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KPOW.92585

May 5, 2016

VIA EMAIL & OVERNIGHT DELIVERY:

Herbert Hilliard, Chairman
c/o Sharla Dillon, Dockets & Records Manager
Tennessee Regulatory Authority
502 Deaderick Street, 4th Floor
Nashville, TN 37243

Re: Petition of Kingsport Power Company d/b/a AEP Appalachian Power General Rate Case
TRA Docket No.: 16-00001

Dear Chairman Hilliard:

In accordance with and in response to communications with Henry Walker, Esq., counsel for TASC/TenneSEIA, we submit herewith Supplemental Responses to the following Data Requests of Intervenor, TASC and TenneSEIA:

- A. Data Request TASC/TenneSEIA 1-007; and
- B. Data Request TASC/TenneSEIA 1-022.

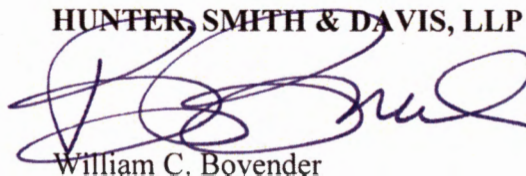
Said Supplemental Responses are submitted in hard copy form.

Please contact the writer with any questions.

Sharla Dillon, Docket Manager
Page 2
May 5, 2016

Very sincerely yours,

HUNTER, SMITH & DAVIS, LLP



William C. Bovender

Enclosures

c: Monica L. Smith-Ashford, Esq.
David Foster
Charles Welch, Jr., Esq.
Henry Walker, Esq.
Michael J. Quinan, Esq.
Wayne Irvin, Esq.
James R. Bacha, Esq.
William Castle
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William C. Bovender, Esq.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSFORT POWER COMPANY
DOCKET NO. 16-00001**

**Data Requests and Requests for the Production
of Documents by The Alliance for Solar
Choice & TenneSEIA (First Set)
To Kingsport Power Company**

Data Request TASC/TenneSEIA 1-007:

In reference to Mr. Castle's testimony at pages 5-6, generally, does the Company intend to allow existing net metering customers to continue taking service under that tariff into perpetuity? If so, does the right to remain on the existing net metering tariff terminate when the current customer is no longer the customer of record on the "grandfathered" net metering account or is that right assignable to future customers that may take service at the situs?

Response TASC/TenneSEIA 1-007:

In this proceeding the Company is proposing to close the tariff to new customers as of 12/31/2016.

Supplemental Response

As a result of a request by TASC for clarification, the Company is providing the following additional information: Should the TRA approve the Company's proposal to close Tariff N.M.S to new applicants, as filed, customers currently on that tariff (i.e. existing accounts) would effectively be "grand-fathered" until further action of the TRA regarding that tariff.

**TENNESSEE REGULATORY AUTHORITY
PETITION OF KINGSPORT POWER COMPANY
DOCKET NO. 16-00001
Data Requests and Requests for the Production
of Documents by The Alliance for Solar
Choice & TenneSEIA (First Set)
To Kingsport Power Company**

Data Request TASC/TenneSEIA 1-022:

Does the Company admit that it has an obligation under federal law to credit or otherwise compensate a residential or commercial end user for generating and providing power from solar panels to the Company?

- (a) If the answer is yes, please describe the source of that legal obligation.
- (b) If the answer is no, please explain why the Company is not obligated under the Public Utility Regulatory Policies Act of 1978 to take power from a residential or commercial end user who qualifies as a small power production facility.
- (c) If the answer is no, please explain why the Company is offering to purchase power from customers under the company's proposed tariffs.

Response TASC/TenneSEIA 1-022:

The Company objects to this question in that it seeks a legal opinion or conclusion, which the company is not required to provide in a discovery request.

Supplemental Response

Pursuant to a request from TASC for further information regarding this request, and without waiving its objection that this question seeks a legal opinion or conclusion, which the Company is not required to provide in a discovery request, the Company is providing the following:

TASC 1-022 Supplemental Attachment 1, the TRA's order in Docket No. 06-00010, in which the TRA declined to adopt the federal net metering standards set out in the Public Utility Regulatory Policies Act, as amended by the Energy Policy Act of 2006 (August 10, 2006);

TASC 1-022 Supplemental Attachment 2, the Company's filing letter for proposed Tariff N.M.S. (June 1, 2011) in Docket No. 11-00111, which explained, among other things, that the Company was proposing Tariff N.M.S. pursuant to a request from the TRA in 2011 as an alternative to individual special contracts with customers that wished to pursue net metering with the Company;

TASC 1-022 Supplemental Attachment 3, the TRA's Order approving Tariff N.M.S (September 28, 2011).

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

August 10, 2006

IN RE:

**APPROPRIATENESS OF IMPLEMENTATION OF
PURPA STANDARD 11 (NET METERING), STANDARD
12 (FUEL SOURCES), STANDARD 13 (FOSSIL FUEL
GENERATION EFFICIENCY), STANDARD 14 (TIME
BASED METERING AND COMMUNICATION) AND
STANDARD 15 (INTERCONNECTION) FOR
KINGSPORT POWER COMPANY D/B/A AEP
APPALACHIAN POWER**

**DOCKET NO.
06-00010**

INITIAL ORDER

This matter came before the Hearing Officer of the Tennessee Regulatory Authority (the "Authority" or "TRA") for consideration and determination of the appropriateness of the implementation of certain federal standards for electric utilities set forth in the Public Utility Regulatory Policies Act of 1978 ("PURPA"), as amended by the Energy Policy Act of 2005, for Kingsport Power Company d/b/a AEP Appalachian Power ("Kingsport Power").

