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PLEASE RESPOND TO:
KINGSPORT OFFICE

March 9, 2015

VIA EMAIL & FEDERAL EXPRESS

AMEP/Z.81815

Mr. Herbert H. Hilliard, Chairman
ATTN: David Foster, Chief – Utilities Division
Tennessee Regulatory Authority
502 Deaderick Street, 4th Floor
Nashville, TN 37243

RE: Kingsport Power Company d/b/a AEP Appalachian Power
Fuel Adjustment Tariff Filing; No. 2015- 00033

Dear Chairman Hilliard:

On behalf of Kingsport Power Company d/b/a AEP Appalachian Power, we submit herewith, in triplicate, pursuant to TRA Rule 1220-4-1-.06, a proposed modification to the Fuel Adjustment Clause Tariff of Kingsport Power Company d/b/a AEP Appalachian Power. Also submitted are calculations which relate to this modification.

Please note that the February numbers, previously provided to the TRA, have been revised and the ultimate effect of this revision would be implemented April 6, 2015. We are providing the original Fuel Adjustment Clause (FAC) worksheet from February, 2015, the revised worksheet for February, 2015, and the worksheet reflecting the adjustment. A summary of this revision is as follows:

- A. February, 2015, FAC as submitted and approved to go into effect March 5, 2015: 7.7929
- B. February, 2015 adjustment: (.1200)
- C. March, 2015, effective April 6, 2015 pre-adjustment: 7.6495
- D. March, 2015, effective April 6, 2015 post-adjustment: 7.5295

Mr. Herbert H. Hilliard, Chairman
Page 2
March 9, 2015

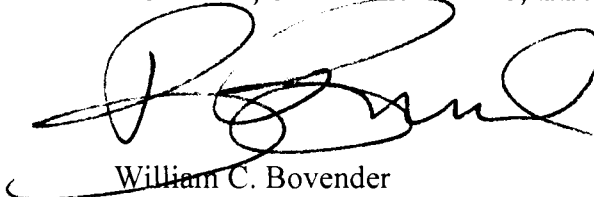
This proposed modification was not available sufficiently in advance to comply with the thirty (30) day filing notice as set forth in TRA Rule 1220-4-1-.04 and 1220-4-1-.06(4).

Kingsport respectfully requests that it be allowed to implement this proposed modification effective April 6, 2015, pursuant to the authority delegated to the Chairman by Directors of the TRA, that the thirty (30) day notice may be shortened as provided for in TRA Rule 1220-4-1-.04 and 1220-4-1-.06(4).

Should there be any questions, please contact the writer.

Very sincerely yours,

HUNTER, SMITH & DAVIS, LLP

A handwritten signature in black ink, appearing to read 'W. Bovender', is written over the firm name.

William C. Bovender
Attorney for Kingsport Power Company
d/b/a AEP Appalachian Power

Enclosures

c: William Castle (via e-mail, w/enc.)
Isaac J. Webb (via e-mail, w/enc.)
Janice Venable (via email, w/enc.)

P.S. We have enclosed an extra copy of the proposed modification which we would appreciate your stamping filed and returning to us in the enclosed self-addressed, stamped envelope. Thank you.

FUEL CLAUSE RIDER

Kingsport Power is authorized under the terms of this rider to adjust customers' bills in each applicable tariff whenever the unit cost of fuel in the charges for power purchased from Appalachian Power Company under Federal Energy Regulatory Commission Rate Schedule No. 23 is above or below a base unit price of 15.8563 mills per KWH, adjusted for losses. Each month, the bill for service shall be increased or decreased respectively at a rate per KWH equal to the amount that such cost of fuel is above or below the unit base cost of 15.8563 mills per KWH, adjusted for losses, applied to the KWH measured in the period for which the bill is rendered. The adjustment shall be based on the most recent calendar month for which fuel cost data is available.

