effect on a temporary basis (June 1, 2012 to May 31, 2013) until all issues could be worked through in Docket Nos. 12-00012 and 12-00026. On November 21, 2012, the parties filed a Settlement Agreement resolving all demand response issues in the combined docket, which was approved by the Authority on December 17, 2012. Pursuant to the Settlement Agreement, the parties agreed not to oppose Kingsport Power's request to continue to offer its PSDR beyond May 31, 2013; however, the Settlement Agreement did not require Kingsport to offer the PSDR.

Kingsport filed Tariff No. 12-0078 to comply with the Settlement Agreement. The Tariff's original purpose was to reduce APCo's winter peak load because they were a part of a pool interconnection agreement that allocated its cost of power on each individual company's peak demand. Effective January 1, 2014, the members terminated their participation in the pool and as a result, APCo is no longer basing power costs on winter peaks, which makes the PSDR unnecessary.

On January 8, 2014, Kingsport Power filed a *Petition* to terminate the PSDR. According to Kingsport Power, the PSDR was "offered to non-residential customers that could commit to curtail load during the cold winter months."<sup>2</sup> Customers are, in turn, compensated with a monthly payment for the promise to curtail usage. Upon filing its *Petition* on January 8, 2014, Kingsport provided notice to its industrial customers of its intent to discontinue the PSDR, and Kingsport gave notice to Demand Response Partners and EnerNOC on February 6, 2014. Kingsport requests that any further public notice requirements be waived since Kingsport has never had any contracts with any of its customers pursuant to the PSDR tariff.

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<sup>2</sup> *Petition*, p. 4 (January 8, 2014).

### **Findings and Conclusions**

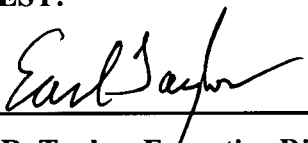
At the regularly scheduled Authority Conference held on March 7, 2014, the panel considered Kingsport Power's *Petition*. The panel found that the PSDR was designed to reduce the winter peak demand, which would in turn reduce the power costs to Kingsport Power. However, the rationale supporting the PSDR is no longer applicable due to the fact that power costs are no longer based on winter peaks. Therefore, there is no corresponding company incentive or overall customer benefit in continuing the tariff. Further, the panel found that discontinuing the tariff will have no customer impact because there are no existing subscribers, and there have not been any subscribers since the tariff was implemented. After finding that the notice given by the Company was adequate and that Kingsport Power voluntarily offered the tariff and neither the settlement nor the order approving the Settlement Agreement in Docket Nos. 12-00012 and 12-00026 required Kingsport Power to offer the PSDR, the panel voted unanimously to approve the *Petition* to terminate the PSDR tariff.

### **IT IS THEREFORE ORDERED THAT:**

*The Petition of Kingsport Power Company d/b/a AEP Appalachian Power to Terminate Tariff PSDR (Peak Shaving Demand Response Rider) is granted.*

**Director Kenneth C. Hill, Director Robin Bennett, and Director David F. Jones concur.**

**ATTEST:**

  
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**Earl R. Taylor, Executive Director**