BACKGROUND

PURPA was enacted in 1978 to "encourage (1) conservation of energy supplied by electric utilities; (2) the optimization of the efficiency of use of facilities and resources by electric utilities; and equitable rates to electric consumers."¹ PURPA originally contained six (6) federal standards for electric utilities; four (4) additional standards were added by the Energy Policy Act

¹ 16 U.S.C. § 2611.

of 1992. The PURPA requirements apply to electric utilities with total annual retail sales greater than 500 million kilowatt hours using a baseline year of two (2) years before when the standards are being considered.² PURPA requires a “state regulatory authority (with respect to each electric utility for which it has ratemaking authority)” to “consider each standard” and “make a determination concerning whether or not it is appropriate to implement such standard.”³ If a state regulatory authority declines to implement a standard, the agency must state in writing the reason for the decision and make that statement available to the public.⁴

The procedures for consideration and determination of the appropriateness of the implementation of the standards are established by the state regulatory authority.⁵ The consideration of the standards must be made after public notice and a hearing.⁶ The determination of appropriateness of implementation of the standards must be made in writing, based upon findings and upon the evidence presented at the hearing, and available to the public.⁷

The Energy Policy Act of 2005 amended PURPA by adding five (5) additional standards that a state regulatory authority must consider and determine the appropriateness of their implementation with respect to each electric utility for which the agency has ratemaking authority.⁸ These additional standards are codified at 16 U.S.C. § 2621(d)(11) through (15) and are discussed in detail below.

² 16 U.S.C. § 2612(a).

³ 16 U.S.C. § 2621(a).

⁴ 16 U.S.C. § 2621(c)(2).

⁵ 16 U.S.C. § 2621(b)(2).

⁶ 16 U.S.C. § 2621(b)(1).

⁷ *Id.*

⁸ The effective date of the Energy Act of 2005 is August 8, 2005.

Kingsport Power, a wholly-owned operating company subsidiary of American Electric Power Company, Inc., is a public utility engaged in furnishing electric power to approximately 46,000 retail customers in a 220 square mile area in Sullivan, Hawkins and Washington Counties, Tennessee.⁹ At a regularly scheduled Authority Conference held on January 10, 2006, the Directors voted unanimously to open a docket for the purpose of considering and determining the appropriateness of implementation of the standards contained in 16 U.S.C. § 2621(d)(11) through (15) as they relate to Kingsport Power, and to appoint the Authority's General Counsel or his designee to act as the Hearing Officer on the merits.¹⁰ On March 14, 2006, Kingsport Power filed its *Petition of Kingsport Power Company d/b/a AEP Appalachian Power to Participate as a Party in Docket No. 06-00010*.

APRIL 25, 2006 HEARING

Pursuant to 16 U.S.C. § 2621(b)(1), public notice of the Hearing in this matter was issued by the Hearing Officer on February 15, 2006. At the Hearing held on April 25, 2006, the Hearing Officer applied the standards for intervention set forth in Tenn. Code Ann. § 4-5-310(a) (2005) and granted the *Petition of Kingsport Power Company d/b/a AEP Appalachian Power to Participate as a Party in Docket No. 06-00010* pursuant to 16 U.S.C. § 2631(a). No other persons sought intervention prior to or during the Hearing.

At the Hearing, William C. Bovender, Esq., Hunter Smith & Davis, LLP, 1212 North Eastman Road, Kingsport, Tennessee 37664, appeared on behalf of Kingsport Power. Kingsport Power called the following witnesses: Barry L. Thomas, Director of Regulatory Services for the Appalachian Power Unit of American Electric Power Company, Inc.; Chris Potter, Manager in

⁹ See Barry L. Thomas, Pre-Filed Direct Testimony, p. 5 (March 20, 2006).

¹⁰ See Transcript of Authority Conference, pp. 12-13 (January 10, 2006).

the Regulated Pricing and Analysis Department for American Electric Power Service Corporation; and Stephen E. Early, Principal Engineer in the Distribution Engineering Services Department for American Electric Power Service Corporation. All witnesses were subject to examination by the Hearing Officer and TRA Staff.¹¹

FINDINGS AND CONCLUSIONS

Standard 11 - Net Metering: Each electric utility shall make available upon request net metering to any electric consumer that the electric utility serves. For purposes of this paragraph, the term “net metering service” means service to an electric consumer under which electric energy generated by that electric consumer from an eligible on-site generating facility and delivered to the local distribution facilities may be used to offset electric energy provided by the electric utility to the electric consumer during the applicable billing period.¹²

Based upon the evidence presented, the Hearing Officer finds that there is minimal interest in net metering within Kingsport Power’s service area.¹³ The Company has committed to work with residential and small commercial customers who request net metering through the use of special contracts.¹⁴ Because this is an efficient and sufficient method for addressing customers’ requests for net metering, particularly in light of minimal customer interest, the Hearing Officer concludes that it would be inappropriate for the TRA to find that Kingsport Power should implement Standard 11. Therefore, after due consideration of the purposes of PURPA set forth in 16 U.S.C. § 2611 and for the reasons stated, the Hearing Officer declines to adopt Standard 11 for Kingsport Power.