MONTHLY ADJUSTMENT

Fuel Clause Adjustment 7.5295 mills per kWh

TARIFF	ENERGY CHARGE	FUEL ADJMT.	TOTAL ENERGY CHARGE
R.S. - Residential	4.873 ¢ / kWh	0.75295 ¢ / kWh	5.62595 ¢ / kWh
R.S. - E. - Employee	4.142 ¢ / kWh	0.75295 ¢ / kWh	4.89495 ¢ / kWh
R.S.- L.M. - T.O.D.			
On-peak	7.541 ¢ / kWh	0.75295 ¢ / kWh	8.29395 ¢ / kWh
Off-peak	2.755 ¢ / kWh	0.75295 ¢ / kWh	3.50795 ¢ / kWh
R.S. - T.O.D.- Time of Day			
On-peak	7.541 ¢ / kWh	0.75295 ¢ / kWh	8.29395 ¢ / kWh
Off-peak	2.755 ¢ / kWh	0.75295 ¢ / kWh	3.50795 ¢ / kWh
S.G.S. - Small General Service			
1st 600 kWh	6.792 ¢ / kWh	0.75295 ¢ / kWh	7.54495 ¢ / kWh
Over 600 kWh	5.643 ¢ / kWh	0.75295 ¢ / kWh	6.39595 ¢ / kWh
S.G.S. - L.M. - T.O.D.			
On-peak	9.293 ¢ / kWh	0.75295 ¢ / kWh	10.04595 ¢ / kWh
Off-peak	2.755 ¢ / kWh	0.75295 ¢ / kWh	3.50795 ¢ / kWh
M.G.S. - Medium Gen. Service			
Secondary:			
1st 200 times kW demand	7.374 ¢ / kWh	0.75295 ¢ / kWh	8.12695 ¢ / kWh
Over 200 times kW demand	3.689 ¢ / kWh	0.75295 ¢ / kWh	4.44195 ¢ / kWh
Primary:			
1st 200 times kW demand	6.864 ¢ / kWh	0.75295 ¢ / kWh	7.61695 ¢ / kWh
Over 200 times kW demand	3.280 ¢ / kWh	0.75295 ¢ / kWh	4.03295 ¢ / kWh
Load Mgmt.			
On-peak	8.847 ¢ / kWh	0.75295 ¢ / kWh	9.59995 ¢ / kWh
Off-peak	2.755 ¢ / kWh	0.75295 ¢ / kWh	3.50795 ¢ / kWh

KINGSPORT POWER COMPANY
d/b/a AEP Appalachian Power
Kingsport, Tennessee

107th Revised Sheet Number 2-12
T.R.A. Tariff Number 1

TARIFF	ENERGY CHARGE	FUEL ADJMT.	TOTAL ENERGY CHARGE
M.G.S. - Medium Gen. Service (cont'd)			
Time-of-Day			
On-peak	8.847 ¢ / kWh	0.75295 ¢ / kWh	9.59995 ¢ / kWh
Off-peak	2.755 ¢ / kWh	0.75295 ¢ / kWh	3.50795 ¢ / kWh
L.G.S. - Large Gen. Service			
Secondary	3.869 ¢ / kWh	0.75295 ¢ / kWh	4.62195 ¢ / kWh
Primary	3.401 ¢ / kWh	0.75295 ¢ / kWh	4.15395 ¢ / kWh
Subtransmission	2.709 ¢ / kWh	0.75295 ¢ / kWh	3.46195 ¢ / kWh
I.P. - Industrial Power			
Primary	2.302 ¢ / kWh	0.75295 ¢ / kWh	3.05495 ¢ / kWh
Subtransmission	2.269 ¢ / kWh	0.75295 ¢ / kWh	3.02195 ¢ / kWh
Transmission	2.241 ¢ / kWh	0.75295 ¢ / kWh	2.99395 ¢ / kWh
E.H.G.- Electric Heating General	5.516 ¢ / kWh	0.75295 ¢ / kWh	6.26895 ¢ / kWh
C.S. - Church Service	6.213 ¢ / kWh	0.75295 ¢ / kWh	6.96595 ¢ / kWh
P.S. - Public Schools	6.068 ¢ / kWh	0.75295 ¢ / kWh	6.82095 ¢ / kWh

