

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:

PETITION OF KINGSPORT POWER COMPANY
d/b/a AEP APPALACHIAN POWER GENERAL
RATE CASE

DOCKET NO.: 16-00001

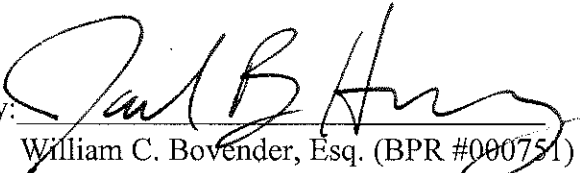
SUBMISSION OF MATERIAL FOR RECORD

COMES NOW Petitioner, Kingsport Power Company (“Kingsport” or the “Company”) and respectfully submits for filing in the record of this matter the attached editorial, which was published on March 30, 2016 in the Kingsport Times-News, the newspaper of general circulation in the Company’s service territory. Submission of this material is appropriate because the editorial was referred to by one or more commenters during the Public Comment Hearing held in Kingsport, Tennessee on March 30, 2016, and the description of the editorial by at least one commenter was inaccurate.

PREMISES CONSIDERED, Kingsport respectfully requests that the attached document be entered into the record for consideration for this reason.

Respectfully submitted,

**KINGSPORT POWER COMPANY d/b/a AEP
APPALACHIAN POWER**

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and exact copy of the foregoing **SUBMISSION OF MATERIAL FOR RECORD** has been served upon the following by emailing a true and accurate copy on this the 4th day of April, 2016:

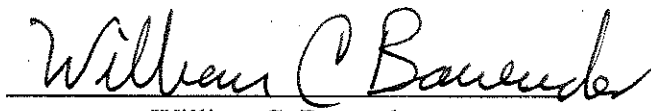
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Kingsport Times-News

Even with rate hike, AEP's customers are getting a bargain

A 13 percent increase in the cost of anything seems unreasonable on its surface. But not with regard to AEP Appalachian Power's request now pending before the Tennessee Regulatory Authority (TRA).

A TRA hearing seeking public comment on that rate hike request will be held from 4 to 7 p.m. today and 8 to 10 a.m. tomorrow at the Kingsport Center for High Education at 300 W. Market St. in Kingsport.

If you plan on attending to complain about AEP's requested 13 percent rate hike, you should know that it's merited, and that even if AEP gets all of it, which is doubtful, you'll still be paying less for electric power than residents of Bristol or Johnson City.

Unlike most every other product, electric rates can't be increased at will by power companies. That's because they enjoy a monopoly over the areas they serve. Absent competition which would allow customers to choose another power provider, states regulate power companies to protect the public.

Because of that, power companies must request state approval to increase rates, and that complex and lengthy process requires that the public have opportunity to comment on the requested increase; hence, the public hearings today and tomorrow.

The last time AEP raised rates for the 47,000 residential, commercial and industrial customers it serves in the greater Kingsport area, which includes the town of

Mount Carmel, was in 1992 when George Bush the elder was president. If you know of another business which has not increased the cost of its product or service in 24 years, we'd like to hear about it.

That's an amazing accomplishment for AEP considering that it's paying more for the goods and services it consumes than it did 24 years ago. But as a result, its profit margin has been reduced to 1.1 percent. As of January 2015, the average annual return in the U.S. utilities sector for the past 10 years has been approximately 11 percent.

AEP doesn't seek permission to be just average. The 13 percent rate hike it has requested would increase its rate of return to about half that, or 6.69 percent.

Fact is, AEP's Kingsport customers are getting a bargain. An AEP ratepayer using 1,500 kilowatt-hours pays about \$120 monthly. In contrast, the same monthly power usage for a Johnson City Power Board customer costs 22 percent more. And it's 32 percent higher for a Bristol Virginia Utilities Board customer and 14 percent higher for a Bristol Tennessee Essential Services customer.

The same user paying \$120 in Kingsport pays nearly \$140 in Bristol, Tenn.; \$150 in Johnson City, and \$162 in Bristol, Va.

Better that AEP had gradually increased rates over the past 24 years, but its customers should be appreciative of its efficiencies and the bargain rates it has provided them.

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Today in History