Standard 12 – Fuel Sources: Each electric utility shall develop a plan to minimize dependence on one fuel source and to ensure that the electric energy it sells to consumers is

¹¹ At the Hearing, Kingsport Power consented to TRA Staff asking questions directly of the witnesses. See Transcript of Proceedings, p. 5 (April 25, 2006).

¹² 16 U.S.C. § 2621(d)(11).

¹³ See Chris Potter, Pre-Filed Direct Testimony, p. 7 (March 20, 2006).

¹⁴ *Id.*

generated using a diverse range of fuels and technologies, including renewable technologies.¹⁵

Based upon the evidence presented, the Hearing Officer finds that Kingsport Power has no generating facilities and purchases all of its electric power requirements at wholesale from Appalachian Power Company, another American Electric Power Company, Inc. operating company.¹⁶ Both Kingsport Power and Appalachian Power Company are part of the AEP-East System, which has five (5) companies that own generation facilities and pool their generation resources under a FERC-approved agreement.¹⁷ Although coal dominates the capacity of the AEP-East System, other fuel types account for approximately 18% of capacity.¹⁸ Therefore, the AEP-East System's generation uses a reasonably diverse mix of fuels. Because Kingsport Power is a distribution company and does not own any generation, the Hearing Officer concludes that it would be inappropriate for the TRA to find that Kingsport Power should implement Standard 12. Therefore, after due consideration of the purposes of PURPA set forth in 16 U.S.C. § 2611 and for the reasons stated, the Hearing Officer declines to adopt Standard 12 for Kingsport Power.

Standard 13 – Fossil Fuel Generation Efficiency: Each electric utility shall develop and implement a 10-year plan to increase the efficiency of its fossil fuel generation.¹⁹

Based upon the evidence presented, the Hearing Officer finds that Kingsport Power has no generating facilities and purchases all of its electric power requirements at wholesale from Appalachian Power Company, another American Electric Power Company, Inc. operating company.²⁰ Kingsport Power does not have any specific unit power contracts with Appalachian

¹⁵ 16 U.S.C. § 2621(d)(12).

¹⁶ See Barry L. Thomas, Pre-Filed Direct Testimony, p. 5 (March 20, 2006).

¹⁷ *Id.*

¹⁸ *Id.* at 7.

¹⁹ 16 U.S.C. § 2621(d)(13).

²⁰ See Barry L. Thomas, Pre-Filed Direct Testimony, p. 5 (March 20, 2006).

Power Company, American Electric Power Company, Inc. or any other entity.²¹ Kingsport Power obtains all of its power requirements from Appalachian Power Company under a FERC-approved full requirements power supply agreement.²² Because Kingsport Power is a distribution company and does not own any generation, the Hearing Officer concludes that it would be inappropriate for the TRA to find that Kingsport Power should implement Standard 13. Therefore, after due consideration of the purposes of PURPA set forth in 16 U.S.C. § 2611 and for the reasons stated, the Hearing Officer declines to adopt Standard 13 for Kingsport Power.

Standard 14 – Time Based Metering and Communications: Not later than 18 months after the date of enactment . . . each electric utility shall offer each of its customer classes, and provide individual customers upon customer request, a time-based rate schedule under which the rate charged by the electric utility varies during different time periods and reflects the variance, if any, in the utility's costs of generating and purchasing electricity at the wholesale level. The time-based rate schedule shall enable the electric consumer to manage energy use and cost through advanced metering and communications technology.²³

Based upon the evidence presented, the Hearing Officer finds that Kingsport Power has in place time-based or time differentiated tariffs and load management rates designed to encourage customers to reduce on-peak usage.²⁴ At least one of these tariffs is available to the majority of Kingsport Power's customers.²⁵ However, only 40 out of approximately 40,200 residential customers are receiving service under the Company's time-differentiated tariffs.²⁶ Because of the availability of time-differentiated tariffs and minimal customer interest, the Hearing Officer concludes that Kingsport Power has implemented sufficient standards for time-based metering and communications. Therefore, after due consideration of the purposes of PURPA set forth in

²¹ See Letter from Barry L. Thomas to Darlene Standley, p. 2 (February 6, 2006).

²² *Id.*

²³ 16 U.S.C. § 2621(d)(14).

²⁴ See Chris Potter, Pre-Filed Direct Testimony, pp. 4-5 (March 20, 2006).

²⁵ *Id.*

²⁶ *Id.* at 4.

16 U.S.C. § 2611 and for the reasons stated, the Hearing Officer declines to adopt Standard 14 for Kingsport Power.

Standard 15 – Interconnection: Each electric utility shall make available, upon request, interconnection service to any electric consumer that the electric utility serves. For purposes of this paragraph, the term “interconnection service” means service to an electric consumer under which an on-site generating facility on the consumer’s premises shall be connected to the local distribution facilities. Interconnection services shall be offered based upon the standards developed by the Institute of Electrical and Electronics Engineers: IEEE Standard 1547 for Interconnecting Distributed Resources with Electric Power Systems, as they may be amended from time to time. In addition, agreements and procedures shall be established whereby the services are offered shall promote current best practices of interconnection for distributed generation, including but not limited to practices stipulated in model codes adopted by associations of state regulatory agencies. All such agreements and procedures shall be just and reasonable, and not unduly discriminatory or preferential.²⁷

Based upon the evidence presented, the Hearing Officer finds that Kingsport Power has in place a sufficient process by which its customers can request interconnection with the distribution system.²⁸ Interconnection service to Kingsport Power’s distribution system is based upon IEEE Standard 1547.²⁹ The interconnection process and procedures contain the basic elements found in practices stipulated in the model code adopted by the National Association of State Utility Regulatory Commissioners.³⁰ As a result, the Hearing Officer concludes that Kingsport Power has implemented sufficient standards for interconnection. Therefore, after due consideration of the purposes of PURPA set forth in 16 U.S.C. § 2611 and for the reasons stated, the Hearing Officer declines to adopt Standard 15 for Kingsport Power.