KINGSPORT POWER COMPANY
Calculation of Fuel Cost Adjustment Rate
for Retail Customers for Month of

March 2015

1.	Cost of Fuel Consumed- Month of	December	\$71,294,064
2.	Total MWH of Energy		3,160,475 MWH
3.	Fuel Cost per KWH		22.55802 Mills
4.	Fuel Cost per KWH factored for Appalachian Power losses to Kingsport Power (2.7972%) and Kingsport Power distribution losses (4.70%)		24.3326 Mills
5.	Base Fuel Cost per KWH (15.8563 mills factored for Kingsport Power distribution losses of 4.70%)		16.6383 Mills
6.	Fuel Cost Adjustment Rate per KWH		7.6943 Mills
7.	SFAS No. 106 Cost Surcharge Factor per KWH - Docket No. 92-14631 (B)		0.0986 Mills
8.	Total Fuel Cost Adjustment Rate plus SFAS No. 106 Cost Surcharge Factor applicable to retail customer's bills beginning with March 5, 2015	billing cycle 4	7.7929 Mills

Effective: March 5, 2015

Prepared by: Janice Venable
Prepared: February 4, 2015

KINGSPORT POWER COMPANY
Calculation of Fuel Cost Adjustment Rate
for Retail Customers for Month of

April 2015

1.	Cost of Fuel Consumed- Month of	January	\$81,130,919
2.	Total MWH of Energy		3,617,868 MWH
3.	Fuel Cost per KWH		22.42506 Mills
4.	Fuel Cost per KWH factored for Appalachian Power losses to Kingsport Power (2.7972%) and Kingsport Power distribution losses (4.70%)		24.1892 Mills
5.	Base Fuel Cost per KWH (15.8563 mills factored for Kingsport Power distribution losses of 4.70%)		16.6383 Mills
6.	Fuel Cost Adjustment Rate per KWH		7.5509 Mills
7.	SFAS No. 106 Cost Surcharge Factor per KWH - Docket No. 92-14631 (B)		0.0986 Mills
8.	Total Fuel Cost Adjustment Rate plus SFAS No. 106 Cost Surcharge Factor applicable to retail customer's bills beginning with April 6, 2015	billing cycle 4	7.6495 Mills
	Adjustment for Feb 2015 (See Revised February Worksheet)		-0.12
	Revised Total Fuel Cost Adjustment eff April 6,2015		7.5295

Effective: April 6, 2015

Prepared by: Janice Venable
Prepared: March 5, 2015

KINGSPORT POWER COMPANY
Calculation of Fuel Cost Adjustment Rate
for Retail Customers for Month of
REVISED

March 2015

1.	Cost of Fuel Consumed- Month of	December	\$71,294,064	
2.	Total MWH of Energy		3,176,143	MWH
3.	Fuel Cost per KWH		22.44674	Mills
4.	Fuel Cost per KWH factored for Appalachian Power losses to Kingsport Power (2.7972%) and Kingsport Power distribution losses (4.70%)		24.2126	Mills
5.	Base Fuel Cost per KWH (15.8563 mills factored for Kingsport Power distribution losses of 4.70%)		16.6383	Mills
6.	Fuel Cost Adjustment Rate per KWH		7.5743	Mills
7.	SFAS No. 106 Cost Surcharge Factor per KWH - Docket No. 92-14631 (B)		0.0986	Mills
8.	Total Fuel Cost Adjustment Rate plus SFAS No. 106 Cost Surcharge Factor applicable to retail customer's bills beginning with March 5, 2015	billing cycle 4	7.6729	Mills

Effective: March 5, 2015

Prepared by: Janice Venable
Revised