²⁷ 16 U.S.C. § 2621(d)(15).

²⁸ See Stephen E. Early, Pre-Filed Direct Testimony, pp. 4-9 (March 20, 2006).

²⁹ *Id.* at p. 9.

³⁰ *Id.*

IT IS THEREFORE ORDERED THAT:

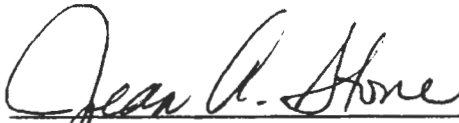
1. The *Petition of Kingsport Power Company d/b/a AEP Appalachian Power to Participate as a Party in Docket No. 06-00010* is granted.

2. For the reasons stated herein, the Hearing Officer declines to adopt Standards 11, 12, 13, 14 and 15, codified at 16 U.S.C. § 2621(d)(11) through (15), for Kingsport Power Company d/b/a AEP Appalachian Power.

3. Any party aggrieved by the Hearing Officer's decision in this matter may file a Petition for Reconsideration with the Hearing Officer within fifteen (15) days from the date of this Order.

4. Any part aggrieved by the decision of the Hearing Officer in this matter may file a Petition for Appeal with the Tennessee Regulatory Authority within fifteen (15) days from the date of this Order.

5. In the event this Order is not appealed to the Directors of the Tennessee Regulatory Authority within fifteen (15) days, this Order shall become final and shall be effective from the date of entry. Thereafter, any party aggrieved by the decision of the Hearing Officer may file a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from the date of this Order.³¹


Jean A. Stone, Hearing Officer

³¹ 16 U.S.C. § 2633(c)(1) provides: "Any person . . . may obtain review of any determination made under subchapter I . . . with respect to any electric utility . . . in the appropriate State court if such person . . . intervened or otherwise participated in the original proceeding or if State law otherwise permits such review. . . . Such review . . . in a State court shall be pursuant to any applicable State procedures."



Appalachian Power
1051 E. Cary Street, Suite 1100
Richmond, VA 23219
AppalachianPower.com

June 1, 2011

Mr. David Foster
Chief-Utilities Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Dear Mr. Foster:

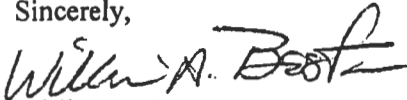
Attached, for filing, is a copy of a Kingsport Power Company's proposed Net Metering Service tariff. Included herein are new tariff sheets 17-1 through 17-5, as well as a new Index, Sixth Revised Sheet No. 1. This filing is being made pursuant to a request made by the TRA Directors during the March 28, 2011 hearing for approval of several Special Contracts for net metering service.

The attached tariff is similar to the special contracts previously approved by the Authority and also incorporates a few features of Appalachian Power Company's Net Metering Service tariff in Virginia. Two aspects of the tariff are worth noting:

- 1) In accordance with discussions at the hearing, the tariff is limited to residential and smaller commercial type customers, including the public school tariff. These are the customers that have shown the most interest in net metering via special contracts.
- 2) Much like the APCo- Virginia tariff, there is a limit of net metering load to 1% of Kingsport's forecasted peak demand. This provision is important in that it will minimize the subsidy paid by non-participating customers to Kingsport's net metering customers. Moreover, this approach is consistent with the Authority's findings in Docket No.06-00010, wherein the Authority ruled that it was inappropriate for Kingsport to implement the Federal Standard on Net Metering that required offering net metering to "any electric customer that the electric utility serves".

Following your review, please contact me if you have any questions or need additional information.

Sincerely,


William A. Bosta
Director, Regulatory Services
Kingsport Power Company

Enclosure

cc: Mr. Tim Belcher

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

6th Revised Sheet Number 1
T.R.A. Tariff Number 1
Cancels 5th Revised Sheet No. 1

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Issued:
By:

Effective:

TARIFF N.M.S.
(Net Metering Service Rider)

AVAILABILITY OF SERVICE

Available for new or existing Customers who operate an eligible renewable fuel generator designed to operate in parallel with the Company's system and who request Net Metering Service (NMS) from the Company. NMS Customers must take service under Tariff R.S., Tariff S.G.S., Tariff M.G.S.-Secondary, or Tariff P.S. NMS is limited to those customers who do not utilize time-of-day energy charge provisions.

The total capacity of all NMS Customers shall be limited to 1% of the Company's Tennessee peak load forecast ("Renewable Generator Limit"), and shall be available to customers with eligible renewable fuel generators on a first come, first serve basis. Customer's may not take service under this tariff and simultaneously take service under any alternative co-generation agreement.

DEFINITIONS

The following terms shall solely be used to define the applicability of Schedule N.M.S.

"Billing Period Credit" means the quantity of electricity generated and fed back into the electric grid by the customer's renewable fuel generator in excess of the electricity supplied to the customer over the billing period.

"Excess Generation" means the amount of electricity generated by the renewable fuel generator in excess of the electricity consumed by the customer over the course of the net metering period.

"Net Metering Customer (Customer)" means a customer owning and operating, or contracting with other persons to own or operate, or both, a renewable fuel generator under a net metering service arrangement.

"Net Metering Service" means providing retail electric service to a customer operating a renewable fuel generator and measuring the difference, over the net metering period between electricity supplied to the customer from the electric grid and the electricity generated and fed back to the electric grid.

"Person" means any individual, corporation, partnership, association, company, business, trust, joint venture, or other private legal entity and the State or any municipality.

"RF Generator" is an electrical generating facility which complies with all of the following requirements:

- (a) has an alternating current capacity less than or equal to 10 KW for customers taking service under Schedule R.S.;
- (b) uses solar, wind or hydro energy as its total fuel source;
- (c) the Net Metering Customer's facility is located on the customer's premises and is connected to the customer's wiring on the customer's side of it's interconnection with the distributor;
- (d) is designed and installed to operate in parallel with the Company's system without adversely affecting the operation of equipment and service of the Company and its customers and without presenting safety hazards to the Company and Customer personnel; and
- (e) is intended primarily to offset all or part of the customer's own electricity requirements.

Issued:
By:

Effective:
Pursuant to

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

TASC 1-022
Supplemental Attachment 2
Page 4 of 9
Original Sheet Number 17-2
T.R.A. Tariff Number 1

TARIFF N.M.S.
(Net Metering Service Rider)

CONDITIONS OF SERVICE

A. Notification

1. For a renewable fuel generator with an alternating current capacity of 25 KW or less, the customer shall submit the required Company Interconnection Notification Form to the Company at least thirty (30) days prior to the date the customer intends to interconnect the renewable fuel generator to the Company's facilities. For a renewable fuel generator with an alternating current capacity greater than 25 KW, the customer shall submit the required Interconnection Notification Form to the Company at least sixty (60) days prior to the date the customer intends to interconnect the renewable fuel generator to the Company's facilities. The submission may either be directly to the Company or by registered mail with return receipt. All sections, including appropriate signatures, of the Interconnection Notification Form must be completed for the notification to be valid. The customer shall have all equipment necessary to complete the interconnection prior to such notification. For renewable fuel generators with capacities greater than 25 KW, the customer should contact the Company prior to making financial commitments. If mailed, the date of notification shall be the third day following the mailing of the Interconnection Form. The Company shall provide a copy of the Interconnection Notification Form to the customer upon request.
2. The Company shall, within thirty (30) days of the date of notification for RF Generators with a rated capacity of 25 KW or less, and within sixty (60) days of the date of notification for RF Generators with a rated capacity greater than 25 KW, either return to the customer a copy of the valid Interconnection Notification Form or return any incomplete form. If the Company determines that the Interconnection Notification Form is incomplete or that any of the other requirements for interconnection are not satisfied, the customer shall submit another completed Interconnection Notification Form and notify the Company once the customer has completed all work necessary to satisfy the deficiencies prior to interconnection. This notification requirement shall not replace or supersede any other applicable waiting period, or required interconnection authorization when other applicable law, rule, regulation or code would permit authorization to be withheld or delayed.
3. The Net Metering Customer shall immediately notify the electric distribution company of any changes in the ownership of, operational responsibility for, or contact information for the generator. The Net Metering Customer shall not assign this tariff or any part hereof without the prior written consent of the Company, and such authorized assignment may result in the termination of availability of tariff to Customer.

B. Conditions of Interconnection

1. RF Generator equipment shall be installed in accordance with the manufacturer's specifications as well as all applicable provisions of the National Electrical Code. Renewable fuel generator equipment and installations shall comply with all applicable safety and performance standards of the National Electrical Code, the Institute of Electrical and Electronic Engineers and accredited testing laboratories in accordance with IEEE Standard 1547, Standard for Interconnecting Distributed Resources with Electric Power Systems, July 2003, and safety and performance standards established by local and national electrical codes including, the institute of Electrical and Electronics Engineers, the National Electrical Safety Code, and Underwriters Laboratories.. Customer's renewable fuel generator equipment and installations shall also comply with the Company's Interconnection Guidelines. The Company shall provide a copy of its Interconnection Guidelines to the customer upon request.
2. The Customer shall obtain any governmental authorizations and permits required for the construction and operation of the RF Generator facility and interconnection facilities.

Issued:
By:

Effective:
Pursuant to

**TARIFF N.M.S.
(Net Metering Service Rider)**

CONDITIONS OF SERVICE (Cont'd)

3. In the case of renewable fuel generators with an alternating current capacity greater than 25 KW, the following requirements shall be met before interconnection may occur:

- a. Electric Distribution Facilities and Customer Impact Limitations. A renewable fuel generator shall not be permitted to interconnect to the Company's distribution facilities if the interconnection would reasonably lead to damage of any of the Company's facilities or would reasonably lead to voltage regulation or power quality problems at other customer revenue meters due to the incremental effect of the Company's electric distribution system, unless the customer reimburses the Company for its cost to modify any facilities needed to accommodate the interconnection..
- b. Secondary, Service and Service Entrance Limitations. The capacity of the RF Generator shall be less than the capacity of the Company-owned secondary, service, and service entrance cable connected to the point of interconnection, unless the customer reimburses the Company for its cost to modify any facilities needed to accommodate the interconnection.
- c. Transformer Loading Limitations. The RF Generator shall not have the ability to overload the Company's transformer, or any transformer winding, beyond manufacturer or nameplate ratings, unless the customer reimburses the Company for its costs to modify any facilities needed to accommodate the interconnection.
- d. Integration With Company Facilities Grounding. The grounding scheme of the renewable fuel generator shall comply with IEEE 1547, Standard for Interconnecting Distributed Resources With Electric Power Systems, July 2003, and shall be consistent with the grounding scheme used by the Company. If requested by a prospective net metering customer, the Company shall assist the customer in selecting a grounding scheme the coordinates with the Company's distribution system.
- e. Balance Limitation. The RF Generator shall not create a voltage imbalance of more than 3.0% at any other customer's revenue meter if the Company's transformer, with the secondary connected to the point of interconnection, is a three-phase transformer, unless the customer reimburses the Company for its cost to modify any facilities needed to accommodate the interconnection.

4. The customer shall provide a copy of its insurance policy to the Company. If the customer's renewable fuel generator does not exceed 10 KW, then such coverage shall be an amount of at least \$100,000 per claim. If the customer's renewable fuel generator exceeds 10 KW, then such coverage shall be an amount of at least \$300,000 per claim. The customer must submit evidence of such insurance to the Company with the Interconnection Notification Form.

The Company's receipt of evidence of liability insurance does not imply an endorsement of the terms and conditions of the coverage.

Neither party assumes any responsibility of any kind with respect to the construction, maintenance, or operation of the system or other property owned or used by the other party. The Customer agrees that the Company shall not be liable for any claims, costs, losses, suits or judgments for damages to any Person or property in any way resulting from, growing out of, or arising in or in connection with the use of, or contact with, energy delivered after it is delivered to Customer and while it is flowing through the lines of Customer, or is being distributed by Customer, or is being used by retail load.

5. Following Notification by the Customer, the Company shall have the right to inspect and test the RF Generator equipment and installation prior to interconnection. The nature and extent of these tests shall be determined solely by the Company. The Company reserves the right to conduct additional tests and inspections and to install additional equipment or meters at any time following interconnection of the RF Generator. The Customer shall not commence parallel operation of the RF Generator until the facility has been approved by the Company. Notwithstanding the foregoing, the Company's approval to operate the facility in parallel with the Company's system should not be construed as an endorsement, confirmation, warranty, guarantee, or representation concerning the safety, operating characteristics, durability of reliability of the RF Generator.

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By:

Effective:
Pursuant to

**TARIFF N.M.S.
(Net Metering Service Rider)**

6. The RF Generator installation must have a visibly open, lockable, manual disconnect switch which is accessible by the Company at all hours and clearly labeled. A licensed certified technician must certify via the Interconnection Notification Form that the disconnection switch has been installed properly. The Company reserves the right to install any additional equipment, including controls and meters, at the facility.
7. The Customer shall periodically maintain and test the RF Generator in accordance with the manufacturer's specifications and all applicable safety and performance standards. The Customer shall notify the Company at least fourteen (14) days prior to making any material changes to the renewable fuel generator facility or installation, including, but not necessarily limited to, any modification to the equipment or protective equipment settings or disconnection of the RF Generator from the Company's system, excluding temporary disconnects for routine maintenance. Modifications or changes made to the RF Generator shall be evaluated by the Company prior to being made. The Customer shall provide detailed information describing the modifications or changes to the Company in writing prior to making the modification the RF Generator. The Company shall review the proposed changes to the RF Generator and provide the results of its evaluation to the Customer within sixty (60) days of receipt of the Customer's proposal. Any items that would prevent parallel operation due to violation of applicable safety standards and/or power generation limits shall be explained along with a description of the modifications necessary to remedy violations. Following a notification of disconnection of the renewable fuel generator, the customer must again complete the Notification process specified above prior to any subsequent reconnection.

In addition, the customer shall notify the Company immediately regarding either any damage to the RF Generator facility or safety-related emergency disconnections.
8. The Company may enter the Customer's premises to inspect the Customer's protective devices and read or test the meter. The Company may disconnect the interconnection facilities without notice if the Company reasonably believes a hazardous condition exists and such immediate action is necessary to protect persons, or the Company's facilities, or property of others from damage or interference caused by the Customer's facilities.
9. Interconnection authorization is not transferable or assignable to other persons or service locations.

C. Other

1. The Company shall not be obligated to accept energy from the Customer and may require Customer to interrupt or reduce delivery of energy, when necessary, in order to construct, install, repair, replace, remove, investigate, or inspect any of the Company's equipment or part of its system; or if it reasonably determines that curtailment, interruption, or reduction is necessary because of emergencies, forced outage, force majeure, or compliance with prudent electrical practices. Whenever possible, the Company shall give the Customer reasonable notice of the possibility that interruption or reduction of deliveries may be required. Notwithstanding any other provision of this tariff, if at any time the Company reasonably determines that either the Renewable fuel generator facility may endanger the Company's personnel or other persons or property, or the continued operation of the RF Generator may endanger the integrity of safety of the Company's system, the Company shall reserve the right to disconnect and lock out the RF Generator from the Company's system. The RF Generator shall remain disconnected until such time as the Company is reasonably satisfied that the conditions referenced in this section have been satisfied.
2. To the fullest extent permitted by law, neither customer nor company, nor their respective officers, directors, agents, and employees members parents or affiliates, successors or assigns, or their respective officers directors, agents, nor employees successors or assigns shall be liable to the other party or their respective members, parents, subsidiaries, affiliates, officers, directors, agents employees successors or assigns, for claims ,suits, actions or causes of action for incidental, indirect, special, punitive ,multiple, or consequential damages connected with or resulting from performance or non-performance of such agreement , or any actions undertaken in connection with or related to this agreement, including without limitation, any such damages which are based upon causes of action for breach of contract, tort (including negligence and misrepresentation), breach of warranty, strict liability, statute, operation of law under any indemnity provision or any other theory of recovery. The obligor's liability shall be limited to direct damages only, and such direct damages shall be the sole and exclusive measure of damages and all other judicial remedies or damages are waived. The provisions of this section shall apply regardless of fault and shall survive termination, cancellation, suspension, completion or expiration of this agreement. Notwithstanding anything in this section to the contrary, any provisions of this section will not apply to the extent it is finally determined by a court of competent jurisdiction, including appellate review if pursued, to violate the laws of the Constitution of the State of Tennessee.

Issued:
By:

Effective:
Pursuant to

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

TASC 1-022
Supplemental Attachment 2
Page 7 of 9
Original Sheet Number 17-5
T.R.A. Tariff Number 1

TARIFF N.M.S.
(Net Metering Service Rider)

FACILITIES CHARGES

The customer is responsible for all equipment and installation costs of the renewable fuel generator facility.

The Company shall inspect the inverter settings of a static inverter-connected renewable fuel generator prior to interconnection. The customer shall pay \$50 to the Company for each inspection.

The Company shall inspect the protective equipment settings of a non-static inverter-connected renewable fuel generator prior to interconnection. The customer shall pay \$50 to the Company for each inspection.

The customer shall pay to the Company any additional charges, as determined by the Company, for equipment, labor, metering, testing or inspections requested by the customer.

METERING

Net metered energy shall be measured in accordance with standard metering practices by metering equipment capable of measuring (but not necessarily displaying) power flow in both directions.

In instances where a Net Metering Customer has requested, and where the electric distribution company would not have otherwise installed, metering equipment, the Company may charge the Net Metering Customer its actual cost of installing any additional equipment necessary to implement Net Metering Service.

MONTHLY CHARGES

All monthly charges shall be in accordance with the Schedule under which the customer takes service. Such charges shall be based on the customer's net energy for the billing period, to the extent that the net energy exceeds zero. To the extent that a customer's net energy is zero or negative during the billing period, the customer shall pay only the non-usage sensitive charges of the Schedule. The customer shall receive no compensation from the Company for Excess Generation during the billing period. The Excess Generation during the billing period shall be carried forward and credited against positive energy usage in subsequent billing periods.

The Net Metering Period shall be defined as each successive 12-month period beginning with the first meter reading date following the date of interconnection of the RF Generator with the Company's facilities. Any Excess Generation at the end of a Net Metering Period shall be carried forward to the next Net Metering Period only to the extent that the Excess Generation does not exceed the customer's billed consumption for the current net metering period.

Excess generation is not transferable, and the Customer, shall receive no compensation from the Company for any Excess generation upon termination of service from the Company.

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Pursuant to

Exhibit
Form NMIN-T
Effective X/XX

Page 1 of 2

NET METERING INTERCONNECTION NOTIFICATION FORM

PURSUANT TO SCHEDULE N.M.S. DETAILING THE COMPANY'S NOTIFICATION PROCESS FOR NET METERING, APPLICANT HEREBY GIVES NOTICE OF INTENT TO OPERATE A GENERATING FACILITY.

Section 1. Applicant Information

Name: _____

Mailing Address: _____

City: _____ State: _____ Zip Code: _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

Phone Number(s): _____

Fax Number: _____ Email Address: _____

Facility Location (if different from above): _____

Distribution Utility: _____

Distribution Utility Account Number: _____

Energy Service Provider (ESP) (if different than electric distribution company): _____

ESP Account Number (if applicable): _____

Proposed Interconnection Date _____

Section 2. Generating Facility Information

Facility Owner and/or Operator Name (if different from Applicant): _____

Business Relationship to Applicant: _____

Mailing Address: _____

City: _____ State: _____ Zip Code: _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

Phone Number(s): _____

Fax Number: _____ Email Address: _____

Fuel Type: _____

Generator Manufacturer and Model: _____

Rated Capacity in kilowatts: AC _____ DC _____

Inverter Manufacturer and Model: _____

Battery Backup (circle one): Yes _____ No _____

Form NMIN-T

Page 2 of 2

Section 3. Information for Generators with an AC Capacity in Excess of 25 kilowatts

Generator Type (circle one): Inverter Induction Synchronous _____
Frequency: _____ Hz; Number of phases (circle one): One Three
Rated Capacity: DC _____ KW; AC apparent _____ KVA; AC real _____ KW;
Power factor _____ %; AC voltage _____; AC amperage _____

Facility schematic and equipment layout must be attached to this form.

A prospective net metering customer considering installing a renewable fuel generator with a capacity in excess of 25 KW is strongly encouraged to contact the electric distribution company prior to making financial commitments to the project.

Section 4. Vendor Certification

The system hardware is listed by Underwriters Laboratories to be in compliance with UL 1741.

Signed (Vendor): _____ Date: _____
Name (printed): _____ Phone Number: _____
Company: _____

Section 5. Electrician Certification

The system has been installed in accordance with the manufacturer's specifications as well as all applicable provisions of the National Electrical Code.

Signed (Licensed Electrician): _____ Date: _____
Name (printed): _____
License Number: _____ Phone Number: _____
Mail Address: _____
City: _____ State: _____ Zip Code: _____

Company signature signifies only receipt of this form, in compliance with Schedule N.M.S. Net Energy Metering Conditions of Service.

Signed (Utility Representative): _____ Date: _____

I hereby certify that, to the best of my knowledge, all of the information provided in this Notice is true and correct.

Signature of Applicant: _____ Date: _____

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

September 28, 2011

IN RE:)	
)	
TARIFF FILING OF KINGSPORT POWER)	DOCKET NO.
COMPANY D/B/A AEP APPALACHIAN POWER)	11-00111
TO ESTABLISH A NET METERING SERVICE)	
RIDER FOR RESIDENTIAL CUSTOMERS,)	
SMALL AND MEDIUM GENERAL SERVICE)	
CUSTOMERS AND PUBLIC SCHOOLS)	

ORDER APPROVING NET METERING TARIFF

This matter came before Chairman Eddie Roberson, Director Sara Kyle, and Director Mary Freeman of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned in this docket, at the regularly scheduled Authority Conference held on August 1, 2011, for consideration of the proposed net metering service rider for residential customers, small and medium general service customers, and public schools, as requested by the Authority during the March 28, 2011 Authority Conference.¹ Kingsport Power Company d/b/a AEP Appalachian Power ("AEP" or the "Company") filed a proposed Net Metering Service Tariff ("Net Metering Tariff") for the Kingsport service area with the Authority on July 21, 2011.

The Net Metering Tariff gives AEP residential and small commercial customers, including public schools for the Kingsport service area, the opportunity to construct alternative electricity production systems (solar, wind, etc.) on their property at their expense and to use that

¹ During the March 28, 2011 Authority Conference, the Authority considered three requests for special contracts for net metering with individual customers of AEP. Because of the similarity of the contracts and the potential time and expense involved with special contracts, the panel in TRA Docket No. 11-00003 requested that AEP work with TRA staff to develop a net metering tariff. See *In re: Petition for Approval of a Net Metering and Interconnection Agreement Between Kingsport Power Company d/b/a AEP Appalachian Power and Mr. Eugene M. Field*, Docket No. 11-00003, *Amended Order Granting Approval of Special Contract*, p. 3 (May 2, 2011).

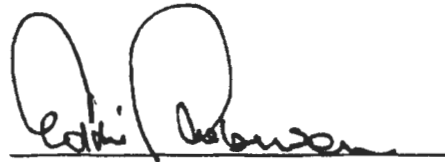
electricity for their personal use. The Net Metering Tariff is available to customers with eligible Renewable Fuel Generators ("RF Generators") on a first-come, first-serve basis. If the electricity from the alternative system does not meet the customers' individual needs, AEP will supply the balance at normal rates. If the electricity produced exceeds a customer's needs, the excess will be used by AEP to supply its remaining customer body, but AEP will not monetarily compensate the customer for that electricity. All monthly charges will be billed under the appropriate rate schedule. The meter installed on the customer's premises will measure the flow of electricity in "both directions," and the monthly charges will be calculated based on the positive net energy consumed. If there is a negative net energy, the credit will be carried forward and credited against a positive energy usage in a subsequent billing period. Any excess credits upon termination by the customer are not transferrable, and the customer will not be compensated by the Company.

The Net Metering Tariff limits total net metering load for all net metering customers to 1% of the Company's forecasted peak demand. Also, the Net Metering Tariff requires customers to meet certain conditions of service relating to notification and interconnection. Interconnection is subject to a \$50 charge for each inspection, and customers are responsible for all equipment and installation costs. AEP is not obligated to accept generated electricity from a customer into its system and may require customers to interrupt or reduce delivery of energy when deemed necessary by AEP. Additionally, if at any time the Company reasonably determines that a RF Generator may endanger the Company's personnel or other persons or property, or continued operation of the RF Generator may endanger the integrity or safety of AEP's system, the Company can disconnect and lock out the RF Generator from the Company's system.

The panel considered AEP's Net Metering Tariff during the August 1, 2011 Authority Conference and, based on the foregoing and a review of the entire record in this matter, voted unanimously to approve the tariff.

IT IS THEREFORE ORDERED THAT:

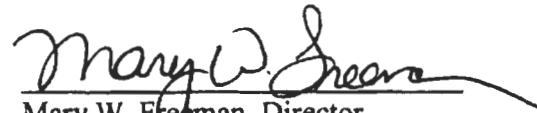
The Net Metering Tariff filed by Kingsport Power Company d/b/a AEP Appalachian Power ("AEP") and received by the Authority on July 21, 2011 is approved, as filed, with an effective date of August 2, 2011.



Eddie Roberson, Chairman



Sara Kyle, Director



Mary W. Freeman, Director